



August 5, 2015

## Shareholders approve acquisition of leading security company Threat Protect

East Africa Resources Limited (ASX: EAF) is pleased to advise that shareholders have today approved the Company's acquisition of WA security company Threat Protect Australia Pty Ltd (Threat Protect).

Shareholders also approved the change in the Company's name to Threat Protect Australia Limited (ASX: TPS) and the share placement to raise \$4.5 million, with scope for an additional \$1 million.

The proceeds of the placement, which is priced at 2 cents a share following a four-for-one share consolidation, will be used mainly to fund the growth of Threat Protect.

Threat Protect has an option to acquire two additional security businesses, which will increase its number of clients from approximately 10,600 to over 20,000. The proceeds of the raising will be used primarily to fund the acquisition of these two businesses.

Shareholders also approved today, the appointment of highly regarded businessman and lawyer Derek La Ferla as Chairman of Threat Protect Australia Limited. Mr La Ferla is the Chairman of Sandfire Resources, a successful ASX-listed copper producer with a market capitalisation of approximately \$900 million. Mr La Ferla is also a partner in major Perth law firm Lavan Legal.

Shareholders also approved the appointment of Threat Protect Managing Director Demetrios Pynes as Managing Director of the Company. Mr Pynes is a highly experienced businessman with specialist knowledge of both the finance and security industries. He holds a Bachelor of Commerce with double majors in finance and banking. He also has post-graduate qualifications in commerce.

### Threat Protect Business

Threat Protect is a provider of security, monitoring and risk management solutions to an ever growing and security-conscious market. Alarm monitoring services are a significant growth area because they provide better security at a relatively low cost to clients.

Directly and through its reseller base, Threat Protect offers:

- 24 hour monitoring of electronic security systems using a variety of connection methods.
- Design, installation and maintenance of security systems including alarms and CCTV
- Remote viewing of CCTV cameras
- Data and hardware monitoring
- App based duress and personal tracking facilities
- Vehicle based location tracking services
- Security Personnel services
- Corporate risk management consulting

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Threat Protect currently delivers its services to over 10,600 domestic and commercial customers through its direct and reseller networks. These resellers are other licensed security firms who do not have their own secure facility and utilise Threat Protect's A1 graded security monitoring control room to deliver the monitoring capability on their behalf in what is effectively a white-labelling offer.

According to the 2014 IbisWorld Industry Report 07712 *Investigation and Security Services in Australia*, the Australian Security industry is forecast to generate approximately \$6.275 billion in annual revenue, of which alarm monitoring represents approximately \$1 billion. The industry is highly fragmented with a number of small operators and is moving away from labour-intensive guards and patrols to electronic surveillance and monitoring.

Threat Protect is actively growing its reseller base and offering its entire product suite through this effective distribution channel.

In addition, Threat Protect intends to launch across both its existing customer base and to the wider public a Threat Protect monitored 24-hour remote "back to base" monitoring Smart App, which allows a mobile phone user to have their own personal duress alarm that can be used worldwide, on any mobile phone network. This product also enables premises to be monitored without the requirement for a telephone land line, and provides additional functionality to the user by allowing remote arming and disarming of the security system, as well as the ability to remotely control other equipment such as lighting or air-conditioning. The Smart App will provide an innovative security solution that links back to Threat Protect's 24 hour manned control centre in East Perth, Western Australia.

Threat Protect also has options to acquire two security businesses (one of which it has exercised). Following exercise of the options, the acquisitions remain subject to due diligence. Should due diligence be completed and Threat Protect completes the acquisitions, it intends to consolidate the operations of these two business with the existing business operations serviced from the current East Perth control room.

At the completion of this integration, the East Perth control room will service over 20,000 customers, which will represent approximately 20% of the control room's current service capacity of 100,000 customers.

The acquisitions of the two businesses are forecast to increase Threat Protect's revenue from the current level of approximately \$5 million a year to \$6.9 million in FY16, an increase of 35 per cent. Importantly, the fixed-cost nature of Threat Protect's existing infrastructure means the acquisitions will result in only a 3 per cent increase in expenses.

In addition to developing the organic growth opportunities, Threat Protect will actively seek opportunities to acquire additional monitored security client bases from other security companies across Australia which are seeking a liquidity event. Operating in a highly fragmented industry, Threat Protect will continue its current strategy of consolidation.

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