

7 September 2015

ASX Limited
ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Vector signs non-binding term sheet for proposed acquisition of telematics and global security industry provider

Unique technology has an established worldwide customer base with substantial growth potential

Vector Resources Limited (**Vector**) (ASX: VEC) is pleased to advise that it has entered into a **non-binding term sheet** to acquire M2M Global Technology Ltd (**M2M**), a rapidly growing global manufacturer and distributor of a unique security device with application in the automotive, boating, transportation and personal use markets.

M2M sits firmly in the high growth Internet of Things (“IoT”) – machine to machine –telematics security space.

Telematics is the combining of telecommunications with information technology to enable data related to remote assets to be sent, received and stored. Telematics involves the use of GPS technology to track and monitor the status, location and movement of mobile resources and assets such as motor vehicles, mobile plant and boats, and can also be used on personal use assets.

M2M has developed an embedded IMNR (Intelligent Multiple Network Roaming) SIM allowing the device to switch between any GSM network providers seamlessly.

The IMNR SIM provides a significant advantage for smart communication devices in that the SIM is not locked to any particular home network, but can lock in on the strongest mobile telecommunications signal in the immediate vicinity and transmit data back to a monitoring centre. Prior to this development, devices were tied to a particular mobile telecommunications network depending on who supplied the SIM card. This limited the geographical scope of operation to the geographical area of the SIM card provider’s network.

M2M owns the intellectual property to, and contract manufactures, the QuikProtect security device, which is considered unique because of its ability to lock onto the strongest mobile telecommunications signal in the vicinity and send data back to a monitoring centre. This compares with other tracking devices which are tied to a particular mobile telecommunications network.

QuikProtect’s other key competitive advantage is the ability for owners to have it “switched off”, meaning their movements are not tracked. However, they can instruct that it be turned on at any time, enabling it to be tracked instantly, such as in the event that their asset has been stolen.



Revenue is generated from up-front sales plus ongoing revenue from monitoring.

M2M owns all of the IP and through its subsidiaries operates (either with its own infrastructure or distributor) in:

- Australia
- South America – Santiago, Concepcion, Antofagasta, Lima, Bogota, Cali, Medellin and Mexico City
- UAE – Dubai
- Saudi Arabia
- Jordan
- Bahrain
- Africa – South America, Kenya, Zambia
- Europe – Spain, UK, Ukraine, Russia
- Asia – China and Bangkok

and employs 55 people and has 117 global distributors.

M2M is poised to enjoy further rapid growth both by expanding its global footprint and extending the use of its leading security technology to boating and personal use markets.

Key Terms of the Proposed Acquisition

Under the terms of the non-binding agreement to acquire M2M, the form of consideration for the acquisition shall be negotiated taking to account the results of due diligence, but to essentially be on the basis of:

- (i) Subject to an agreed cash component, if any, the issue of up to such number of ordinary fully paid shares (**Shares**) in the capital of Vector to the M2M security holders as will equate to an aggregate holding of approximately 85% of Vector on a fully diluted basis at the date of a Concluded Agreement. The determination of the number of Shares to be issued as consideration will be before the issue of Shares pursuant to a proposed capital raising to facilitate re-compliance with Chapters 1 and 2 (refer conditions below); and
- (ii) The securities to be issued as consideration shall be subject to performance milestones to be agreed between the parties.

The transaction is conditional upon:

- Vector completing all legal, financial and technical due diligence in respect to M2M within 60 days of the execution of the term sheet;
- Vector completing a capital raising to facilitate re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Vector will seek to raise not less than \$4 million at a price to be determined and agreed between the parties;



- Execution of a concluded agreement by Vector and each holder of securities in M2M and any other documentation required to implement the transaction within seven days of expiry of the due diligence period and then complete the concluded agreement within 90 days from the date thereof;
- Vector holding a shareholder meeting to obtain all necessary approvals, including those contained in ASX Listing Rule 11.1 and a change in Vector's name to M2M Global Technology Limited;
- ASX granting conditional approval to reinstate the securities of Vector to trading on ASX (after Vector re-complies with Chapters 1 and 2 of the ASX Listing Rules)

Escrow

The shares issued to M2M shareholders will be subject to any applicable escrow restrictions in accordance with the ASX Listing Rules.

Re-compliance with ASX Listing Rules Chapters 1 and 2

Since the transaction will result in a significant change to the nature and scale of Vector's activities, the transaction will require Vector shareholders' approval under ASX Listing Rule 11.1.2 and will also require Vector to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Consolidation

In order to re-comply with the ASX Listing Rules, Vector intends, subject to shareholder approval, to undertake a consolidation of its issued capital with a view to Vector Shares being valued at a price to satisfy re-compliance with the ASX Listing Rules.

Shareholder Approvals

A Notice of Meeting seeking shareholder approval for the resolutions required to effect the merger will be sent to Vector shareholders in due course.

On the date of the meeting, Vector securities will be suspended from trading and subject to Vector shareholder approval being obtained, will remain suspended until Vector has re-complied with ASX Listing Rules and the transaction has been completed.

As the structure of the proposed transaction has not yet been agreed between the parties, it is not possible to provide a pro-forma capital structure or an indicative timetable.

Vector will update shareholders on the proposed transaction as it progresses.

N J Bassett
Company Secretary