



Getech Group plc

("Getech" or the "Company")

Conditional Acquisition of ERCL by Getech

Getech (AIM; GTC), the geoscience business specialising in the provision of data, studies and services to the oil, gas and mining exploration sectors, is pleased to announce the execution of an agreement to acquire the entire issued share capital of ERCL Limited, an upstream oil and gas consultancy, (the "Agreement").

Completion is scheduled for the week commencing 7 April 2015, conditional on payment of the consideration.

Getech has previously stated a strategic aim of acquiring companies with clear commercial fit and synergies, in parallel with the strategic aim of organic growth.

Getech's market position has historically been focussed on global and regional scale work, which are relatively early in the exploration workflows. However, Getech has been extending its work towards basin and block scale evaluation, where there is greater expenditure and more focus on drilling risk reduction. ERCL's skills, experience and reputation are primarily in the use and application of seismic and well data in all stages of the workflow and hence strongly complement Getech's current capabilities and market position.

The directors believe the new combined Group will be able to offer a significantly more comprehensive range of services and products, addressing exploration and development issues across a broader spectrum of client workflows. In particular ERCL brings to the Group a proven track record of working with Governments and National Oil Companies.

ERCL

ERCL is based in Henley-on-Thames, UK, and was formed in January 2014 by a merger of the businesses of two companies – Exploration Reservoir Consultants Limited and SAER Limited. It is a specialist upstream oil and gas consultancy currently employing 26 staff and supported by a network of specialist associates who further enhance its capabilities.

The directors of ERCL are all well respected within the industry and each brings key technical skills developed from having operated since 1971, in virtually every global petroleum province. Collectively the directors and staff of ERCL have been involved in projects in over 100 countries.

ERCL is a high technology company and has more than \$1,000,000 of specialist oil industry geoscience software under license that is utilised by its staff to analyse technical data on behalf of its clients. The directors believe it's investment in technology, innovative approach and creativity is well respected and is one of the company's key differentiators in the industry.

ERCL works closely with governments and national oil companies providing strategic and advisory services, together with associated license round management, capacity building and training, data management and multi-client products.

ERCL also provides geo-technical expertise to oil companies for exploration and development projects, and to service companies on a proprietary basis. It also applies this expertise to create new multi-client data projects.

More information about the services ERCL provides can be found by visiting www.ercl.com.

In its first year of trading as ERCL, it delivered (unaudited) income of £3.8m and profit before tax in excess of £1.2m. This was supported by exceptional contributions from work in Africa.

The net book value of the assets in the ERCL accounts is £40,000.

Getech will acquire 100% of the issued share capital from the existing shareholders: Huw Edwards, Richard Heath, Steve Lawrence and Chris Irons, who will all remain with ERCL following completion, and SAER Limited. It is proposed that, subject to due diligence and Nominated Adviser approval, Huw Edwards will be appointed a director of Getech at a date to be confirmed, after completion.

The consideration

Getech will pay consideration as follows:

- On the date of completion, an initial payment of cash £1,750,000
- On the date of completion, an initial issue of 2,176,630 shares. Application will be made to admit these shares to trading on AIM and it is anticipated that trading in the shares will commence on 13 April 2015. It is agreed that the shares will be retained by the ERCL shareholders for a minimum period of one year from completion. A further announcement will be made when the transaction completes and the shares are issued.
- Deferred consideration, based on the performance of the company over a three-year period. This has an expectation of generating a total of £1,550,000 over the three years if performance targets are met. The deferred consideration will be based on the profit before tax to the extent it exceeds a hurdle level in each year.

The expected value of the aggregate consideration is £4,300,000.

Bank loan

Although Getech has strong cash levels, a loan has been arranged with RBS/NatWest for £1.1m, repayable over four years or less (at Getech's discretion), with interest rate at 2.04% above base rate. The loan is secured against the Getech office building in Leeds. The Directors believe this is the prudent approach and will reduce the up-front net cash cost of the deal to £650,000.

Raymond Wolfson, Chief Executive of Getech Group plc, said: "We are delighted that agreement has been reached with ERCL. We see a very strong strategic fit between Getech and ERCL, and believe that this will open up an extended range of opportunities for the enlarged group to work with oil and gas exploration companies and national oil companies. The combined group will have a strong asset base, a broader range of skills and products, and the ability to address exploration issues across the full spectrum of clients from the smallest companies to the super-majors and NOCs.

"We have known a number of the ERCL directors and staff for several years and are confident that there is both a cultural fit and a strong ability to work together to grow the combined group. We look forward to working with ERCL and the opportunities that this will bring."

Enquiries:

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