



The IOT Group

Ardent Resources Limited

ASX Announcement

22 September 2015, Sydney

Ardent Resources to acquire The IOT Group

- IOT is an emerging business at the forefront of the rapidly growing Internet of Things industry which encompasses internet-connected devices such as watches, homes, TVs, cars and clothing
- The number of Internet of Things devices worldwide is on track to grow from 4.9 billion in 2015 to 25 billion by 2020, with more than half of those in the consumer category, according to technology research firm Gartner
- IOT's first smartwatch device, the \$99 Viper Phone Watch, went on sale in 762 Coles supermarkets across Australia in September 2015
- IOT plans to release further innovative technology including a "selfie drone" flying camera by Christmas 2015
- Acquisition of IOT will provide Ardent entry to a rapidly-expanding market expected to experience significant growth in the next five years
- All scrip transaction - Ardent to issue shares to IOT shareholders
- IOT is currently pursuing organic growth and acquisition opportunities

The Directors of Ardent Resources Limited ("**Ardent**" or the "**Company**") (ASX: AWO) are pleased to announce that the Company has executed a conditional agreement to acquire 100% of the issued capital of OK IOT Group Pty Limited (ACN 605 630 082) ("**IOT**"), an unlisted Australian company. IOT is a producer of wearable devices and Internet of Things consumer technology products based in Martin Place in Sydney. Ardent will acquire 100% of IOT's shares in exchange for 696,428,571 fully paid ordinary shares in Ardent being issued to IOT's shareholders.

The acquisition is deemed a significant change in the nature and scale of the Company's activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules, as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will despatch a notice of general meeting to shareholders seeking the relevant approvals to undertake this process. The notice of general meeting will contain detailed information relating to the acquisition of IOT.

Acquisition Consideration

- In consideration for the acquisition of 100% of the ordinary shares on issue in IOT, Ardent will issue 696,428,571 fully paid ordinary shares in Ardent (on a pre-consolidation basis) to IOT's shareholders ("**Consideration Shares**").
- IOT's existing option holders will exchange their options in IOT for options to acquire ordinary shares in Ardent on equivalent terms.

ABN 66 140 475 921
Level 3, 32 Walker Street North Sydney NSW 2060
Telephone 612 8958 2226

- In addition to the Consideration Shares, Ardent will issue further shares to IOT's shareholders if IOT satisfies minimum net profit after tax (NPAT) requirements in FY2016 (i.e. calendar year 2016) and FY2017 (i.e. calendar year 2017) as detailed in the table below:

| | Minimum NPAT requirement | Number of Earnout Shares (pre-consolidation basis) |
|--------|---------------------------------|---|
| FY2016 | \$1.0 million | 111,111,111 |
| FY2017 | \$1.5 million | 222,222,222 |

- The Consideration Shares will be subject to voluntary escrow, with key management personnel escrowed for 24 months following ASX re-listing. Other (non-management) IOT shareholders will be subject to a 6 month escrow following ASX re-listing.

Capital Raisings

- Ardent will raise approximately \$500,000 pursuant to a Share Purchase Plan ("SPP"). This will provide each existing Ardent shareholder with the opportunity to subscribe for up to \$15,000 of shares in October 2015.
- Ardent will also issue a prospectus to raise \$5.0 million. PAC Partners Pty Ltd has been appointed as Lead Manager. The funds raised will be utilised to accelerate the development of IOT's product suite and pursue various business development opportunities.

Share Consolidation

- Subject to shareholder approval, Ardent will consolidate its share capital on an indicative basis of 1 for 4 (or another consolidation ratio that is agreed between Ardent and IOT and will comply with the ASX Listing Rules). Existing Ardent shareholders will receive one (1) post-consolidation share for every four (4) existing (pre-consolidation) Ardent shares held.

Overview of IOT

- IOT is a producer of innovative wearable devices and Internet of Things consumer technology products based in Martin Place in Sydney. The company's first device to market was an affordable \$99 smartwatch available at Coles supermarkets across Australia, launched nationally in September 2015 after a successful sales trial in May 2015.
- Products currently in development by IOT include a GPS safety smartwatch designed for children, a smartwatch designed for tradespeople on the job as well as an automated flying camera system dubbed a "selfie drone" - all of which are expected to be commercially available by Christmas 2015.
- IOT was founded in 2014 with the goal of producing mass-market and disruptive consumer technology devices at an affordable price point (generally under \$300).
- IOT has plans to develop technologies in the areas of smart home automation, smart clothing and holographic display systems in the future.
- IOT also owns an innovative IPTV platform, Intervision, which provides customers with smart TV boxes and subscription based streaming services from around the globe. Intervision offers a variety of content - over 700 global TV channels and thousands of videos on demand - to niche market consumers. Intervision currently has over 2,000 subscribers.
- IOT Chief Executive Officer Simon Kantor said of the agreement with Ardent: *"I am very excited about our impending deal with Ardent and I'm impressed with the calibre of our team who has made this a reality. This listing will be the first real opportunity for Australians to invest in the Internet of Things and wearable technology markets, and will be a great way for them to cash in on the boom of mobile devices, smart technologies and gadgets. I believe IOT is the only Australian company making*

actual physical Internet of Things products for the general public aimed at providing tomorrow's technology today."

Board Changes

Following the completion of the transaction, the Company will see a change to the Board composition. Mr Tiong Chiong Ee and Mr Lan Nguyen will step down from their positions and be replaced by the following:

Mr Simon Kantor

Simon has more than 12 years of experience in the IT industry and has consulted on projects with Google, Intel, IBM and Microsoft. He was Senior Technical Lead for NSW Health's roll-out of workforce management software to more than 200 public hospitals and more than 130,000 users in 2011. Simon's areas of expertise include enterprise architecture, solution design and business administration.

Mr Ian Duffell

Ian is a former President and CEO of Virgin Entertainment Group, Managing Director of HMV Group and Marketing Executive for Sony. A veteran of the music industry, Ian launched the original Walkman portable music player and opened the flagship Virgin Megastore in Times Square, New York City. Ian plans to stay at the forefront of technology and business with IOT.

Mr Richard Woods

Richard has broad experience in business, international trade, marketing, technology and distribution. His career includes time as a solicitor, investment banker and full time executive in management roles. He is passionate about building technology based businesses and has acted as a non-Executive Director and Chairman for a various companies for more than 25 years.

Indicative Capital Structure

The indicative capital structure of the Company following completion of the acquisition of IOT and its reinstatement to trading on ASX is set out below.

| (All figures are on a pre-consolidation basis) | Shares | Options | Earn-out shares |
|---|----------------------|--------------------------|--------------------|
| Current issued capital | 128,765,375 | | |
| Shares issued pursuant to SPP | 38,461,538 | | |
| Proposed issue of securities to vendors of IOT | 696,428,571 | 243,293,824 ¹ | 333,333,333 |
| Proposed issue pursuant to the proposed capital raising | 333,333,333 | | |
| Total estimate on completion of the acquisition | 1,196,988,818 | 243,293,824 | 333,333,333 |

1) The options are exercisable at \$0.016 per share (pre-consolidation) and expire on 30 June 2019.

Indicative Timetable

An indicative timetable for completion of the acquisition and capital raisings is set out below:

| Event | Date |
|--|-------------------|
| Execution of Agreement | 21 September 2015 |
| Announcement of IOT acquisition | 22 September 2015 |
| Despatch of SPP offer to shareholders and opening date | 29 September 2015 |
| Complete due diligence investigation | 21 October 2015 |
| SPP Closing Date | 21 October 2015 |
| Despatch notice of meeting seeking approval from shareholders | 30 October 2015 |
| Lodgement of Prospectus with ASIC | 30 October 2015 |
| Despatch of Prospectus | 16 November 2015 |
| Opening of offer under the Prospectus | 16 November 2015 |
| General meeting to approve the acquisition and related matters | 2 December 2015 |
| Closing of offer under the Prospectus | 7 December 2015 |
| Completion of acquisition and issue of shares under the Prospectus | 14 December 2015 |

The above timetable is indicative only and subject to change. The directors of Ardent reserve the right to amend the timetable as the process moves towards completion.

Other Key Conditions

Ardent's acquisition of IOT is conditional upon:

- Ardent and IOT satisfactorily completing mutual due diligence customary for a transaction of this nature. Subject to the ASX listing rules, Ardent will pay a holding deposit of \$250,000 to IOT after due diligence if it proceeds with the transaction.
- Ardent obtaining shareholder approval at a General Meeting to:
 - change the nature and/or scale of its activities in accordance with ASX Listing Rule 11.1.2;
 - consolidate its existing issued shares on a 1 for 4 basis (or another consolidation ratio that is agreed between Ardent and IOT and will comply with the ASX Listing Rules);
 - issue and allot the Consideration Shares and Earnout Shares to IOT's shareholders;
 - issue and allot equivalent options to IOT's existing option holders; and
 - raise \$5 million under a prospectus.
- IOT obtaining all necessary IOT shareholder approvals required to complete the transaction.
- Ardent completing a prospectus capital raising of \$5,000,000.
- Mr Lan Nguyen, a director of Ardent, is a director of a company that has a small shareholding in IOT (less than 0.5%). Consequently, Mr Nguyen has not and will not participate in voting at board meetings to consider the transaction, and will not vote his shares at the General Meeting to consider the transaction.
- Ardent's re-compliance with the admission requirements under Chapter 1 and 2 of the ASX Listing Rules.

Scott Brown
Chairman
+61 2 9955 4008

Media inquiries:
Asher Moses
Media & Capital Partners
Phone: 0438 008 616



The I→T Group

Investor Presentation

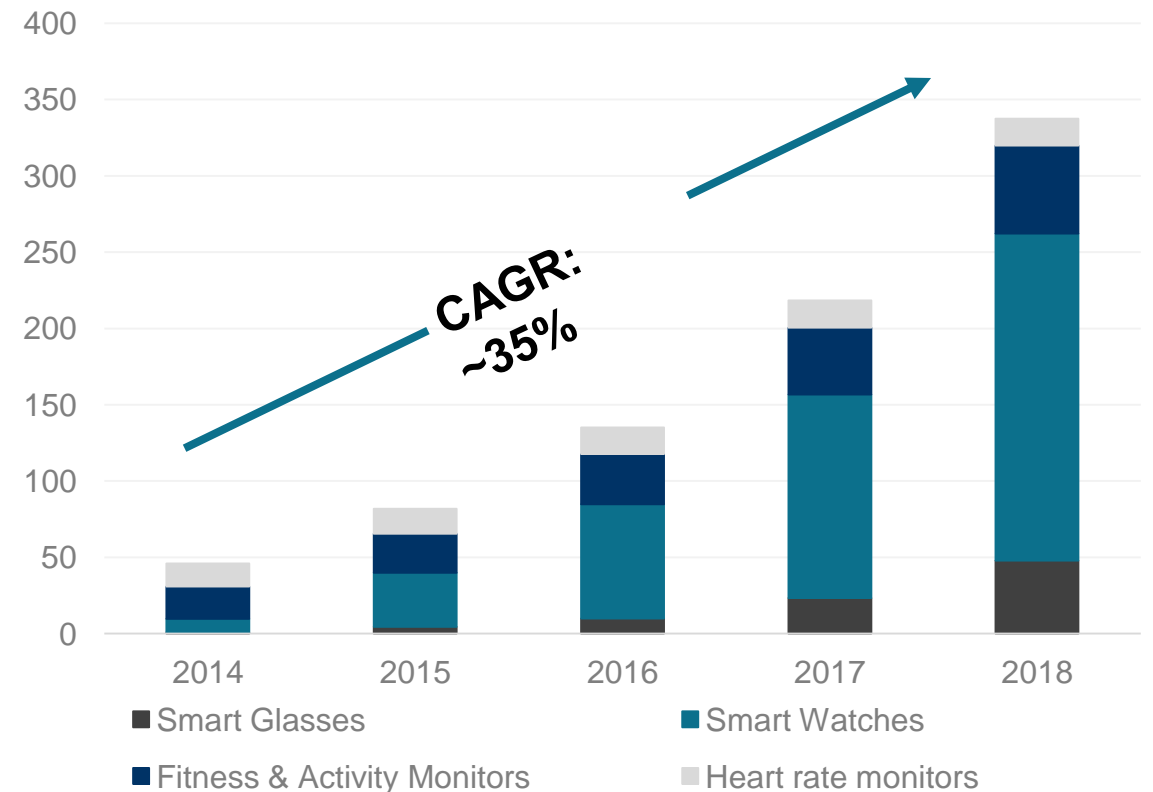
The IoT Group

- The IoT Group is penetrating this substantial global “Internet of Things” market by aggressively targeting the **affordable wearables segment**
- The IoT Group has a range of **more than 20 products**, with a significant competitive advantage e.g. All products are **network compatible and work without OS limitations – patents pending across product range** – revenue currently being generated via sales of smart watches, subscriptions & pre orders
- Distribution agreement in place with wireless distributor **BrightStar** (owned by \$100 billion telecoms conglomerate Softbank)
- Products already being stocked by Coles, national roll out planned and under way
- Agreement signed with ICON in Indonesia
 - Business model and marketing agreements signed
 - Revenue being generated – under prepayment franchise styled model
- Additional revenue generated from The IoT Group’s Intervision (IPTV) Company
 - Currently has **more than 2,000 subscribers** and is generating **~\$70,000/month**
- Website: www.theiotgroup.com

Wearable Tech – Key Market Metrics

- Wearable tech market estimated to be worth **US\$22.7 billion** in 2015 rising to **US\$173.3 billion** by 2020
- Market set to be dominated by **Smart Watches**, with Apple and Samsung driving the majority of the growth
- IDC predicting a **510%** increase in **5 years** between 2014-2019 in the global smart watch market
- IDC forecasting start-ups to take a large portion of market share from Apple and Samsung over the next 5 years

Wearable Tech Global Market
(units/millions)

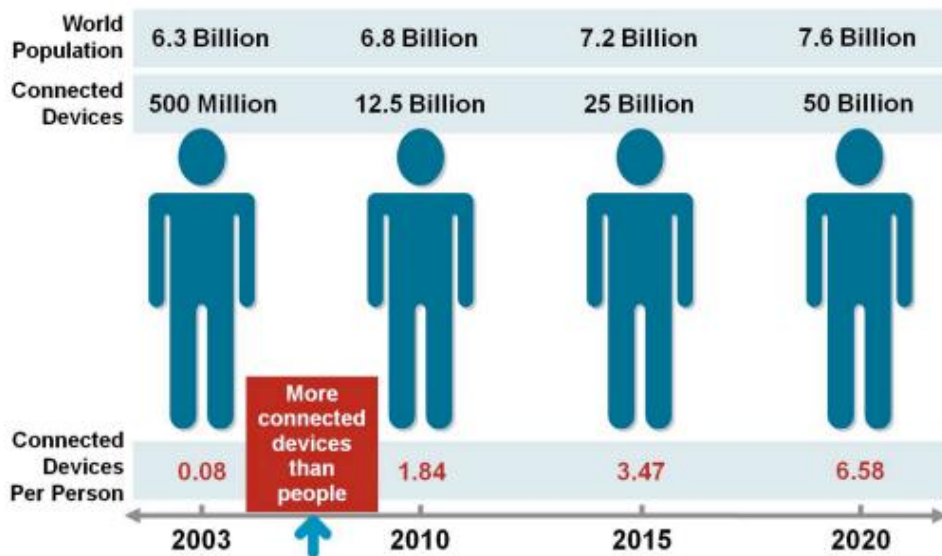


Internet of Things (IoT) – Key Market Metrics

Widely considered the next step in the evolutionary process of the internet

Cisco Forecasts

Figure 1. The Internet of Things Was "Born" Between 2008 and 2009



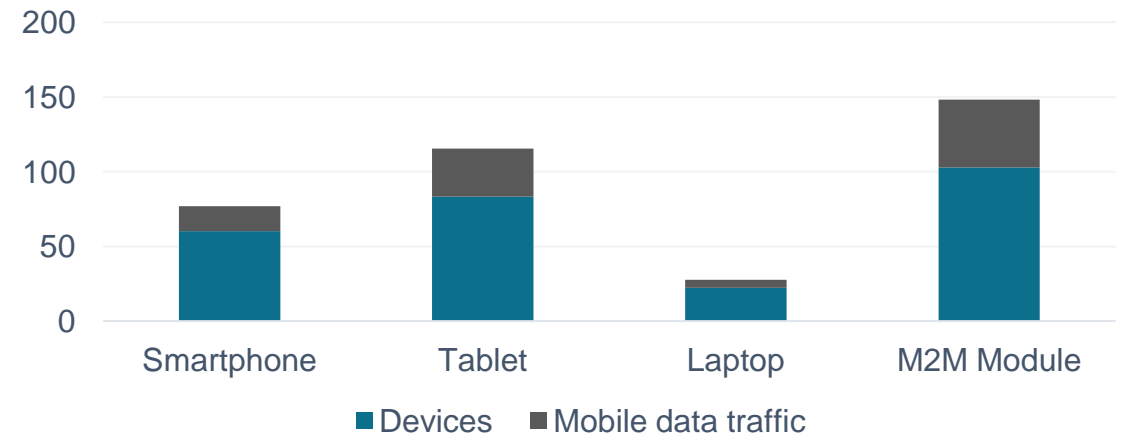
Source: Cisco IBSG, April 2011

Forecasting this market to be worth **\$19 trillion** by 2020 at a CAGR of **65%**

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- M&A activity in the space estimated to be worth **\$14 billion** in 2014 with this number expected to be substantially higher in 2015 according to 451 Research
- Gartner estimating that IoT will generate more than \$300 billion of revenue in 2020
- Largely driven by collecting, analysing and understanding data

Compound annual growth rate of global units and global mobile data traffic from 2014 to 2019, by device



OK Smart Wearables

- The IoT Group has purchased the OK Smart Wearables business
- OK Wearables focuses on developing affordable Wearable Devices and accessories
- Currently available in-store at Coles Supermarkets July 2015 – Roll out to other retail outlets over the next 6 months
- National Distributor – Brightstar – largest phone & electronics distributor in the world
- Through Brightstar – most consumer electronic stores will stock over the next 12 months
- Available in Australia and Indonesia – New Zealand in September – other countries USA, Japan, Africa targeted
- OK Wearables are SIM card enabled & do not require a smart phone to operate
- Percentage of revenue also generated from SIM card telco use
- See www.ok-wearables.com



- The IoT Group has acquired the ROAM business and brand: founded in 2011, ROAM is a pioneering technology company at the leading edge of the IoT industry
- Over the past several years, ROAM has designed and developed a range of consumer electronics technology specifically utilising industry innovation in mobility computing (wearable technology) – the product portfolio consists of **more than 20 devices** across the range of the IoT industry from **Mobile Phones & Smart Watches to Home Automation Systems & Blue Sky Projects**
- ROAM has a diverse range of SME's, technology and IP as well as years of ground-breaking production & manufacturing experience; many of ROAM's products are years ahead of today's available products
- ROAM's primary USPs are: quality, functionality, price and **delivery speed (concept to consumer in 3-4 months)**
- OK Wearables & ROAM allow for **multiple brand positioning** with products already in stores



Product Range Examples

TRADEMASTER - ROAM



- Water resistant (5m)
- Long life battery
- Easy touch buttons
- Durable design
- Emergency call out functionality
- Voice command enabled
- Add on accessories:
 - Drill depth measure
 - Laster tape measure
 - Phone capabilities via SIM card or Bluetooth connection with phone

RUGGED 10M WATERPROOF/SHOCKPROOF SMARTPHONE – ROAM

- Built for durability and performance, the 3G Smartphone delivers a tough, shock-proof exterior and powerful internal technology
- Gorilla Glass 3 screen, and is even completely waterproof to 10 meters for up to 45 minutes
- Featuring a powerful 8MP rear camera and capable of filming HD video, the dual-band WiFi and 3G data speed
- Sharing through in-built Bluetooth and NFC technology.
- With up to 9 hours of talk time and up to 600 hours of battery on standby,



OK SELFIE DRONE - OK



- Controlled via smartphone
 - Full HD 360° camera, with pan & tilt
 - Captures both video and images
 - Light-weight material
 - 'Follow me' function
 - 2-4 hours of flight time
 - Potential to mount GoPro

Intervision (IPTV)

Internet based television networks with a focus on ethnic and multicultural communities within Australia and New Zealand

- Business already has more than 2,000 customers and is currently generating ~\$70,000 of revenue/month
- The IoT Group intends to dramatically increase the Intervision customer base.
- Intervision's difference is that it provides content to vertical markets such as ethnic and multicultural groups, hobbies, trades, gaming and gamers, education and public access.
 - IPTV will sell and distribute its content world wide
- Intervision to also sell OK set-top smart boxes and Apps to allow the business to grow – the Intervision content will be available on any smart TV's, phones and tablets.
- **Additional revenue streams** advertising and sponsorship revenue which will begin November 2015.
- Potential to spin out business once yearly revenue reaches **\$75 million**



Distribution Agreements

Global

Through its distribution deals with Supply Centre Pty. Ltd, OK Group has gained access to BrightStar to be the International wholesaler and logistics for the OK Wearables products

Super Market Chains targetted to stock OK Wearables include:



Funds raised will be used to develop sales force to drive revenue growth

Indonesia

Distribution for Indonesia has been licensed to ICON PTE an Indonesian Public Company. ICON will contract Ingram Micro to distribute OK Wearables throughout Indonesia

ICON plans to open company owned and franchised small retail stores labelled OK Wearables to sell affordable OK Wearables devices and content

Roll out/marketing plan and business model is currently in planning and will be detailed to OK Wearables in November 2015

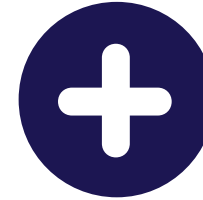
Growth Strategy



Continuation to expand into consumer electronic retail outlets via **BrightStar**. Negotiate and engage other international distributors such as **Ingram Micro** and **Powermove**.



Focus on public relations and marketing to ensure maximum revenues and sales with funds Available. Advanced Social media campaigns to be launched with rich content and competitions



Continued focus on design and development of new wearable devices through to ensure OK Wearables is at the forefront of its business segment



Proactive and dedicated servicing and support of retailers by driving our national distributors to ensure maximum retail support of our brands



Drive sales of the IPTV set top devices to drive subscriptions of our IPTV content service. Use set-top boxes as additional revenue



To develop new IPTV channels of content to add further value to our IPTV services. Upon gaining critical massive IPTV to attract significant advertising revenue through targeted marketing



To explore and develop new country opportunities for licensing distribution of our products and services directly or via our current distribution partners



List several OK Group wearable products on crowd sourcing platforms to generate buzz



The I→T Group

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