



## **Quantum Resources Limited** (ASX: QUR)

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## **LogiTag Systems Ltd**

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## **ASX and Media Release**

12 November 2015

### **Proposed Acquisition of LogiTag Systems**

#### **HIGHLIGHTS**

- Quantum signs agreement to acquire Israel-based LogiTag Systems Ltd (LogiTag), an Internet of Things (IOT) / radio-frequency identification enabled device (RFID) and inventory management company.
- Quantum has signed an exclusive option agreement to acquire 100% of the issued share capital in LogiTag, a leading provider of RFID enabled products and automated over the cloud management systems, targeting the lucrative global healthcare market.
- LogiTag is based in Israel and has a sales office in the USA. LogiTag currently manufactures sells and manages RFID devices over the cloud globally.
- LogiTag is now embarking on a public listing strategy in order to aggressively grow its market share and increase revenues exponentially. Currently, the RFID medical device management market size, in the US and Europe alone, is valued at close to US\$13 Billion USD with the global market estimated at US\$20 Billion.
- LogiTag was founded in 2005 by Mr Shlomo Matityao, a graduate of the prestigious Technion Israel Institute of Technology in Haifa with expertise in Industrial engineering & information systems. Shlomo is considered a world expert in RFID and real-time location systems (RTLS). He heads a talented team with diverse and extensive skillsets.
- Utilising a cloud based system, LogiTag's patent-protected proprietary technology completely automates and integrates the inventory management and supply chain system.
- LogiTag is a pioneer of smart RFID enabled solutions and offers a unique point of difference in the RFID market. LogiTag has been recognized as one of the top 50 companies globally delivering an 'Internet of Things' (IOT) solution, a term that refers to a network of physical objects or "things" embedded with electronics, software, sensors, and network connectivity, enabling data collection and exchange.
- LogiTag's products have been installed and implemented into numerous hospitals and medical facilities throughout Israel and the USA.

- While LogiTag has focused on the healthcare sector, it has customers in government and utility sectors. Its RFID-enabled devices are easily adaptable to other industries and markets. LogiTag's agreement with QUR will allow for expansion into greater markets internationally.
- Since inception, LogiTag has been completely self-funded. LogiTag has re-invested more than \$10Million USD into its machine to machine (M2M) products and technologies, and remains significantly ahead of its competitors technologically.

**Quantum Resources Limited** (ASX:QUR) (**Quantum** or the **Company**) is pleased to announce that it has entered into an exclusive option agreement (**Option Agreement**) to acquire 100% of the issued share capital in LogiTag Systems Ltd (**LogiTag**), a company based in Netanya, Israel. LogiTag is leading provider of radio-frequency identification enabled device (**RFID**) products and automated over the cloud management systems, targeting the lucrative global healthcare market.

## ABOUT LOGITAG

LogiTag presently services the rapidly growing market in medical supply inventory management. LogiTag is an innovator that offers the world's only end-to-end Radio Frequency Identification (RFID) and Software as a Service (SaaS) based medical inventory management system.

LogiTag develops, manufactures and sells intelligent RFID systems for tracking, monitoring and managing inventory assets, and people. LogiTag products include the LogiTag Smart Cabinet, the LogiTrack RTLS System, the LogiTag Restock Tag and the LogiTag Stock Box. These RFID enabled technology solutions have application across various industries including government, security, healthcare and mining.

LogiTag is well positioned to capitalise on the growing RFID tags market, with a complete end-to-end solution that is second to none in its industry. Unlike its competitors, LogiTag's RFID tag technology delivers an entire integrated delivery network (IDN) on one platform for complete visibility.

LogiTag currently owns patents in the US and Japan for its product design and methodology. LogiTag has 3 granted patents and 2 pending patents protecting its core technology and solution.

LogiTag has been recognized as a market leader, winning several industry awards, including:

- Top 50 Most Promising Internet Of Things (IOT) Solution Provider by technology reviewer CIO Review (November 2015)
- Best Practice Award for the Smart Cabinet product by Frost and Sullivan.

## KEY TERMS OF OPTION AGREEMENT

Under the Option Agreement, the vendors of LogiTag have irrevocably granted to the Company an exclusive option to purchase all of the vendors' rights and interests in the issued shares of LogiTag (**Call Option**).

Quantum has an exclusive option period of 30 days (**Option Period**), during which it will complete due diligence investigations on LogiTag. LogiTag and its vendors have agreed to no-shop and standstill restrictions during the Option Period. During the Option Period, Quantum may exercise the Call Option at any time, upon which LogiTag's vendors will be obliged to enter into a binding sale agreement for Quantum's purchase of their shares in LogiTag.

In consideration for the vendors granting the exclusive Call Option to Quantum, Quantum has agreed to pay an option fee of \$250,000 to the vendors (Option Fee). Under the terms of the Option agreement, the vendors direct Quantum to make payment of the Option Fee to LogiTag, and the

vendors and LogiTag covenant that the Option Fee will only be used to meet the working capital requirements of LogiTag, and associated costs of the acquisition transaction.

A further \$250,000 will be payable by Quantum in the event that Quantum exercises the Call Option and the parties execute binding sale documentation in relation to the proposed acquisition (**Acquisition**).

## TRANSACTION STRUCTURE

It is expected that the structure of the Acquisition will be as follows:

- In consideration for Quantum acquiring all 100% of the issued share capital of LogiTag, Quantum will issue 290,000,000 new shares to the vendors of LogiTag in exchange for 100% of the issued capital in LogiTag. These may be subject to ASX escrow restrictions.
- Upon completion of the Acquisition, Quantum will issue to key management and board members of LogiTag 120,000,000 performance shares, which will vest upon certain milestones being achieved. The milestones will be determined between the parties during the Option Period and in consultation with the ASX.
- **Conditions precedent** for the completion of the acquisition will include Quantum obtaining all regulatory consents and approvals (including shareholder approval) as required:
  - to issue the consideration shares, performance shares and employee incentive plan rights
  - to roll-over existing any LogiTag options into Quantum options on an equivalent value basis
  - to approve a change to Quantum's nature and scale of activities from a mineral exploration company to a technology company
  - to change the name of the Company to LogiTag
  - to issue shares in Quantum under a capital raising in an amount sufficient for Quantum to re-comply with Chapter 1 and 2 of the ASX Listing Rules
  - each party (Quantum and LogiTag) completing financial and legal due diligence on the other, and the results of the due diligence being to the satisfaction of both parties
  - Quantum preparing a prospectus for a capital raising sufficient to enable Quantum to be reinstated to quotation on the ASX, lodging the prospectus with the Australian Securities and Investment Commission (ASIC) and receiving sufficient applications to meet the minimum subscription under the prospectus; and
  - QUR receiving a letter from the ASX confirming that it will re-instate Quantum's shares to trading on the ASX following compliance with Chapter 1 and 2 of the ASX Listing Rules, with the terms of the letter acceptable to QUR and LogiTag.

Completion of the acquisition will also be conditional upon Quantum being satisfied that LogiTag has received all necessary consents and approval from its security holders and relevant regulatory bodies required in order to ensure that Quantum will hold 100% of the issued share capital in LogiTag following completion of the Acquisition.

## WORKING CAPITAL

In order to enable Quantum to fund its interim working capital requirements until such time that it is in a position to raise more substantive capital under a prospectus, Quantum has secured commitments from sophisticated and professional investors to raise \$480,000 under a placement of ordinary shares. It is expected that Quantum will issue 12,000,000 ordinary shares at an issue price of 4 cents

per share. Each placement share carries a free attaching option exercisable at 3.25 cents, expiring 3 years from their date of issue. Quantum will provide further information on the placement and apply for quotation of the placement shares in an Appendix 3B.

Subject to the receipt of shareholder approval, Quantum will also undertake a capital raising of approximately \$10,000,000 under a prospectus. All funds raised would be employed towards the business development of LogiTag.

## PRO FORMA CAPITAL STRUCTURE

Following the public offer and acquisition the indicative effect on the Company's capital structure will be as follows:

Event	Shares	Performance Shares	Options
Current	144,139,826	-	20,000,000
Consideration to LogiTag	290,000,000	120,000,000	-
Public Offer	70,000,000	-	-
Transaction Options and Capital raisings	-	-	20,000,000
<b>Total</b>	<b>504,139,826</b>	<b>120,000,000</b>	<b>40,000,000</b>

## INDICATIVE TIMETABLE

Event	Date
Execute option agreement for the acquisition of LogiTag	11/11/2015
Pay Option Fee	11/11/2015
Due diligence completed and formal document executed	22/12/2015
Pay second tranche fee when sale documents are signed	22/12/2015
Dispatch notice of meeting seeking approval for the acquisition of LogiTag	January 2016
General Shareholders meeting to approve the acquisition of LogiTag	February 2016
Lodgement of prospectus with ASIC	January 2016
Closing date of offer under the prospectus	February 2016
Dispatch holding statements	March 2016
Re-Quotation of shares on ASX	March 2016

The Company will continue to keep shareholders informed of updates as and when appropriate.

**-ENDS**

For further information, please contact:

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