

12 September 2016

ASX Announcement

WHL Energy to acquire Internet of Things company Quantify Technology Limited

Highlights

- Quantify Technology Limited (Quantify) is well advanced in its plans to position itself at the forefront of the rapidly growing Internet of Things (IoT) industry.
- WHL Energy Limited (WHL Energy) to make off market takeover bids to acquire 100% of Quantify ordinary shares and main class of options in consideration for the issue of WHL Energy shares, performance shares and options (**Takeover Offers**) and seek reinstatement to ASX subject to re-compliance with ASX Listing Rules Chapters 1 and 2.
- Quantify is an Australian-based pioneer of *'Truly Intelligent Buildings'* which provides the building blocks and products needed to enable strong market participation in the IoT space.
- Quantify's patented technology, the Q Device, is a unique device in the IoT market and has applications across energy management, real-time environmental monitoring, retirement living, Big Data Analytics and ultimately paving the way towards "Quantify Truly Intelligent Buildings"TM.¹
- Significant market opportunity, with the IoT market estimated by Gartner Inc (NYSE: IT) to be worth more than US\$3 trillion by 2020 with more than 20 billion connected devices.²
- The Q Device is the result of more than 4 years' research and development, with certified and tested prototypes completed.



- With the Q Device’s production model undergoing testing, Quantify is targeting having the final product commercially launched in the second half of 2017, with first commercial contracts already signed and additional contracts subject to negotiation.
- This proposed acquisition will provide Quantify with the funds to accelerate its roll-out strategy across Australia and the Asia Pacific region and progress plans for its entry into the United States, European, Middle East and African markets.
- Quantify shareholders, representing 65.8% of Quantify ordinary shares on issue, and Quantify optionholders, representing 49.8% of Quantify’s options to be subject to the Takeover (exercisable at \$0.075 each, expiring 31 May 2017), have made statements of intention to accept the Takeover Offers in respect of their Quantify shares and Quantify options, respectively, in the absence of a superior proposal and any variation or waiver by WHL Energy of the key conditions to the Takeover Offers.

WHL Energy (ASX: WHN) (“Company” or “WHL Energy”) is pleased to announce that it has signed a merger implementation agreement (“MIA”) with Quantify Technology Limited (“Quantify”) with a view to making separate off market takeover offers to acquire all of Quantify’s fully paid, ordinary shares (**Share Offer**) and main class of options (**Option Offer**) and to acquire all other Quantify securities by private agreement (“**Transaction**”).

The Share Offer will be subject to typical conditions precedent, including:

- WHL Energy shareholders approve the resolutions necessary to give effect to the Transaction, including a change in nature and scale of activities for the purposes of ASX Listing Rule 11.1.3, a consolidation of WHL Energy’s securities on a 1:83 basis (**Consolidation**) and a change in name to Quantify Technology Holdings Limited;
- a 90% minimum acceptance condition, which (at any time prior to WHL Energy receiving acceptances representing 80% of Quantify Shares) can only be waived with the consent of Quantify;
- at least \$3.5 million (with a maximum of \$5 million) being raised through the issue of WHL Energy Shares at an issue price of \$0.06 per WHL Energy Share (on a post Consolidation basis) under a prospectus (**Capital Raising**);
- ASX granting conditional approval for WHL Energy to be re-admitted to quotation on the ASX following completion of the Transaction;
- no prescribed occurrence or material adverse change (as defined in the MIA) occurring in relation to Quantify;
- no material acquisitions, disposals or new commitments being undertaken by Quantify;
- WHL Energy becomes entitled to acquire all other Quantify securities on issue; and
- other customary conditions as set out in the MIA, including no regulatory intervention which (among other things) restrains or prohibits the Share Offer.

Refer to the MIA, separately released to the ASX, for a full copy of the conditions which will apply to the Share Offer and the Option Offer. WHL Energy has paid a \$100,000 non-refundable fee to Quantify on signing the MIA.

The Share Offer will offer Quantify ordinary shareholders a sum of \$22,200,000 to be satisfied, assuming 100% acceptance of the Share Offer, through the issue of a total of 250,000,000 WHL Energy Shares (calculated on a post-Consolidation basis and a deemed issue price of \$0.06 each) and 120,000,000 WHL Energy Performance Shares (calculated on a post-Consolidation basis) to be issued to each Quantify Ordinary Shareholder who accepts the Share Offer as follows:

- 1.0189 WHL Energy Shares (on a post-Share Consolidation basis) for each Quantify Ordinary Share held; and
- 0.4891 WHL Energy Performance Shares (on a post-Share Consolidation basis) for each Quantify Ordinary Share held. The WHL Energy Performance Shares vest and are convertible into WHL Energy Shares based on achievement of milestones as set out in Part A of Schedule 4 of the MIA.

The Option Offer consideration is, assuming 100% acceptance of the Option Offer and Quantify having a total of 61,150,000 Quantify Ordinary Options on issue on completion of the Transaction, a total of 62,604,402 WHL Energy Options (calculated on a post-Consolidation basis, exercisable at \$0.075 each, expiring 30 September 2019) to be issued to each Quantify Ordinary Optionholder who accepts the WHL Energy Option Offer on the basis of 1.0238 WHL Energy Options (on a post-Share Consolidation basis) for each Quantify Ordinary Option held.

Details of the consideration to be offered by WHL to acquire all other Quantify securities by private agreement are set out in the MIA.

Quantify shareholders, representing 65.8% of Quantify ordinary shares on issue, and Quantify optionholders, representing 49.8% of Quantify's options to be subject to the Takeover (exercisable at \$0.075 each, expiring 31 May 2017), have made statements of intention to accept the Takeover Offers in respect of their Quantify shares and Quantify options, respectively, in the absence of a superior proposal and any variation or waiver by WHL Energy of the key conditions to the Takeover Offers. The Quantify Shareholders and optionholders who have given statements of intention, and the number of Quantify Shares and options they hold, are as follows:

Shareholder/Optionholder	Shares	Options
Globevista Pty Ltd	17,000,000	2,000,000
Alex Paior	-	16,362,843
David Hayward	1,000,000	-
David Porter	1,500,000	-
Jo Behrens	1,000,000	-
Karl Silverlock	1,000,000	-
Lapins Holdings Pty Ltd	110,000,000	5,000,000
Paul Knight	5,000,000	-
Paul Wilson	12,028,667	2,108,334
Rick Cubito	1,000,000	-
Timothy Leahy	2,000,000	-
Pacific Corporate Pty Ltd	10,000,000	5,000,000
Total	161,528,667	30,471,177

As part of the Transaction the Company has engaged Westar Capital Limited as Lead Manager for the Capital Raising.

Proceeds from the Capital Raising will be utilised to accelerate the commercialisation of Quantify's business model as it launches the Q Device into the enterprise, residential and commercial markets.

Overview

Quantify is an Australian-based pioneer of a unique and disruptive Internet of Things (IoT) technology.

Quantify's patented technology is a first mover in the IoT market. The Company's revolutionary solution, the Q Device, aims to make the promise of the IoT both economical and deployable in scale. This flagship product has the ability to monitor, assess and manage objects in the physical world electronically and will automatically optimise the performance of systems and processes, improving efficiencies and quality of life.

The Company has a multi-stage, phased commercialisation strategy. The Q Device has been patented with the production models undergoing testing and Quantify targeting market launch in the second half of 2017. Quantify's patented Q Device ("Q") has the ability to be retrofitted to any standard Alternating Current ("AC") power network potentially in every building across the globe, providing Quantify with the scope to leverage its rapidly scalable and versatile device to provide multiple IoT solutions.

The Company was founded in 2012 by experienced technology entrepreneur, Mark Lapins. It is headquartered in Perth and is currently planning its commercialisation strategy across the Asia Pacific region having already made key hires in that area.

Significant Market Opportunity with First-Mover Advantage

Quantify's patented Q Device is a first mover in the *Truly Intelligent Building*¹ IoT future. The market potential for the IoT is estimated to be worth upwards of US\$3 trillion with estimates that greater than 20 billion devices will be connected by 2020, from a current market size of approximately US\$700 billion.²

¹ Truly Intelligent Buildings, as defined by Quantify, provide real-time evaluation of environmental and risk factors for occupants as well as proactively managing services and utilities to ensure the highest levels of efficiency are achieved – for example, maximum energy efficiency. They are able to not only inform, but assist occupants whilst in the building and provide proactive management and real-time intelligence, as required.

² Gartner Press Release, *Gartner Says 6.4 Billion Connected "Things" Will Be in Use in 2016, Up 30 Percent From 2015*, <http://www.gartner.com/newsroom/id/3165317>.

There are a variety of structural market factors driving change that should favour Quantify, including the rapidly growing IoT market, the need for innovation in the energy market, increasing focus on energy efficiency and conservation, global regulatory changes regarding energy usage and increasing energy prices.

Key to the Q Device's marketability is its scalable and unique modular design, enabling easy adjustments and the capacity for future upgrades.

Commercialisation Strategy

The Company has a phased commercialisation strategy targeting the following markets:

1. Energy Management Market (Commercial with staged entry into Residential and Enterprise)
2. Behaviour and Environmental Sensor Networks
3. Retirement Living Market
4. Truly Intelligent Buildings Framework

Near-term Catalysts

Quantify has a number of near-term positive catalysts as follows.

Business Transformation

- Accelerating investment in technical team, having already retained key management and leadership personnel
- Expansion of short-term manufacturing capabilities and progress global manufacturing partnerships
- Establish a presence in Asia Pacific, EU, UK and USA: office and infrastructure
- Establish a channel and distribution base in Singapore
- Establish distribution and channel partnerships

Product Innovation and Development

- Full commercialisation launch: enterprise, residential and commercial market
- Development of enterprise communications architecture
- Launch cloud application
- Continual R&D: IoT and product development
- Finalise international patents: USA, Asia, Europe

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Management Team and Board Changes

On completion of the Transaction, Mark Lapins will be appointed as Managing Director of the Company. Aidan Montague will join the Board as an Executive Director and Alex Paior will join the Board as a Non-Executive Director. The existing Directors of WHL Energy will resign.

Mark Lapins

Founder and Managing Director

Mark is a leading innovator in the field of IP communications technology and solutions. He has extensive business acumen in the sector and experience, having successfully built up and sold two technology companies previously, one of which was acquired by global company Schneider Electric in 2008.

Aidan Montague

Chairman and Director - Global Strategy

With more than 25 years' experience of sales and marketing in the technology and Internet space, Aidan has been fundamental in driving high growth technology companies on the world stage. Aidan was instrumental in the growth of the Australian arm of Internet / Cisco systems and has held senior roles with Cisco internationally.

Alex Paior

Non-Executive Director

Alex is a lawyer with expertise in corporate governance and extensive business experience. He started his own legal practice in Adelaide in 1975 and operated exclusively in corporate and commercial areas of the law for nearly 30 years serving as managing partner of major South Australian and National Law firms. Alex is a partner of the Adelaide-based legal practice Paior Law and CEO of International property developer Monopoly Property Group Pty Ltd. He also brings a wealth of experience having served on boards of ASX-listed companies.

WHL Energy intends to enter into executive service agreements with Mr Lapins and Mr Montague upon the Transaction being completed on terms as proposed in section 8 of the MIA which include that WHL Energy will, subject to necessary WHL Energy shareholder approval, issue WHL Energy Shares (or rights or options to acquire WHL Energy Shares) under a tax-deferred employee incentive plan to Mr Lapins and Mr Montague with the effect that:

- if the 20 day VWAP WHL Energy Share price increases by 100% from the Capital Raising price (i.e it reaches \$0.12) (as adjusted for any consolidation or reconstruction of WHL Energy's capital) within 24 months of WHL Energy being re-admitted to quotation on ASX ("Quotation Date"), \$500,000 worth of WHL Shares will be issued to each of Mr Lapins and Mr Montague based on the 20 day VWAP Share price; and
- if the 20 day VWAP WHL Energy share price increases by an additional 100% from above (i.e. it reaches \$0.24) (as adjusted for any consolidation or reconstruction of WHL Energy's capital) within 36 months of the Quotation Date, \$500,000 worth of WHL Energy Shares will be issued to each of Mr Lapins and Mr Montague based on the 20 day VWAP Share price.

Subject to the production of documentary evidence to the satisfaction of WHL Energy acting reasonably and any necessary shareholder or regulatory approvals, WHL Energy has agreed to reimburse Cuda Development Corporation Pty Ltd (**Cuda**), a company associated with Mark Lapins, the amount of \$500,000 in past expenditure incurred in developing Quantify intellectual property. WHL Energy has agreed to pay the amount of \$500,000 to Cuda as follows:

- \$166,666 on WHL Energy being reinstated to official quotation on ASX;
- \$166,667 on the date that is 6 months after the date that WHL Energy is reinstated to official quotation on ASX; and
- \$166,667 on the date that is 12 months after the date that WHL Energy is reinstated to official quotation on ASX.

WHL Energy has also agreed, on the date the Transaction is completed, and subject to WHL Energy Shareholder approval and entry into private agreements with relevant counterparties, to issue (on a post Consolidation basis):

- 30 million WHL Energy Founder Performance Shares to Mark Lapins in consideration for the acquisition of Quantify performance shares he currently holds. The WHL Energy Founder Performance Shares will convert to WHL Energy Shares on a 1 for 1 basis on achievement of certain milestones as set out in Part B of Schedule 4 of the MIA;
- 11,826 787 WHL Energy Shares to parties that introduced and assisted with the Transaction;
- 6,910,543 WHL Energy Options (exercisable at \$0.075 each, expiring 30 September 2019) in exchange for the acquisition or cancellation of 6,500,000 Quantify employee option plan (EOP) options;
- up to 8,747,626 WHL Energy Options to Quantify's corporate advisors at an issue price of 0.1 cents each, exercisable at \$0.09 each, expiring 30/09/2019 and otherwise on terms and conditions to be agreed; and
- up to 5,000,000 WHL Energy Options (exercisable at \$0.075 each, expiring 30/09/2019) to brokers for services in relation to the Capital Raising.

Funding

While the Transaction is being completed, WHL Energy has agreed to fund Quantify up to an amount of \$850,000 by way of convertible loans, convertible into Quantify Shares at 6 cents each at WHL's discretion with an interest rate of 10% per annum payable monthly in arrears, repayable within 6 months if the MIA is terminated.

If Quantify is required to raise additional funds prior to completion of the Transaction it has the option to issue an additional \$650,000 worth of convertible loans on the same terms and conditions, which WHL Energy has the first right of refusal to fund. Any third party funding

must be by convertible loan that converts automatically on completion of the Transaction into WHL Energy Shares at a deemed issue price of \$0.06 per WHL Energy Share (on a post Consolidation basis) (**Convertible Loans**).

Quantify may terminate the MIA if, acting reasonably, it determines that WHL Energy will not have a cash balance on completion of the Transaction of \$2,000,000 (less any amounts advanced by WHL Energy to Quantify, and costs reasonably incurred by WHL in implementing the transactions envisaged by the MIA and agreed by the parties, acting reasonably).

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

As the acquisition of Quantify will constitute a significant change in the nature and scale of the Company's activities, WHL Energy will be required to re-comply with the requirements in Chapters 1 and 2 of the ASX Listing Rules (including preparing a full-form Prospectus, conducting a capital raising and a consolidation of capital) as a condition to completing the Transaction.

WHL Energy's securities will be suspended from the date of this announcement and will remain suspended until WHL Energy has re-complied with ASX Listing Rules and the Transaction has taken effect, or the MIA is terminated and ASX otherwise agrees to the suspension to be lifted.

Shareholder Approvals

A notice of meeting seeking shareholder approval for the resolutions required to effect the Transaction will be sent to WHL Energy shareholders in due course. It is expected that WHL Energy will convene a meeting to facilitate shareholder approval in November 2016.

Effect on capital structure

Ordinary Shares	\$3.5m raise	%	\$5m raise	%
Currently on issue	5,564,983,246		5,564,983,246	
Consolidation 1:83	67,047,991	16.8%	67,047,991	15.8%
Takeover Share Offer	250,000,000	62.8%	250,000,000	59.1%
Capital Raising	58,333,333	14.7%	83,333,333	19.7%
Issue to parties that facilitated the Transaction	11,826,787	3.0%	11,826,787	2.8%
Conversion of Quantify Convertible Loans (\$0.65m@6c)	10,833,333	2.7%	10,833,333	2.6%
TOTAL (UNDILUTED)	398,041,444	100.00%	423,041,444	100.00%

Options	Number	Exercise Price	Expiry
Existing Options	981,299,836	Various	Various
Post Consolidation			
Listed Options (WHNO)	43,840	\$14.94	30/11/2016
Listed Options (WHNOA)	7,329,652	\$0.17	30/06/2018
Unlisted Options	232,530	\$11.62	03/12/2017
Unlisted Options	4,216,867	\$0.33	31/07/2018
WHL Option Offer Options	62,604,402	\$0.075	30/09/2019
WHL EOP Options	6,910,543	\$0.075	30/09/2019
Quantify Advisor Options	8,747,626	\$0.09	30/09/2019
Broker Options	5,000,000	\$0.075	30/09/2019
Total	95,085,460		

Performance Shares	
Existing Performance Shares	Nil
WHL Performance Shares	120,000,000
WHL Founder Performance Shares	30,000,000
Total	150,000,000

	\$3.5m raise	\$5m raise
Fully Diluted *	643,126,905	668,126,905

*Assumes all performance shares converted to ordinary shares and all options exercised. In addition, WHL Energy may agree to issue up to \$2 million worth of Shares, at a deemed issue price based on the 20 day VWAP of WHL Energy Shares at the time of issue, to Mr Lapins and Mr Montague under an incentive plan to be agreed.

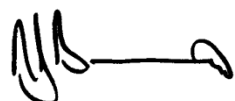
Indicative timetable

Event	Date
Announcement Date	12 September 2016
Draft Notice of WHL Shareholder Meeting lodged with ASX	16 September 2016
Draft Notice of WHL Shareholder Meeting lodged with ASIC	7 October 2016
Notice of WHL Shareholder Meeting sent to WHL Shareholders	21 October 2016
Bidder's Statement lodged with ASIC and served on Quantify and ASX	26 October 2016
Target's Statement lodged with ASIC and served on WHL and ASX	26 October 2016
Bidder's Statement and Target's Statement sent to Quantify Shareholders and Quantify Ordinary Optionholders	28 October 2016
WHL Offers Open	4 November 2016
Prospectus lodged with ASIC and ASX	4 November 2016
WHL Shareholder Meeting	21 November 2016
Prospectus Offers close	28 November 2016
WHL Offers Close	30 November 2016
Effective Date (completion of Acquisition and Prospectus Raise)	7 December 2016
Re-instatement to trading on ASX	21 December 2016

The above table is an indication only and is subject to change. Shareholders should also note that the Company's securities will be suspended from the date of this Announcement and will remain suspended until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules. The end date can be extended by mutual agreement between Quantify and WHL Energy.

All enquiries should be directed to Neville Basset, WHL Energy Company Secretary +61 (08) 6268 2622

For and on behalf of WHL Energy Limited.



N J Bassett
Company Secretary