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Industrial products and services

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Tellus could seek IPO or trade sale to monetize Blue Bush geological waste repository on Australian East Coast

Tellus Holdings, a public unlisted innovative environmental services company, expects to consider monetization options in three to five years when it's ready to launch its potential Blue Bush near-surface geological waste repository on the East Coast, CEO Nate Smith said.

The New South Wales-based company, which is Australia's only government-approved developer and operator of commercial geological repositories for hazardous waste, might at the time consider a trade sale or potential IPO should it decide not to remain publicly unlisted, Smith told *Mergermarket*.

The CEO, who was appointed to the role about 18 months ago, stressed that there are no near-term trade sale or IPO plans. In the next 18-24 months Tellus will seek to double its capacity to 200,000 tonnes per annum at its now operational Sandy Ridge facility, which is Australia's first dual open-cut kaolin mine and arid near-surface geological waste repository in a 70million-year-old kaolin clay bed situated 240km near Kalgoorlie. It fully opened its doors to waste across Australia and its exclusive economic zone in December 2020.

During the next 18-24 months the company expects to have a proven safety track record before constructing the Blue Bush project, which is a near-surface geological waste repository in a semi-arid area, located near Broken Hill in New South Wales, Smith added.

Capital expenditure for Blue Bush "is quite minimal compared to the EBITDA potential" and Tellus has indicatively scoped it to have a 200,000tpa waste capacity, although it needs to finalize technical site data before it could have a specific idea of capex, the CEO said.

Over the past few months Tellus has moved from a development company to an operational one. It is generating cash flow since its Sandy Ridge facility opened in December. It is licensed to accept waste in the form of liquids, solids, and slushes, however it does not accept nuclear nor international waste, the CEO said.

Tellus, which has a view to be a "key partner in Australia's COVID-19 economic recovery", has required federal and Western Australia state government approval to operate. As such, it has no competitors or peers in Australia, but other global players in the geological repository space include American environmental services company **US Ecology**, and privately held **Heritage Environmental Services**, another US firm based in Indianapolis, Smith said.

In August, founder Duncan van der Merwe, who retains a "decent" shareholding in the business, announced his resignation as the MD after 11 years with the company. The rest is a broad mix of shareholders, Smith said.

Tellus's business model is to receive a fee to take the risk and title of hazardous waste from waste owners such as companies, government, REITs, and defence in Australia. The waste could come from sectors such as construction, demolition, defence, utilities, oil and gas, mining, renewables, heavy industry, or others. Unlike any other waste solutions companies in Australia, the strength of its safety case is predicated

on Tellus issuing the waste owner with a trademarked Tellus Permit Isolation Certificate, which allows the waste owner to remove the liability on their balance sheet for the disposal of that hazardous waste.

“It effectively means that for a competitive price Tellus will take the risk and title for nearly any type of hazardous waste. And I should note that Tellus manages the process from end-to-end through its internal team of experts and preferred network of specialist partners,” Smith said.

Tellus’ Kalgoorlie facility is an ideal location as it’s situated within geology that has an extremely thick, ancient and stable clay bed, which essentially acts like a kitty litter for any potential leakage. It is also located in an area of limited to no groundwater and away from people, and it is not a seismically active region.

Tellus has an initial approval to operate the Sandy Ridge site for at least 25 years, after which, and subject to certain conditions, the Government of Western Australia has agreed to take ownership of the site, although there is scope to extend that contract, Smith said.

According to a 2018 *Waste Management Review* article, geological repositories are facilities providing high level containment of hazardous waste through a combination of carefully selected active and passive control measures, known as a multi-barrier system. Geological repositories rely mostly on passive controls, which do not require ongoing monitoring as they can be quantified as being passively safe through geological time.

Tellus has about 60 employees.

by Adam Orlando in Perth

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