

ASX ANNOUNCEMENT

24 July 2014

ASX Code QRL

ACN 149 278 759

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Capital Structure

125.6 M Ordinary Shares
15.8M Unlisted Options

Board of Directors

Mr. Jay Stephenson MBA, FCPA, CMA, FCIS, MAICD
Non-Executive Chairman

Ms Paige McNeil GDipEd, AGIA, GAICD
*Managing Director &
Company Secretary*

Ms Julia Beckett GIA(Cert)
Non-Executive Director

Share Registry

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QUINTESSENTIAL TO ACQUIRE GLOBAL TECHNOLOGY INCUBATION COMPANY

HIGHLIGHTS

- Quintessential Resources Ltd to acquire global technology incubation company Yonder & Beyond Ltd which holds an exciting portfolio of assets experiencing accelerated growth and development managed by a world class management team.
- Yonder & Beyond Ltd CEO, Shashi Fernando, twice named in world's top 50 for Mobile Entertainment, founder and former CEO of Saffron Digital Limited which was acquired by HTC Corporation for US\$50m and was appointed Chief Content Officer and Executive Director of HTC Corporation.
- Yonder & Beyond Ltd have an experienced management team with a proven track record of developing global digital businesses, products and services.
- Existing portfolio has already received industry accolades including numerous awards and industry recognition worldwide.
- Yonder & Beyond Ltd is well positioned for growth given global usage for mobile apps is forecast to grow 30% each year, reaching 4.4 billion users, by the end of 2017¹.

Quintessential Resources Limited ("QRL" or the "Company") is pleased to announce that it has signed an agreement to acquire 100% of the issued capital in Yonder & Beyond Ltd, a global technology incubation company ("Acquisition Agreement").

Yonder & Beyond Ltd ("Y&B") is pioneered by Shashi Fernando, who has twice been named in the world's top 50 in Mobile Entertainment and has an outstanding track record in the digital and entertainment industry. Mr Fernando was the founder and CEO of Saffron Digital Limited ("Saffron") and sold the company to HTC Corporation, one of the world's largest smartphone manufacturers, for US\$50m in 2011. Under his leadership, Saffron experienced 100% revenue and profit growth, year on year for three years, and was deployed in partnership with music labels, film studios, operators and manufacturers in 43 countries and 17 languages. Mr Fernando was subsequently appointed Chief Content Officer and served on the Board of Directors of HTC Corporation.

¹ Source: Portio Research, 'Fast growth of apps user base in booming Asia Pacific' March 2013

Y&B is a technology incubation company that provides a collection of resources and expertise at group level to start-up companies in the sector, particularly in mobile, technology and entertainment. This includes full-time senior executives who specialise in areas that are often costly and inaccessible for start-ups, such as Digital Strategies, Business Development, Finance and Human Resources. This model ensures high growth and an excellent probability of success to Y&B's investments.

Through its experienced management team, Y&B is positioned to benefit from the incredible growth of the already large mobile technology market. Ernst & Young has projected the mobile commerce market will exceed US\$173 billion by 2018². This provides an abundance of opportunities to install solutions and products which are disruptive to traditional business models offering potentially lucrative returns for investors. Y&B is in advanced negotiations with a number of high profile opportunities, which may potentially be unlocked as a result of QRL's acquisition of Y&B.

Mr Fernando said he was excited to bring Y&B's exceptional portfolio of mobile applications and services into the ASX environment.

"This transaction will enable Y&B to accelerate the growth and development of each of our portfolio investments. We are delighted that Y&B was oversubscribed for our seed raising. This transaction positions Y&B to move forward with a number of exceptional partnerships." Mr Fernando said.

QRL Managing Director, Paige McNeil, said that she believes the Acquisition Agreement will materially transform the Company for the benefit of all shareholders.

"The Board of QRL is pleased by the acquisition of Y&B. We are confident that the Y&B management team will successfully develop and deploy its portfolio of industry acclaimed mobile applications and services and drive outstanding value to our shareholders." Ms McNeil said.

Key Terms of the Acquisition Agreement:

In consideration for the acquisition of Y&B, QRL will issue:

- (a) 569,548,872 fully paid ordinary shares in the capital of QRL ("Shares") (on a pre-consolidation basis) to the shareholders of Y&B for the acquisition of 100% of their shares;
- (b) 1,500,000 Options exercisable at \$0.20 within 3 years of the date of issue (post-consolidation basis) to advisors of Y&B ("Advisor Options") that currently hold identical options in Y&B. The Advisor Options are being issued as a like for like swap of the options in Y&B held by the Y&B advisors.

Replacement options:

In recognition of the incentive scheme options received by key management of Y&B, QRL has elected to replace them as follows:

- (a) 35,000,000 options to acquire Shares ("Option"), separated into three tranches with varying terms and vesting conditions (as described in more detail in the pro forma capital structure of QRL below), to key management of Y&B ("Management Options"). The Management Options will be issued on a post consolidation basis on identical terms to incentive management options currently held by the key management of Y&B, and will be issued as a like for like swap of those Y&B options currently held by key management; and

² Source: Ernst & Young presentation 'Global banking and capital markets sector, May 14, 2014'

The Acquisition Agreement is conditional upon:

- (a) Finalisation of mutual due diligence on Y&B and QRL;
- (b) Shareholder and all necessary regulatory approvals;
- (c) QRL undertaking the following pre-consolidation capital raisings (“Pre-consolidation Capital Raising”):
 - (i) a placement of 18,841,957 Shares, using QRL’s placement capacity under ASX Listing Rule 7.1, at an issue price of \$0.01 per Share to raise up to \$188,420. Taylor Collison Limited will act as Lead Manager; and
 - (ii) a one (1) for four (4) non-renounceable entitlement issue of Shares at an issue price of \$0.01, to raise approximately \$314,033, underwritten by Taylor Collison Limited.
- (d) QRL completing a post consolidation capital raising of at least \$3,500,000 and no more than \$8,000,000 (“Post-consolidation Capital Raising”). Taylor Collison Limited will act as Lead Manager of the capital raising;
- (e) Quintessential Resources Ltd changing its name to Yonder & Beyond Limited;
- (f) QRL entering into formal share sale agreements with the shareholders of Y&B; and
- (g) QRL re-complying with chapters 1 and 2 of the ASX listing Rules and receiving conditional approval from ASX to have its securities re-admitted to trading.

As part of QRL’s readmission to the ASX, QRL may be required to undertake a consolidation of its share capital to enable the share price to reach the minimum value per share required under the ASX Listing Rules for readmission (\$0.20 per share). Such ratio will be determined as part of the readmission process. For the purposes of the pro forma capital structure set out in note (b) of the notes to the pro forma balance sheet, the Company has assumed a consolidation ratio of 13.33 to 1; however this is indicative only.

The transaction includes the appointment of two new executive directors to the Board of QRL, being founder of Y&B, Shashi Fernando (Chairman and CEO elect) and John Bell (Executive Director and CFO elect). Additional background on each of the proposed new directors is provided later in this release.

Subject to completion of the proposed transaction, Julia Beckett will resign as a director of QRL. Jay Stephenson and Paige McNeil will continue as directors of QRL following the completion of the Acquisition Agreement.

QRL has also agreed to issue 5,500,000 unlisted Options exercisable at \$0.20 within 3 years of the date of issue at a subscription price of \$0.0001 per Option (post-consolidation basis), as follows:

- (a) 2,250,000 Options to advisors assisting with the Post-consolidation Capital Raising;
- (b) 2,250,000 Options as an introduction fee for the acquisition of Y&B; and
- (c) 1,000,000 Options as consultancy fees

Activities Update:

QRL intends to continue to fund its obligations in respect to mineral tenement assets in Papua New Guinea (“PNG”). If the shareholders of QRL approve the acquisition of Y&B, post completion, the new board of QRL will undertake a review of the PNG assets to investigate opportunities to divest its existing assets and projects.

The funds raised from the Pre-consolidation Capital Raising will be used to meet QRL’s expenditure commitments on the existing PNG assets, costs associated with this acquisition and general working capital.

The QRL Board considers the proposed acquisition and change of business to be positive and in the best interest of QRL shareholders.

The acquisition of Y&B will result in a significant change to the nature and scale of the Company’s main business and will require re-compliance with ASX’s admission requirements in Chapters 1 and 2 of the ASX Listing Rules, including the lodgement of a prospectus with the Australian Securities and Investments Commission (“ASIC”) to facilitate, amongst other matters, the Post-consolidation Capital Raising.

Securities issued by the Company as part of the transaction may be subject to escrow imposed by ASX under its Listing Rules.

1. Company Information

About Yonder & Beyond

Mr Fernando formed Y&B to invest in and help accelerate high growth and high potential businesses in the global technology and mobile space.

The Y&B management team brings a wealth of experience and relationships across the technology and entertainment landscape and is able to maximise synergies amongst its investment portfolio to accelerate growth and user acquisitions.

2. Existing portfolio

(live and in build mode)



- YB** 60% interest in Prism Digital Limited
- YB** Profitable and fast-growing digital recruitment agency
- YB** Specialised knowledge and long-term relationships within industry focusing on technical sub-segments
- YB** Experience in working with clients including Rackspace, Boticca.com, Moo.com, Ogilvy, WPP, Salesforce.com
- YB** Cash generative

Twitter: @prism_digital

Website: <http://www.prism-digital.com/>



- YB** 72.6% interest in Boppl Limited
- YB** Leading mobile ordering and payment app
- YB** Pre-order and pay food and beverages
- YB** Potential for multiple revenue streams
- YB** Currently in negotiations for deployment in Australia, France, Switzerland and South Africa
- YB** Winner of the UK Mobile & Apps Design Award in 2014, named App of the Day by Mobile Entertainment, Top 50 Mobile Innovator 2013

Twitter: @boppleme

Website: www.boppl.me



- YB 100% interest in Wondr.it Limited
- YB Experience what's happening anywhere, through the eyes of those who are there
- YB Brings major social network platforms into a single, simple feed
- YB An all-access pass
- YB Ability to create private events, such as weddings and family holidays

Twitter: @wondrit

Website: wondr.it

- YB 75% interest in Gophr
- YB Making deliveries quick and simple for everyone
- YB Send or pick up deliveries with a single tap
- YB Cashless and convenient for couriers and customers
- YB Clear delivery pricing, simply set the pick-up and drop-off location

Twitter: @gophr

Website: gophr.it

3. Background information on proposed new directors

YB Shashi Fernando

Incoming Chairman and Chief Executive Officer

Shashi is a proven performer in the delivery of world-class mobile solutions. He was a board member and Chief Content Officer of HTC Corporation, one of the world's leading smartphone manufacturers, and the founder and former CEO of Saffron which raised \$3 million in 2007 and was acquired in 2011 for US\$50 million.

Shashi delivered Saffron into the heart of the mobile and entertainment industry by securing clients such as Vodafone, T-Mobile, Samsung USA, Paramount and Disney to name but some of the 40 plus global relationships that were established over his time with Saffron.

Having twice been named in the world's top 50 in Mobile Entertainment, Shashi led Saffron to multiple industry accolades over the period, delivering a profitable business and 100% growth year on year, for three years.

Since his time at HTC Corporation, Shashi has been an angel investor and moved to bring to market several digital start-ups.

YB John Bell

Incoming Executive Director and Chief Financial Officer

John is a Chartered Accountant and business professional with international business and financial management expertise and a proven record of creating value and managing businesses. John's experience ranges from corporate advisory, as director of Barringtons Corporate to executive management as CFO of Saffron which was ranked in the Deloitte Fast 50 in 2010 as one of Europe's fastest growing technology companies.

John was part of the management team responsible for the transformation and growth of Saffron, from small start-up to multinational, as well as managing Saffron's sale to one of the world's leading mobile handset manufacturers in 2011. His practical experience in international business and financial management translate across a variety of sectors.

4. Background information on other key management

Stephane Oury

Chief Investment Officer

Stephane has extensive private equity and investment banking experience in technology, internet, telecommunication and media across Europe, North America, Asia and Middle East. He has worked on more than 60 transactions with a cumulative enterprise value in excess of \$160 billion, with clients/targets such as Vivendi, Universal Studios, Formula 1, Manchester United, Gree, Sega, Electronic Arts, Zynga, SCi Entertainment/Eidos, Virgin Media, Canal+, Orascom, Acision, Onlive, Mysis, Endemol, MTN or P7S1.

Stephane's experience also includes spending almost six years working with Vivendi Universal and Ernst &Young where he spent nearly two years working on the merger between NBC and Universal Studios to form NBC Universal.

Stephane holds an MBA from Columbia Business School, a Ms in Engineering and a Ms Research from IN Polytechnique, a MA in Political Sciences and Economics from Institut d'Etudes Politiques and a Ms in Management from IAE.

Mahmood Dhalla

Chief Product Officer

Mahmood has spent more than 10 years in product and program management in large scale and global software and services development. His experience ranges from core platform pieces of the Windows Operating System at Microsoft to user facing software/services including mobile software and services strategy and implementation.

Mahmood was previously the Director of Program Management with HTC Corporation working with the Global Content Team to deliver HTC Corporation's digital media solutions.

Pasa Mustafa

Chief Strategy Officer

Pasa has spent more than 20 years as a digital executive helping businesses grow into new, innovative sectors and transforming traditional businesses to the digital world.

He spent 10 years at the world's largest production company Endemol as Global Head of Digital.

Pasa has been nominated for a BAFTA award and has an Emmy nomination. He has also won awards at the Webby's, Mobile Marketing and Broadcast Digital awards.

Most recently Pasa has spent 15 months helping the UK government push the Tech City Initiative in London.

With close connections in the music industry, Pasa has worked with companies such as Spotify, EMI, Universal, Sony and PRS for Music. He created the first online music show called Beat, sponsored by Samsung which pushed music programming across social networks further than ever before, gaining much respect from the large music brands and labels who all integrated into the show.

INDICATIVE TIMETABLE

QRL has made an application to the Australian Securities Exchange (ASX) for determinations on the relevant transaction approvals which will be required for the acquisition of Y&B. The significant change to the nature and scale of the Company's main business activity arising from the Y&B acquisition will require re-compliance with ASX's admission requirements in chapters 1 and 2, including the lodgement of a prospectus with the Australian Securities and Investments Commission (ASIC) to facilitate, amongst other matters, the capital raising referred to above.

An indicative timetable for re-compliance with the admission requirements is set out in the following table:

Event	Date
Despatch Notice of Meeting and Independent Expert Report	29 August 2014
Lodge Prospectus with ASIC and ASX	16 September 2014
Offer under Prospectus opens	16 September 2014
General Meeting Suspension of trading in the Company's securities Consolidation commences	30 September 2014
Consolidation record date	7 October 2014
Consolidation completed	14 October 2014
Offer under Prospectus closes	15 October 2014
Completion of Y&B Acquisition and issue of Shares under the Prospectus	27 October 2014
Expected date for re-quotations of the Company's securities on ASX	29 October 2014

PRO-FORMA BALANCE SHEET

1.1 UNAUDITED PRO-FORMA BALANCE SHEET

	Notes	Actual		Pro-forma Group (Unaudited) Merged Y&B / QRL \$
		30 June 2014 (Unaudited) Y&B \$	30 June 2014 (Unaudited) QRL \$	
Current assets				
Cash and cash equivalents	(b)	2,033,349	31,949	5,667,750
Trade and other receivables		163,554	89,166	252,720
Other current assets		-	10,028	10,028
Total current assets		2,196,903	131,143	5,930,498
Non-current assets				
Property, plant and equipment		11,669	82,469	94,138
Intangible assets		5,239,228	-	5,239,228
Exploration and evaluation assets		-	38,443	38,443
Goodwill	(c)	-	-	2,562,201
Total non-current assets		5,250,897	120,912	7,934,010
Total assets		7,447,800	252,055	13,864,508
Current liabilities				
Trade and other payables		1,392,026	160,959	1,552,985
Current tax liabilities		61,030	-	61,030
Provisions		-	15,423	15,423
Total current liabilities		1,453,056	176,382	1,629,438
Total liabilities		1,453,056	176,382	1,629,438
Net assets		5,994,744	75,673	12,235,070
Equity				
Issued capital	(d)	5,621,153	12,722,177	11,861,479
Foreign currency translation reserve		-	(1,031,104)	-
Retained earnings		578,666	(10,781,569)	578,666
Non-controlling interest		(205,075)	(833,831)	(205,075)
Total equity		5,994,744	75,673	12,235,070

(a) Pro-forma Adjustments

- (1) *Indicative Share consolidation* – Indicative restructure of QRL's share capital by way of a consolidation of the issued capital on a 1 for 13.33 bases. This transaction has no impact on the Pro-forma Balance Sheet.
- (2) *Acquisition of Yonder and Beyond Limited* – The acquisition of Y&B by the issue of 569,548,872 ordinary shares in QRL.

(3) *Replacement Management Incentive Option Scheme* – QRL will replace Y&B's existing management incentive option scheme, like for like, through the issue of 35,000,000 options as detailed below in the following tranches:

- Tranche 1: 15,000,000 on or before 3 years of the date of issue at an exercise price of \$0.20 per option;
- Tranche 2: 10,000,000 on or before 3 years of the date of issue at an exercise price of \$0.25 per option; and
- Tranche 3: 10,000,000 on or before 3.5 years of the date of issue at an exercise price of \$0.40 per option;

in QRL to Y&B shareholders.

(4) For accounting purposes, the acquirer has been identified as Y&B and the business combination referred to as a reverse acquisition. Accordingly, the pro-forma Group incorporates the assets and liabilities of QRL and of Y&B as if the Group was headed by Y&B. At acquisition date the assets and liabilities of Y&B (being the acquirer for accounting purposes) are recorded at their book value and the assets and liabilities of QRL (being the acquiree for accounting purposes) are recorded at fair value. Furthermore, for pro-forma purposes, the 569,548,872 in QRL have been treated as issued capital for the purpose of determining the notional purchase price of QRL. The 15,850,000 issued options in QRL have also been treated as issued capital for the purposes of the pro-forma.

Components of equity (other than issued capital), including retained earnings and other reserves, reflect the balances of the accounting acquirer, Y&B.

(5) *Shares issued under the Prospectus* – As part of QRL's re-compliance with Chapters 1 and 2 of the ASX Listing rules, the Company is seeking shareholder approval to conduct a capital raising by offering under a Prospectus 17,500,000 Shares at a price of \$0.20 per share to no less than the number of new investors in the Company required by ASX, to raise \$3,500,000. **For the purposes of the pro forma the value per shares has set at \$0.20, being the minimum value required by the ASX. QRL reserves the right to amend this amount, up to issue of the Company's Notice of Meeting.**

(6) The Directors estimate that costs for the preparation and implementation of the Prospectus will be \$400,000 and this estimated cost has been deducted from the capital raising of \$3,500,000.

(7) *Costs associated with the acquisition of Y&B* – For pro-forma purposes the costs of acquisition for due diligence, preparation of the explanatory memorandum, etc. are assumed to have been incurred and expensed in the pro forma Group balance sheets.

(8) No pro-forma adjustment has been made for any capital raised as a result of the exercise of any options.

(b) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the unaudited pro-forma balance sheet at 30 June 2014 is shown as follows:

	\$
Cash and cash equivalents at 30 June 2014 – Actual	2,065,298
<i>Pro-forma adjustments</i>	
- Net proceeds from 1:4 entitlement issue of 31,403,262 shares at \$0.01	314,032
- Net proceeds from placement of 18,841,957 shares at \$0.01	188,420
- Net proceeds from Prospectus	3,100,000
	5,667,750

(c) **Goodwill**

Goodwill represents the fair value of the Australian Securities Exchange status of QRL as follows:

	\$
Goodwill at 30 June 2014 – Actual	-
<i>Pro-forma adjustments</i>	
- Acquisition of Quintessential Resources (accounted for as a reverse acquisition)	2,562,201
	<u>2,562,201</u>

(d) **Issued Capital**

The movement in issued capital as reflected in the pro forma balance sheets at 30 June 2014 is shown below:

	Notes	Issued ordinary shares No.	Options over shares No.	Merged Y&B / QRL \$
Quintessential Resources 30 June 2014 – Actual	(1)	125,613,048	15,850,000	3,269,919
<i>Merged QRL /Y&B Issued Capital</i>				
Opening: Y&B 30 June 2014 – Actual		569,548,872	-	5,621,152
- Elimination of existing shares of Y&B		(569,548,872)	-	-
- Existing shares of QRL		125,613,048	15,850,000	-
- Issued as part 1:4 entitlement issue placement at \$0.01		18,841,957	-	188,420
- Issued as part placement of 18,841,957 at \$0.01		31,403,262	-	314,033
- Issued as part of reverse acquisition	(2),(7)	569,548,872	-	2,637,874
Pre consolidation sub-total		745,407,139	15,850,000	8,761,479
- Implied consolidation at 1 for 13.33	(5)	55,905,535	1,188,750	
- Issued pursuant to prospectus		17,500,000		3,500,000
- Transaction Costs	(6)	-	6,000,000	(400,000)
		<u>73,405,535</u>	<u>7,188,750</u>	<u>11,861,479</u>

- (1) *Quintessential Issued Capital* – As at 30 June 2014, QRL had on issue 125,613,048 fully paid ordinary shares and 15,850,000 unlisted options.
- (2) *Yonder and Beyond* – QRL is to acquire Y&B in exchange for the issue of 569,548,872 ordinary shares in QRL. The acquisition has been accounted for as a reverse acquisition in accordance with AASB 3 *Business Combinations*.
- (3) *Pre-consolidation placement* – Issue of 18,841,957 Shares, using QRL's placement capacity under ASX Listing Rule 7.1, at an issue price of \$0.01 per Share to raise up to \$188,420.
- (4) *Pre-consolidation entitlement issue* – a one (1) for four (4) non-renounceable entitlement issue of Shares at an issue price of \$0.01, to raise approximately \$314,033, underwritten by Taylor Collison Limited.
- (5) The shares and options of QRL are to be consolidated on an indicative 1 for 13.33 basis after the acquisition (based on a market price at 23 July 2014 of \$0.015), resulting in QRL having 55,905,535 shares 1,188,750 options on issue immediately prior to the capital raise of this prospectus.

- (6) *Transaction costs* – Transaction costs in the following options issued to advisors as part of the transaction:
- 2,250,000 Options to advisors assisting with the Post-consolidation Capital Raising;
 - 2,250,000 Options as an introduction fee to the acquisition of Y&B;
 - 1,500,000 Options to advisors of Y&B (“Advisor Options”) that currently hold identical options in Y&B. The Advisor Options are being issued as a like for like swap of the options in Y&B held by the Y&B advisors.
- (7) *Reverse Acquisition – Quintessential* – The pro-forma adjustment reflects the deemed issue of shares to acquire QRL. The fair value of QRL’s net assets at 30 June 2014, per the unaudited balance sheet was \$1,137,874 and the fair value of the deemed consideration was assessed at \$2,637,874. The difference between the deemed purchase price (\$2,637,874) and fair value of net assets acquired (\$1,137,874) represents \$2,562,201 as goodwill for the estimated fair value of the listing status.
- (8) *Management and consultancy options* – The pro forma has not included the following options that will be issued in accordance with AASB 2 *Share-based Payments*:
- 35,000,000 options in replacement of the incentive scheme options received by key management of Y&B; and
 - 1,000,000 Options for consultancy fees.

To register to receive ASX announcements via email please visit: www.quintessentialresources.com.au

For further information regarding this report and company business enquiries may be directed to:

QRL Shareholder Enquiries

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