

## ASX Market Announcement

29 July 2016

### EXECUTION OF BINDING TERMS SHEET PROPOSED ACQUISITION OF ASSETOWL PTY LTD

#### **Highlights**

- Regalpoint (ASX:RGU) announces the execution of a binding terms sheet to acquire AssetOwl Pty Ltd (**AssetOwl**), subject to certain conditions including shareholder and regulatory approvals
- AssetOwl is an innovative technology company which has developed a game changing enterprise software solution for retail site management and analysis, with application to other industries
- AssetOwl is undertaking, and has completed, trials with major retailers in Australia, and anticipates the commercial roll-out with key customers in the coming months
- RGU undertaking a \$4.5m capital raising with Patersons Securities Limited engaged as Lead Manager and proposed underwriter to the issue

Regalpoint Resources Limited (ASX Code: RGU) (**Company**) is pleased to announce that it has today executed a Binding Terms Sheet (**Terms Sheet**) with AssetOwl Pty Ltd (**AssetOwl**), which is advised by Maiden Capital, and its major shareholders (**Managing Vendors**) setting out the terms for the Company's acquisition of 100% of the shares in AssetOwl (**Proposed Transaction**). This follows the Company's strategy to pursue new investment opportunities which have the potential to create significant value for investors.

AssetOwl is an innovative technology company which has developed an enterprise asset visibility and change platform for retail site management and analysis, with application to other industries, which can provide material efficiency and cost savings to the utilisation and management of retail sites. The cloud-based solution provides an internal visualisation system which combines geographic information systems and virtual reality technologies to enable retailers to visualise, question, analyse and interpret data at each site and collectively across all properties within a network.

The chairman of RGU, the Honourable Shane Stone, stated:

"We were drawn to the opportunity by AssetOwl's innovative technology solution which was developed to fill a direct need on the part of Tier 1 retailers, not just domestically, but globally. AssetOwl has done a remarkable job to develop the system on a very tight timeline, which has now been successfully trailed with major retail groups in Australia. We believe this represents a compelling opportunity for RGU's investors, where the acquisition parameters incorporates a range of performance hurdles inclusive of revenues and profitability where RGU is of the view that delivery of these hurdles creates a framework capable of transitioning the Company's market capitalisation materially".

The Managing Director of AssetOwl, Tim Brady, stated:

“We are excited to bring our company into the public domain as the commercialisation phase is now well underway. The genesis of AssetOwl derived from the extensive retail and spatial mapping software experience of its founders and our exposure to the issues faced by retailers with large geographically dispersed stores and a large number of aging company assets. We identified a need, and then utilised cutting edge technologies to develop an enterprise software solution to meet the requirements of large retailers with diversified property assets. We have successfully trialled the system with a number of large retail groups in Australia, and eagerly anticipate the next phase of our evolution”.

## **HIGHLIGHTS**

### **Game changing technology for the retail industry**

- Industry wide tool with significant benefits – productivity and efficiency; monitoring and reporting; tangible financial benefits
- Readily integrates with existing operational systems

### **Global first-mover advantage and attractive revenue model**

- No direct competitor with international patents pending
- Tiered revenue via up-front implementation and ongoing software and licensing fees

### **Well advanced development pathway**

- Established core modules with identified areas for functional development

### **Significant traction with target customers**

- Successfully trialled with a number of large retailers
- Commercial customer discussions underway
- Significant domestic and global opportunity

### **Experienced management with proven track record**

- Senior management team with broad retail and technology experience and success in building new businesses

### **Near term industry and geographic expansion potential**

- Product readily scalable and transferrable to global retail markets and across a large number of retailing sub-sectors, together with other industries requiring site management
- US and UK targets already identified through existing relationships
- Global market potential is significant – many hundreds of thousands of stores, centres and locations

## **OVERVIEW OF ASSETOWL BUSINESS**

### **Business model and services**

AssetOwl has invested in developing its internal systems and technology and has attained ISO27001 accreditation, the industry standard for information security management systems. The core system modules are – Properties/Audits/Projects/Planner – and functionality for the augmentation of additional modules. Key product benefits include:

- Virtual tour across all properties in a customer network
- A hub for information storage
- Geospatially referenced information and images, including CADs to individual asset level detail
- Real time visual record of property network
- Integration and connectivity with existing systems
- Simple and quick installation
- Powerful analytical tools
- Easily accessible – various and multiple devices; remote locations
- Cloud based secure platform

### **Key management**

#### **Tim Brady (Managing Director and Co-Founder)**

Strong strategic and business development skills evidenced through the identification of a niche market opportunity in the retail sector in 2003 when Tim formed Credo Group. Credo services the leading Australian & international retailers to refurbish their existing store networks and/or open new stores within Australia.

Tim was awarded a 40-under-40 award by WA Business News in 2010 with Credo also recognised in BRW's Annual Fast 100 List in 2008 & 2009.

#### **Giuseppe Di Franco (Director, Chief Technical Officer & Co-Founder)**

A passionate technologist with broad industry experience Giuseppe worked with Google as part of their Business View program from its inception in Australia before co-founding AssetOwl.

At AssetOwl he leads the teams developing the Web and Mobile applications, Robotic Hardware and Vision systems, which have successfully built an ISO 27001 certified Enterprise solution and developed hardware for high speed data acquisition.

#### **Chris Indermaur (Non-Executive Director)**

Chairman of Poseidon Ltd and Medibo Ltd and a Director of Aerison Pty Ltd and Austin Engineering Ltd.

## Andrew Lane (Non-Executive Director)

Managing Partner at Matrix Partners Pty Ltd and Chairman of Access Group Australia Pty Ltd.

### CHANGE IN NATURE OF ACTIVITIES – SHAREHOLDER APPROVAL AND POTENTIAL ASX RE-COMPLIANCE

The Proposed Transaction will result in a significant change to the nature of the Company's activities. The Company currently focuses on mineral exploration. If the Proposed Transaction proceeds, it will acquire a software application development business.

Accordingly, following consultation with ASX, the Company anticipates that ASX will require the Company to obtain shareholder approval to complete the Proposed Transaction and to re-comply with the ASX admission requirements in Chapters 1 and 2 of the ASX Listing Rules.

The Company intends to issue a notice of general meeting (**Notice of Meeting**) seeking shareholder approval for matters required to effect the Proposed Transaction as soon as practicable and in any event by the end of August 2016. The general meeting to be convened by the notice is proposed to be held in September 2016.

The Company requested voluntary suspension of its securities on 14 July 2016. It anticipates that its securities will remain suspended from quotation until the Potential Transaction completes (or is terminated) which is currently anticipated to be in late October 2016.

### KEY TERMS OF THE PROPOSED TRANSACTION

The Company executed the Terms Sheet with AssetOwl and the Managing Vendors who collectively hold approximately 75% of the AssetOwl shares and therefore effectively control AssetOwl.

The Managing Vendors are to procure the sale to the Company of the shares in AssetOwl held by the remaining AssetOwl shareholders. This may be effected by agreement with those remaining shareholders or by the Managing Vendors exercising a 'drag-along' right under the AssetOwl Shareholders' Agreement.

The Terms Sheet is legally binding on the parties but is intended to be replaced by a more detailed formal Share Sale Agreement.

The key terms and conditions for the Proposed Transaction under the Terms Sheet are as follows:

Term	Description
<b>Share acquisition:</b>	The Company will acquire 100% of the shares in AssetOwl ( <b>AssetOwl Shares</b> ).
<b>Consolidation:</b>	The Company will undertake a consolidation of its share capital. At this time, the consolidation is expected to be on a 10 for 1 basis ( <b>Consolidation</b> ).
<b>Capital raising:</b>	<p>The Company will seek to raise approximately \$4.5 million in new working capital through the issue of 22,500,000 shares at an issue price of not less than \$0.20 each (<b>Capital Raising</b>) under a prospectus (<b>Prospectus</b>). For every two shares subscribed there will be an entitlement to receive a free-attaching option exercisable at \$0.40 on or before 30 June 2019.</p> <p>The Company will seek to engage underwriters for a minimum of \$4.5 million of the Capital Raising. It is proposed that the Underwriters will also receive the same free-attaching option entitlement outlined above.</p>

Term	Description
<b>Initial consideration:</b>	<p>The initial consideration to be provided by the Company to the shareholders of AssetOwl (<b>Vendors</b>) at completion of the Proposed Transaction comprises:</p> <ul style="list-style-type: none"> <li>• 30,000,000 fully paid ordinary shares in the Company (on a 10:1 post Consolidation basis); and</li> <li>• 5,000,000 options to subscribe for ordinary shares in the Company, each exercisable at \$0.25 on or before 31 March 2019 (on a 10:1 post Consolidation basis).</li> </ul>
<b>Deferred consideration:</b>	<p>The Company will also provide additional consideration to the Vendors, subject to specific performance milestones being met:</p> <ul style="list-style-type: none"> <li>• milestone 1 – \$1 million in cash or shares (on a post Consolidation basis);</li> <li>• milestone 2 – \$2 million in cash or shares (on a post Consolidation basis);</li> <li>• milestone 3 – \$2 million in cash or shares (on a post Consolidation basis); and</li> <li>• milestone 4 – \$2 million in cash or shares (on a post Consolidation basis).</li> </ul> <p>The milestones relate to the financial performance and expansion of the AssetOwl business over 3 years following the acquisition of AssetOwl. Further information in relation to the milestones will be provided in the Notice of Meeting and the Prospectus.</p>
<b>Change of name:</b>	<p>The Company will change its name to “AssetOwl Limited” or such other name as agreed between the parties, subject to shareholder approval.</p>
<b>Conditions precedent:</b>	<p>The Proposed Transaction will be subject to various conditions precedent being satisfied within 120 days of the Terms Sheet being executed (i.e. by 26 November 2016, including (without limitation):</p> <ul style="list-style-type: none"> <li>• <b>(change in nature and scale)</b> the Company obtaining shareholder approval under the ASX Listing Rules for the change in nature and scale of activities associated with the acquisition of the AssetOwl Shares;</li> <li>• <b>(Consolidation)</b> the Company receiving shareholder approval to undertake the Consolidation;</li> <li>• <b>(Capital Raising)</b> the Company receiving shareholder approval to undertake the Capital Raising (and subsequently closing and issuing shares under the Capital Raising); and</li> <li>• <b>(ASX re-compliance)</b> the Company complying with the requirements of the listing rules and receiving conditional approval from ASX for reinstatement of its securities to official quotation on ASX.</li> </ul>
<b>Termination:</b>	<p>A party may terminate the Terms Sheet if there is a breach of a material term under the Terms Sheet which is not remedied within 14 days of a request by one of the other parties to do so.</p> <p>The Company may also terminate the Term Sheet if an event occurs which has a material adverse effect on the business, assets, liabilities, financial position, trading position, commercial performance, profitability or prospects of AssetOwl or the Vendors.</p>

## CHANGES IN BOARD STRUCTURE

If the Proposed Transaction proceeds, it is envisaged that the Company’s Board of Directors and management will change appropriately to meet the requirements of managing and operating the AssetOwl business. The final post-transaction structure of the Board and management has not been determined.

At this stage, AssetOwl's Managing Director, Mr Tim Brady, is expected to become the Managing Director of the Company.

Further details proposed appointments will be provided in due course.

#### INDICATIVE PROPOSED TIMETABLE

The table below sets out the indicative proposed timetable for the Proposed Transaction.

Event	Target Date
Announcement of Proposed Transaction	29 July 2016
Execution of formal Share Purchase Agreement to acquire AssetOwl Shares	12 August 2016
Despatch Notice of General Meeting seeking approvals required for Proposed Transaction	25 August 2016
Lodgement of Prospectus with ASIC and opening date for Capital Raising	9 September 2016
General Meeting to approve Proposed Transaction	29 September 2016
Closing date for Capital Raising	13 October 2016
Satisfaction of ASX re-compliance conditions	20 October 2016
Completion of acquisition under Share Purchase Agreement	21 October 2016
Securities reinstated to trading on ASX	28 October 2016

**Note:** The dates in the table above are indicative only and are subject to change.

#### PROPOSED CAPITAL STRUCTURE

The table below sets out the proposed capital of the Company structure following completion of the Consolidation, Capital Raising and acquisition of the AssetOwl Shares.

Holder	Ordinary Shares (fully paid ordinary shares)	Options \$0.20 on or before 30 September 2018	Options \$0.25 on or before 31 March 2019	Options \$0.40 on or before 30 June 2019
<b>Existing Securities (Pre-Consolidation)</b>				
<i>Existing security holders</i>	<b>270,421,120</b>	<b>101,427,928</b>	<b>Nil</b>	<b>Nil</b>
<b>Securities After Completion (Post-Consolidation (10:1))</b>				
<i>Existing Regalpoint shareholders</i>	27,042,112	10,142,793	Nil	Nil
<i>Vendors</i>	30,000,000	Nil	5,000,000	Nil
<i>Capital Raising investors</i>	22,500,000	Nil	Nil	22,500,000
<i>Advisors/Promoters</i>	1,000,000	Nil	Nil	Nil
<b>TOTAL</b>	<b>80,542,112</b>	<b>10,142,793</b>	<b>5,000,000</b>	<b>22,500,000</b>

**Note:** The figures in the above table are indicative only and are subject to change. The table assumes:

1. full subscription under the Capital Raising;
2. the Consolidation proceeds on a 10:1 basis; and
3. the shares and options on issue do not change.

#### **EXISTING ASSETS**

The Company does not have any plans to dispose of its existing mineral exploration undertakings at this stage. Accordingly, if the Proposed Transaction proceeds, the Company intends to retain its existing interests in the Rum Jungle, Paroo Range and King Leopold mineral exploration projects.

**\*\*\*ENDS\*\*\***

**For further information, shareholders and media please contact:**

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