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Leed Resources PLC  
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**Leed Resources plc**  
**("Leed" or "the Company")**

**Convertible Loan Note Investment in Australian Limestone**

Leed Resources plc, (AIM: LDP), the natural resource investment company, is pleased to announce it has agreed to make an investment of A\$1.2m in Battalion International Limited ("Battalion"). Battalion is a BVI company which is the controlling shareholder of High Mannor Pty. Limited ("HM") which trades under the brand name of "Cultural Limestone". HM is an integrated limestone quarrying business which extracts limestone from a quarry just north of Perth in Western Australia. The limestone is then crushed and processed into reconstituted limestone blocks which are used in the construction industry.

The Leed Board has considered many different proposals in the minerals and natural resources sector. It has monitored the performance of junior mining stocks on AIM, and elsewhere, which are seeking to develop mining projects and notes how poorly their share prices have performed in response to generally lower metal prices with an uncertain outlook and a scarcity of development capital. Whilst the Leed Board believes that longer term the outlook for the mining sector remains positive it is likely that the current difficulties facing the junior mining sector will continue. The Leed Board therefore believes that the opportunity to make an investment, through a convertible note structure in HM, provides Leed with a high yielding secured investment with exposure to an existing business that has a strong market position and is expected to deliver considerable growth in value over the coming 12 months as it continues to implement transformational changes to its operations.

A presentation of the "HM/Cultural Limestone" business will shortly be made available on the Leed website, [www.leedresourcesplc.com](http://www.leedresourcesplc.com)

**HIGHLIGHTS**

- Leed is contributing A\$1.2 million of funding towards a 4 year, A\$3.25 million secured convertible note financing being issued by Battalion. The note has a 12% coupon for first two years, followed by two years at 14%, if not converted
- Battalion's major shareholders are contributing to the convertible note alongside Leed
- The convertible note benefits from a first ranking general security agreement provided by HM
- HM has generated monthly revenues of between A\$1.2 million and A\$1.5 million over last 6 months from which the interest can be comfortably serviced. The note is convertible into equity which would result in Leed holding up to 15% of Battalion, equating to an equity interest of 11% of HM
- If Leed converts its notes into equity, the conversion price will be at a 25% discount to the price at which Battalion acquired control of HM earlier in 2014 and at a multiple of approximately 1.4 times the current base case 2015 EBITDA HM forecast

- **HM has a strong market position and is already producing positive operating cashflow**
- **HM fund raising will enable it to complete the transformation of its already established business**
- **Industry dynamics make for an attractive long term investment**

#### **The terms of the convertible note**

The financing of the underlying HM business is to be made through the issue of "back to back" convertible notes from (a) HM to Battalion, and (b) Battalion to investors (including Leed). The total to be raised by HM, via Battalion, is A\$3.25 million of which Leed is providing A\$1.2 million. Currently Battalion owns 61% of HM which is its only asset and therefore is the controlling shareholder of HM. Upon full conversion of the loan notes, Battalion's holding in HM would increase to approximately 73%. The capital raising is to finance the acquisition of patented moulds from China to produce second generation reconstituted limestone wall panels. It will also recapitalise the company's balance sheet and provide it with a stronger working capital position for the next stage of growth. Each wall panel will be the "equivalent" of approximately 40 standard sized reconstituted limestone blocks. The principal advantage is one of reduced labour cost and increased speed of building retaining walls. The prototypes have already been accepted by construction companies in Western Australia and patents have been obtained to protect HM from immediate incursion by competitors.

The notes are for four years duration and may be converted at any time up to the date of maturity. Battalion as the issuer can redeem all but not part of the outstanding amount at an amount equal to 105% of the outstanding principal plus any accrued but unpaid interest. Leed will also be entitled to appoint a Leed representative to the board of Battalion as part of the investment.

As previously announced, the Board has retained the services of PG Mining Management ("PGMM") to assist it in its continued review of investment opportunities and PGMM has conducted considerable due diligence in assessing the operational and financial position of HM/Battalion and will continue to advise the Board on progress in the future.

Jinesh Patel, Chairman of Leed, said "Leed is buying into an asset-backed vehicle that has full operational and financial control of the underlying assets by means of a convertible loan note. Leed can assess the value proposition before deciding if it wishes to convert into equity at what would be an extremely attractive entry price if HM is able to deliver the forecast growth in cashflow. In the meantime, we will receive an initial 12% and then 14% coupon as a secured creditor.

We are very excited about our investment in Battalion, and through this to HM, and will work closely with our new partners at Battalion to help move the business forward. The Leed Board will continue to seek additional suitable investments, including potential further investments in Battalion, which the Battalion Board have said that they would be willing to consider, that have the potential to generate attractive returns for the Company."

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