



Quantum Resources Limited (ASX: QUR)

ASX and Media Release

21 December 2015

Quantum signs binding Share Purchase Agreement to acquire LogiTag Systems

Highlights:

- Quantum executes binding Share Purchase Agreement to acquire 100% of shares in Israeli-based LogiTag Systems Limited.
- LogiTag is a leading provider of radio frequency identification device (RFID) enabled products and inventory management systems targeting the lucrative global healthcare market.
- The RFID medical device inventory management market is valued at circa US\$13 billion in Europe and North America alone.
- LogiTag provides a complete cloud-based end-to-end inventory management system with products already implemented into hospitals and facilities across Israel and US.
- Quantum will raise a minimum of \$6M under a prospectus to fund growth of LogiTag's existing customer base in the healthcare sector and aggressive expansion into other markets.

Quantum Resources Limited (ASX:QUR) (**Quantum** or the **Company**) is pleased to advise that it has exercised its call option under the option agreement (announced to the market on 12 November 2015) (**Option Agreement**) to acquire 100% of the issued capital in LogiTag Systems Limited (the **acquisition**). Quantum and the seller of LogiTag have executed a binding Share Purchase Agreement (the **Agreement**) in respect of the acquisition.

LogiTag is an Israeli-based Internet of Things (**IoT**) provider of Radio-Frequency Identification (**RFID**) enabled supplies and equipment and over the cloud based inventory management systems, which currently targets the lucrative global healthcare market.

The proposed acquisition of LogiTag, which is on a cash free, debt free basis, will involve the issue of 423.5M new shares in Quantum (which will represent approximately 65% of Quantum's issued share capital on an undiluted basis, assuming an equity capital raising of \$6M by Quantum) and a cash payment of NIS 2.5M (approximately AUD \$900K) by Quantum, in return for 100% of the shares in LogiTag, giving Quantum full ownership of LogiTag's assets and intellectual property.

Two separate tranches totalling 40M performance rights will also be issued to the owner of LogiTag, each of which will entitle the holder to receive 1 ordinary share in Quantum subject to the achievement of respective prescribed revenue targets over a 2 and 3 year period post completion of the acquisition.

The proposed acquisition is subject to certain customary conditions precedent which include:

- Quantum preparing and lodging a prospectus for a minimum capital raising of \$6M to fund the working capital requirements and growth expansion strategy of LogiTag;
- Quantum obtaining shareholder approval for a change to its nature and scale of activities and all other necessary regulatory approvals, including re-compliance with Chapters 1 and 2 of the ASX Listing Rules to the satisfaction of ASX; and
- LogiTag and the LogiTag vendor obtaining all required approvals as may be required to legally implement the acquisition.

Subject to fulfilment (or waiver where applicable) of the conditions precedent, the acquisition is expected to be completed in March 2016, upon which it is proposed that the Company's name will change to "**LogiTag Systems Limited**" and its ASX issuer code will change to ASX: **LOG**.

The existing experienced senior management team of LogiTag, led by Shlomo Matityaho, the owner, founder and CEO of LogiTag and who has been a driving force behind LogiTag's strategy, has committed to remain with the Company following the acquisition. It is expected that Mr Matityaho will be appointed as CEO of the Company upon completion of the acquisition.

In accordance with the terms of the Option Agreement, Quantum has made payment of a call option exercise fee of AUD\$250,000 to LogiTag, which will be used to meet the working capital requirements of LogiTag.

Quantum shareholders will be provided with the opportunity to approve the acquisition at a general meeting expected to be convened in February 2016. A notice of meeting with further details of the acquisition (including details on an updated capital structure, timetable and pro-forma balance sheet) will be despatched to shareholders once finalised.

Mr. Avi Kimelman, CEO of Quantum commented, "We are delighted to have entered into this binding agreement to acquire LogiTag. We have enjoyed a close working relationship with LogiTag, and have seen their outstanding success in countries including Israel and USA.

The transaction will drive earnings and transform Quantum into a global operation, allowing significant opportunities to leverage the lucrative RFID medical device management market."

Mr. Shlomo Matityaho, CEO of LogiTag said, "We are thrilled to join Quantum in this transaction, and to be part of the growing Australian investor market. In the past few years we have experienced substantial growth, and we believe that this transaction will enable us to move forward to the next step of achieving exponential growth.

Whilst LogiTag's strength is currently in IoT RFID enabled Medical Inventory Management, our solutions can easily be adapted to other industries and markets such as manufacturing, retail and security. We strongly believe that an ASX listing will allow LogiTag to rapidly pursue expansion in the healthcare market, and capture a larger share of the expanding medical devices and inventory management market."

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