



W H I T E   E A G L E  
R E S O U R C E S   L T D

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Market Announcements Platform  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## Acquisition of Lunalite International

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White Eagle Resources Limited (**White Eagle** or the **Company**) is pleased to announce that it has entered into a binding termsheet (**Agreement**) with the shareholders and board to acquire up to 100% of Lunalite International Pty Ltd (**Lunalite**) (**Transaction**).

Lunalite operates in the rapidly expanding digital outdoor media sector. Lunalite has successfully designed, installed and tested one of the world's first Cross Track Digital Media systems (**XTD**) using large format LED screens to replace the current static print cross track media posters found in rail stations.

### Transaction Highlights

- Lunalite has been awarded a 7 year contract by Metro Trains Melbourne Pty Ltd (**MTM**), the operator of the Melbourne rail network, to install and operate 32 XTD screens across its 3 underground rail stations (**Melbourne Contract**).
  - Lunalite has appointed APN Outdoor as its exclusive sales agent in respect of the Melbourne Contract for an initial period of 12 months.
  - 32 screens expected to be installed, fully operational and generating revenue for Lunalite by October 2014.
- Lunalite has been awarded a separate contract for up to 7 years by Queensland Rail (**QR**), the operator of the Queensland rail network, to install and operate 15 screens across 5 stations (**Queensland Contract**).
  - 15 screens expected to be installed, fully operational and generating revenue for Lunalite by May 2015.
- Lunalite is currently developing a complementary mobile phone 'App' which leverages its XTD server platform to provide a personalised rail security (**PROtechT**) and direct advertising capability.
- White Eagle to acquire Lunalite for a deemed upfront consideration of \$2.6 million to be satisfied through the issue of 520.0 million fully paid ordinary shares in White Eagle.



**Figure 1: Operational Cross-Track Digital Media system at Central Station, Melbourne.**

### About Lunalite

Lunalite is an emerging service provider to the growing Out-of-Home Advertising (**OOH Advertising**) sector. In Australia in 2013, total revenue from the OOH Advertising Sector was estimated to be \$543.8 million<sup>1</sup> across formats including billboards, street furniture, taxis, bus and tram externals, and airports.

Lunalite's specific initial focus within the OOH Advertising Sector is rail stations. Globally, hundreds of millions of commuters use rail stations every day and media companies throughout the world understand the financial benefits of advertising to commuters as they wait for their trains, namely:

- Large volume captured audiences with long dwell times; and
- Audience demographics for various locations can be well specified.

Through its proprietary XTD system, Lunalite has designed a solution which gives the advertising market a medium to provide digital advertising to rail commuters from a cross track location whilst they await their train. To date, cross track advertising within train stations globally has largely been accomplished via static media posters which are expensive to print and mount, difficult to maintain / change (by virtue of their location) and losing appeal in a market becoming increasingly dominated by digital alternatives.

The key attributes of Lunalite's XTD system include:

- Custom engineered large format digital LED screens with stereo sound to display TV commercials.
- Wirelessly coupled to a proprietary XTD train approaching system.
- Dynamic content management system software which enables adverts to be changed wirelessly at any time.

<sup>1</sup> Estimated total revenue of the Out-of-Home Advertising Sector in 2013 by the Outdoor Media Association (<http://www.oma.org.au/facts-and-figures/industry-performance>)



- Meets OHS and regulatory requirements to satisfy both government and rail operator requirements as evidenced by completion of successful 6 month trials in both Melbourne and Queensland.
- Offers a server platform to install phase two of the XTD package – “the App” to provide a personalised rail security and direct advertising capability.

Lunalite has already commenced the installation of the Melbourne Contract and estimate a total cost to complete of approximately \$3.5 million. This will be part funded via a capital raising to be undertaken directly in Lunalite with the balance to be funded by White Eagle once the Transaction completes.

In conjunction with the installation and commissioning of the Melbourne and Queensland Contracts, Lunalite is undertaking further discussions with various international rail operators and media groups regarding the potential roll out of its XTD system on international rail networks.

### Term Sheet

On the 26 of June 2014, White Eagle executed a binding termsheet that, subject to the satisfaction of a number of conditions precedent outlined below, will result in White Eagle acquiring up to 100% of the issued capital of Lunalite.

Under the terms of the Agreement, White Eagle will acquire up to 100% of Lunalite for the following consideration:

- 520.0 million ordinary fully paid shares in White Eagle.
- 380.0 million Performance Shares which will convert to fully paid ordinary shares upon the achievement of the Milestones 1, 2, 3 and 4 as outlined below:

Milestone	Number of Shares to be Issued
<b>Milestone 1:</b> Successful installation and first revenue to Lunalite from the Queensland-based Contract.	60.0 million
<b>Milestone 2:</b> The agreed 'security mobile application' being developed and either: a) adopted by one rail operator; or b) achieving a minimum of 200,000 subscribers.	60.0 million
<b>Milestone 3:</b> Lunalite generating net revenue of at least \$5.0 million in any 12 month period.	60.0 million
<b>Milestone 4:</b> Lunalite being awarded an off-shore XTD contract of at least 40 screens and that contract being installed and generating revenue to Lunalite.	200.0 million

### Conditions Precedent

The Transaction is subject to a number of conditions being satisfied, including:

- Completion of a capital raising by Lunalite of at least \$2.65 million;
- Execution of an formal share sale and purchase agreement (**SSA**);
- White Eagle raising a minimum of \$1.0 million in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules; and
- White Eagle shareholder approval.



## Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The acquisition of Lunalite will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Recompliance**). The Company will despatch a notice of meeting (NOM) to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of Lunalite. The Company will also be required to undertake a share consolidation (**Consolidation**) at a price to be determined closer to dispatch of the NOM.

## Name Change

As part of the transaction, the Company will seek the approval of shareholders to change its name to XTD Limited.

## Board Change

Lunalite will be entitled to nominate three persons to the Board on completion of the Transaction.

## Indicative Capital Structure on Completion

	<b>Number of Shares (Pre-Consolidation)</b>
Current Issued Capital	398,102,531
Upfront consideration Shares to be issued to Lunalite	520,000,000
Shares to be issued as consideration for the \$2.65 million capital raising to be undertaken in Lunalite	530,000,000
Minimum \$1.0m Re-compliance Capital Raising <sup>2</sup>	200,000,000
<b>Total Shares on Issue following Completion and Recompliance</b>	<b>1,648,102,531</b>
<b>Performance Shares</b>	<b>380,000,000</b>

## Indicative Timetable

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change.

<b>Event</b>	<b>Date</b>
Announcement of Lunalite Acquisition	27 June 2014
Despatch Notice of Meeting	18 July 2014
Shareholder Meeting to Approve Acquisition	18 August 2014
Suspension from Trading	18 August 2014
Lodgement of Prospectus and Offer Open	19 August 2014
Offer Close	12 September 2014
Despatch of shareholding certificates	23 September 2014

<sup>2</sup> For illustrative purposes the Indicative Capital Structure table above assumes the \$1.0 Minimum Re-compliance Capital Raising is undertaken at pre-Consolidation price equivalent to \$0.005. However it should be noted that if the share price is higher prior to Re-compliance, the capital raising may be undertaken at a higher price. Furthermore the Company may decide to raise more than \$1.0 million.



Satisfaction of ASX re-compliance conditions	24 September 2014
Re-admission to the Official List	25 September 2014
Reinstatement to trading	29 September 2014

### **Advisers**

Azure Capital Ltd and Blackwood Capital Pty Ltd will act as Joint Lead Managers to the Transaction. Azure Capital Ltd is corporate Adviser to the Transaction.

For further information please contact the Company on (08) 9486 4036.

**-Ends-**

