

## Group aims to quench the world's thirst for water



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**Company: Water Resources Group Limited**

**Proposed ASX code: WRG**

**Proposed listing date: October 22**

**Shares on offer: 58.3 million**

**Capital to be raised: \$35 million**

**Issue price: 60c**

IT was in May 2000 that *Fortune* magazine made the declaration: "Water promises to be to the 21st century what oil was to the 20th century: the precious commodity that determines the wealth of nations."

To date over half of the world's accessible fresh water resources have been consumed, with usage levels likely to rise in line with population growth.

It is estimated that over half of the world's population will live in water-stressed or water-scarce countries by 2025.

Water Resources Group Limited aims to combat these issues by commercialising its patented water-cleansing and desalination technology.

The ozone-based technology can be used at the industrial level to produce potable water from both ground, and seawater. What's more, it is chemical and carbon free, and very cost-competitive, relative to alternative water-treatment options.

In addition to regional water infrastructure projects, the technology can also be used in the treatment of "brackish" water, such as that from Coal Bed Methane (CBM) production.

Wise-owl.com analyst Joshua Terlich says: "This low-cost solution is particularly important to the CBM industry, where the treatment and disposal of waste water can affect the commercial and environmental viability of a project." Terlich notes that the global water-treatment market has been growing exponentially.

"The size of the industry has gone from \$29.3 billion in 2006 to an estimated \$316 billion in

2007. Expectations are for the market to continue to expand at a compound annual growth rate of 6.4 per cent to 2011."

To capitalise on this increasing demand for water-related services, Water Resources is pursuing a commercialisation strategy that involves joint venture projects.

To provide initial project finance for water-treatment plant joint ventures already established in Saudi Arabia, Morocco and Mexico, the company is looking to raise \$35 million by issuing 58,333,333 shares at 60c each.

Upon listing, the company will have an implied market cap of \$101.5 million.

"The company has locked in \$24 million of equipment sales in Saudi Arabia, and is actively seeking to ramp up total revenues to \$50 million within 12 to 15 months," Terlich says.

"The share price performance in the short term will most likely hinge on the delivery of these revenue targets and the success of existing joint venture arrangements."

