

20 November 2023

Verbrec Capital Raise

- **Verbrec successfully allocates \$1.99 million in a placement which was strongly supported by institutional, sophisticated and strategic investors**
- **Launch of a pro-rata entitlement offer to raise up to approximately \$2 million**

Verbrec Limited (ASX : VBC) (**Verbrec** or the **Company**) a leading engineering, training, mining technology and infrastructure services business executing work across Australia, New Zealand, PNG and Pacific Islands, today announces a successful placement allocation to institutional, sophisticated and strategic investors (**Placement**) and the launch of a pro-rata entitlement offer to raise up to \$2 million (**Entitlement Offer**) (together, the **Capital Raising**).

Capital Raising

The Company has successfully placed 33,150,000 of ordinary fully paid shares in Verbrec (**Shares**) shares at a price of \$0.06 per Share securing a total of \$1,989,000. The Placement was completed utilising the placement capacity available to the Company under Listing Rule 7.1. The Placement price represents a 29% discount to the volume weighted average price of ASX:VBC ordinary shares for the 10 days prior to its trading halt on 16 November 2023.¹

In addition, the Company today announces the launch of a non-renounceable pro-rata entitlement offer to existing eligible shareholders in Australia and New Zealand of 1 new Share for every 6.5 existing Shares held on the record date, being 23 November 2023. The price of the Entitlement Offer will be the same as the Placement.

The Entitlement Offer is non-renounceable. Shareholders who do not take up their entitlements will not receive any value in respect of those entitlements they do not take up.

In addition to being able to apply for new Shares under the Entitlement Offer, eligible shareholders will also have the ability to apply for additional new Shares in excess of their entitlements under a top-up facility.

The Entitlement Offer booklet, including personalised entitlement and acceptance forms will be dispatched to eligible shareholder on 27 November 2023.

The new Shares issued will rank equally with existing Shares of the Company on issue.

If there is a shortfall in the Entitlement Offer, existing and new institutional investors and senior management of the Company, have pre-committed to taking up their entitlements in the Entitlement Offer and/or a first right over any shortfall up to a total pre-commitment of approximately \$1.2 million. To the extent there is any further

¹ 10 Day VWAP = \$0.0847

Verbrec Limited

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shortfall, the Directors reserve the right to place the shortfall within three months of the date of the Entitlement Offer.

Director, CEO and Management Participation

It is a testament to the actions taken by the new CEO, Mark Read, reinvigorating the management team and improving the performance of the Company in Q1 FY2024, that the Directors and the majority of senior management have participated in the initial Placement or intend to participate in the placement of the Entitlement Offer shortfall.

The issue of Shares to the Directors of the Company as part of the Placement will be subject to shareholder approval at an extraordinary general meeting, proposed to be held before the end of Q3 FY2024.

The CEO of the Company also participated in the Placement, and it is expected that the majority of the Company's senior management team will participate during the placement of any shortfall of the Entitlement Offer.

Use of Funds

The Company has today also published an investor presentation in relation to the capital raise.

As highlighted therein, the Company intends to use the funds to:

1. Invest in the growth of core areas of its business;
2. Provide working capital for general operational efficiencies, covering the costs of the divestment of parts of the Company's training business and pursuing recovery of fees related to the final poor performing legacy project; and
3. Reduce the Company's net debt position and minimise, as far as reasonably practicable and prudent, the Company's debt draw.

In the investor presentation the Company also provides for actions already taken to improve the Company's net financial position, areas of growth for each of its core business units and Verbrec's approach to enabling a sustainable future for Verbrec, our Clients and their Customers.

Advisers

Veritas Securities Limited (**Veritas**) acted as lead manager for the Capital Raising. The Company has agreed to issue 4,000,000 options to acquire Shares to Veritas (**Broker Options**), as well as issue to Veritas (or other designated broker groups) one Broker Option for every \$1.00 placed in a shortfall bookbuild or any subsequent placement of the shortfall of the Entitlement Offer. The Broker Options have an exercise price of \$0.09 and expire two years from the date of issue. The issue of the Broker Options will be subject to shareholder approval for the purposes of ASX listing rule 7.1.

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Authorised for release by the Board of Directors of Verbrec Limited.

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About Verbrec Limited

Verbrec is a leading engineering and project services company that supports customers across Australia, New Zealand, PNG and beyond. The Company serves the energy, infrastructure, and mining industries through their technical specialties; asset management, automation and control, pipelines, power, process plant and training, with capabilities that span across the entire life cycle of an asset. Verbrec is an Australian Securities Exchange listed company (ASX:VBC).

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