



The IOT Group

Ardent Resources Limited

ASX Announcement

Sydney, 17 November 2015

IOT Group - Transaction and Placement Update

- Ardent committed to proceeding with IOT acquisition following completion of due diligence
- The deal has been restructured to include a value accretive milestone which will result in reduction in the upfront consideration
- Capital raising commitments in excess of \$3m which satisfies the capital raising condition
- Ardent focused on finalising the transaction to bring unique Internet of Things opportunity to the Australian market

Ardent Resources Limited (**Ardent** or the **Company**) (ASX:AWO) is pleased to provide an update concerning the proposed acquisition of OK IOT Group Pty Ltd (**IOT**), under which the Company conditionally agreed to acquire 100% of the issued capital of IOT from the shareholders of IOT (**IOT Vendors**) subject to shareholder approval.

Ardent has completed due diligence on IOT and Ardent remains committed to proceeding with the acquisition subject to shareholder approval. Ardent advises that the following amendments to the terms of the proposed transaction with IOT have been agreed:

- **Upfront Consideration:** The upfront consideration has been reduced. The total number of ordinary fully paid shares in Ardent to be issued on completion will be 257,900,964 shares (on a post-consolidation basis) to the IOT Vendors in consideration for the acquisition of 100% of the IOT Shares on issue (**Consideration Shares**). Ardent instigated the change.
- **Consolidation:** Ardent proposes to undertake a consolidation of its shares on issue on the basis of one (1) share for every two (2) shares currently on issue.
- **Earn Out Shares:** There will be an additional 69,241,893 earn out shares which will be issued to certain IOT Vendors if IOT has greater than \$AUD 5 million in revenue for the FY2016.
- **Options:** All options to acquire IOT Shares currently on issue (**IOT Options**) will be replaced on completion of the acquisition in consideration for Ardent now issuing 60,210,342 options in Ardent (on a post-consolidation basis) to the holders of IOT Options (**Replacement Options**). The Replacement Options will now have an exercise price of \$0.07 and expire on 30 June 2019.

- **Capital raising:** The proposed transaction is conditional on the Company successfully undertaking a capital raising of at least \$3 million via a placement and public offer under a prospectus. Ardent is pleased to announce it has received commitments in excess of \$3m and therefore this condition has been satisfied subject to shareholder approval. The placement shares and public offer shares will be issued at an issue price of \$0.032 (on a post-consolidation basis). Further details are outlined below.
- **Company Name:** The Company's name will be changed to "IOT Group Limited."

Following these amendments, the key terms of the proposed transaction with IOT are:

- consolidation of Ardent's existing issued capital on the basis of one (1) share for every two (2) shares;
- the issue of 257,900,964 shares (on a post-consolidation basis) to the IOT Vendors in consideration for the acquisition of 100% of the IOT Shares on issue;
- the issue of a maximum of 235,908,560 shares (on a post-consolidation basis) to the IOT Vendors contingent upon the satisfaction of revenue in FY2016, and net profit after tax requirements in FY2016 and FY2017;
- the issue of 60,210,342 Replacement Options with a \$0.07 exercise price expiring on 30 June 2019; and
- the issue of shares to raise a minimum of \$3,000,000 via a placement and public offer.

Below is the indicative capital structure assuming the proposed consolidation and transaction is approved by shareholders and the placement and public offer proceeds as proposed.

Indicative Capital Structure

	Shares	Earn Out Shares	Total
Balance at the date of this Announcement (pre Consolidation)	161,264,438		161,264,438
Balance on issue post Consolidation	80,632,219		80,632,219
Consideration for the IOT acquisition	257,900,964	235,908,560	493,809,524
Placement Shares (Max \$4M)	125,000,000		125,000,000
Public Offer Shares (Max \$1M)	31,250,000		31,250,000
	<u>494,783,183</u>	<u>235,908,560</u>	<u>730,691,743</u>

In addition there will be 60,210,342 options on issue exercisable at 7 cents each expiring 30 June 2019.

Placement Commitments

Ardent is also pleased to advise that it has received cornerstone commitments in excess of \$3 million to participate in the placement, subject to shareholder approval. As a result of these initial commitments from Australian and international sophisticated and professional investors, Ardent has already satisfied the transaction condition to raise a minimum of \$3 million.

Settlement of the placement is on a deferred basis, subject to shareholder approval of the transaction at a general meeting. Pac Partners Pty Ltd has acted as lead manager to the placement.

Ardent Chairman, Mr Scott Brown, commented: “We are committed to proceeding with the acquisition of IOT Group, which will provide Australian investors with unique access to the Internet of Things and wearable technology markets, a burgeoning sector across the globe.”

“The support we have received to date from Australian and international sophisticated investors demonstrates the enthusiasm around this opportunity, and we look forward to finalising the acquisition in the coming weeks.”

For further information please contact:

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