



CREST MINERALS ENTERS AGREEMENT TO ACQUIRE THE FOOD REVOLUTION GROUP

ASX ANNOUNCEMENT
28 July 2015

HIGHLIGHTS

- Crest Minerals Limited (ASX: CTT) (“Crest”) has entered into a Conditional Binding Terms Sheet with LangTech International Pty Ltd (“LangTech”), a food processing company with operations in Mill Park, Victoria and New Zealand
- Crest to be renamed THE FOOD REVOLUTION GROUP LIMITED (“FRG” or the “Company”)
- LangTech’s competitive advantage centres around the efficient manufacture of superior quality juices, fibres, infused fruits, fruit waters and bioactives for sale – as branded products and/or ingredients – into the high growth international functional food and nutraceutical markets
- LangTech’s processing technology, Counter Current Extraction (“CCE”), was developed in a joint venture with CSIRO. Ocean Spray use the CCE technology to produce its juice range and dried cranberries (Craisins) globally
- The CCE process allows LangTech to extract numerous products / revenue streams from the one piece of fruit or vegetable generating improved yields, high value ‘by-products’ and lowering cost of production
- LangTech has two main channels to market:
 - Retail – Juice and supplement products developed utilising the CCE process with LangTech’s own retail brands launching domestically and internationally
 - Distribution channels are being established in China to sell a range of these products under the brand “Australia’s Garden”
 - Wholesale – Conventional non-branded wholesale bottling and juicing, with numerous distribution agreements already in place
- Current annual sales of approximately A\$17million
- Raising A\$10 – A\$12 million at IPO to fund growth and reduce debt

Crest Minerals Limited (ASX:CTT) ("Crest") is pleased to announce it has signed a conditional Binding Terms Sheet to acquire 100% of LangTech International Pty Ltd ("**LangTech**"), a food processing company with operations in Mill Park, Victoria and New Zealand. **Crest / LangTech will be renamed THE FOOD REVOLUTION GROUP LIMITED ("FRG" or the "Company") on completion of the proposed transaction.**

The LangTech transaction is subject to a number of conditions including a Crest shareholders' meeting approval and a number of other matters including a capital raising, compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of ASX.

LangTech is a Victorian based food processing company that utilises a combination of conventional juice processing equipment and Counter Current Extraction ("**CCE**") to efficiently manufacture a range of superior quality juices, fibres, infused fruits, fruit waters and bioactives for sale – as branded products and/or ingredients – to meet growing consumer trends prevalent in the high growth international functional food and nutraceutical markets.

Additional Background on LangTech accompanies this announcement.

The transaction includes the appointment of at least two new directors, being Bill Nikolovski (Chief Executive Officer) and Matthew Bailey (Executive Director).

Additional background on each of the proposed new directors is provided later in this release.

Crest proposes to undergo a capital consolidation after the acquisition of LangTech and will then raise additional capital of at least A\$10,000,000 and up to A\$12,000,000. A post transaction indicative capital structure (subject to shareholder approval) is provided as part of this release.

Following a change in name to the Food Revolution Group Limited a process will begin that sees your Company actively but prudently divest its exploration interests. The Company will seek to maximize its position from the exit process, possibly via joint venture or outright sale should market conditions allow.

It is envisaged that in the first half of FY16 the Company will have a single focus and primarily be involved in food processing and Fast Moving Consumer Goods ("**FMCG**") in Australia and in key international target markets, such as China, embedding itself as the provider of naturally functional products in the burgeoning functional food and nutraceutical markets.

Funds (net of costs) raised will be used as follows:

- Additional working capital to manage anticipated growth
- Additional marketing budget flexibility to achieve greater brand awareness
- Increased balance sheet flexibility through refinancing debt



Simon O'Loughlin Chairman

About LangTech International Pty Ltd (The Food Revolution Group)

LangTech is a Victorian based food processing company that utilises a combination of conventional juice processing equipment and Counter Current Extraction (“CCE”) to efficiently manufacture a range of superior quality juices, fibres, infused fruits, fruit waters and bioactives for sale – as branded products and/or ingredients – to meet growing consumer trends prevalent in the high growth international functional food and nutraceutical markets.

Founded in 2005, LangTech developed the CCE food processing technology, originally through a partnership with CSIRO and later with Ocean Spray, which comprises a suite of innovative proprietary water, energy, and waste efficient technologies and know-how for the processing of fruit and vegetables.

LangTech established commercial operations in New Zealand 2011 and in 2014 acquired the wholesale bottling and juicing operations and assets from HJ Heinz Mill Park in Victoria. In 2015, LangTech was awarded the Victorian Manufacturing Hall of Fame Award for Food and Fibre Processing (a Victorian Government initiative).

LangTech has invested approximately A\$16 million of equity over a number of years to develop its CCE processing technology and other technologies, some of which are patent protected, conventional juicing operations and a range of consumer and wholesale products. The various health claims that accompany these products are supported by scientific studies with groups such as the University of NSW and CSIRO. LangTech also owns a number of patented technologies that allows the extraction of compounds or components from fruit, vegetables and grains and then the recombination of these compounds or components.

The CCE process is efficient, flexible, and sustainable as it results in minimal waste product. The process utilises diffusion and infusion principles to produce a range of products and is applicable to most fruits and vegetables. Plant throughput can range from 200 kgs to 5,000 kgs per hour and including LangTech’s facilities there are over 30 commercial plants operating worldwide using CCE technology (these predominantly comprise Ocean Spray’s plants). The key advantages of the process are highlighted below:

Key Advantage	Results
Maximum yield from plant materials	Purity of extracts
Preservation of intact cell walls	Full aroma, flavour and nutritional profile of ‘whole fruit’
Physical extraction only, no chemicals	All natural products
Minimisation of waste streams	Sustainable production
Same processing platform for wide range of raw materials	Significant productivity and gains

LangTech currently has two main channels to market:

Retail

LangTech has leveraged the advantages of the CCE process to develop their own retail brands.

LangTech sells (or will soon sell) their branded products such as Juice, Infused Fruit, Baby Food and Fibre (supplements) directly to domestic retail outlets.

Additionally, given the powerful trends in China towards high quality and natural Australian produce, LangTech has launched the brand “Australia’s Garden” and has executed a distribution heads of agreement with a Chinese distribution company (Shenzen) to sell a range of natural Australian juice, infused fruit and fibre products into the Chinese market.

LangTech directors believe there is significant appetite for LangTech’s products in China with various other Chinese supermarkets and distribution channels in discussion with LangTech regarding the supply of LangTech’s retail branded products.

Wholesale

The wholesale business comprises non-branded juicing and bottling contracts which utilises a combination of conventional juicing processing and the CCE process.

- Agreements are currently in place with Heinz and Golden Circle.
- Agreements are in place with Directus (Dohler agent) to distribute its ingredients globally.

KEY MANAGEMENT PERSONNEL

Bill Nikolovski (CEO)

Bill's has held senior leadership roles in Australia and overseas in leading and growing businesses in the marketing research, clean technologies, automotive, information technology, telecommunications and consumer goods industries. He has been responsible for strategy and planning, business development, marketing, product development, acquisitions and divestments, and operational management in companies ranging from Ipsos (as Managing Director of Australia and COO of the Asia-Pacific), through NCS Pearson Australia, Australian Electronic Manufacturing Services, Cleantech Ventures, Metaca Corporation, Leigh Mardon and Pilkington Automotive.

Matt Bailey (Executive Director)

Matt became CEO of The Bailey Group at the age of 26, which has developed into a \$50m business offering sales and marketing advice to FMCG suppliers and also developing brands such as The Natural Confectionary Company, Sakata Rice Crackers and launching Ocean Spray and V energy drink into Australia. Matt Sold this business in 2004 and after finishing his non-compete re-entered the FMCG Industry forming the Bailey Boys. Now through his executive role at FRG he can utilise his marketing expertise to further exploit and commercialise FRG's unique product portfolio.

Dean Fraser (CFO)

Dean has significant financial and commercial experience across corporate finance, investment banking, business development and legal roles. Prior to founding Fortis Corporate Advisory in 2009, Dean worked as a corporate adviser with Greenhill Caliburn, one of Australia's' leading independent corporate advisory firms, and as a mergers & acquisitions lawyer with Australian law firm Minter Ellison. Dean has significant M&A, ECM and DCM transaction experience across a variety of sectors and is a qualified lawyer.

TERMS OF THE AGREEMENT

Under the terms of the transaction, Crest will acquire 100% of the securities on issue in LangTech in consideration for issuing the LangTech vendors the following scrip consideration on a post consolidation basis:

- a) 105 million fully paid ordinary shares in the capital of Crest (Crest Shares); and
- b) Performance shares in the capital of Crest, upon the satisfaction of the following milestones
 - i. Milestone 1 (80 million shares) vests once FRG has generated at least A\$1 million of revenue in a month for 3 consecutive months under one or more supply agreement(s) (or under binding purchase orders) with one or more major super market or pharmacy chains for its functional food products. The agreed marketing budget to generate these sales is no more than A\$2 million and sales must attract a minimum gross margin of 35%. Milestone 1 expires on 31 December 2016.
 - ii. Milestone 2 (60 million shares) vests after achieving a full year audited EBITDA figure of A\$5 million or more in an individual financial year. Milestone 2 expires on the date of the release of audited financial statements for financial year end 30 June 2017.
 - iii. Milestone 3 (80 million shares) vests after achieving a full year audited EBITDA figure of A\$10 million or more in an individual financial year. Milestone 3 expires on the date of the release of audited financial statements for financial year end 30 June 2018.
- All shares issued to the shareholders of FRG will be escrowed until, at a minimum, the release of audited financial statements for financial year end 30 June 2016 and otherwise in accordance with ASX Listing Rules.

The above acquisition is conditional upon satisfaction or waiver of the following conditions precedent

- Completion of legal and financial due diligence to Crest's satisfaction within 45 days;
- Crest entering into binding full form sale and purchase documentation with the shareholders of LangTech;
- Crest Shareholder approval;
- Crest completing a consolidation of its capital on a 1:10 basis;
- Crest completing a placement of A\$245,000 (30,625,000 shares pre-consolidation) at \$0.008 per Crest share in conjunction with executing the Binding Terms Sheet (the "Placement");
- LangTech completing an interim capital raising of A\$2.7 million from existing and new investors, through the issue of notes. The Notes will automatically convert to ordinary shares in Crest on listing at \$0.008 per Crest share (pre-consolidation) (i.e. a 20% discount to the expected the Capital Raising issue price). If the RTO does not complete, the Notes will be treated as per the Convertible Note agreement which will be a note as between LangTech and the noteholders (not involving Crest);
- Crest completing a capital raising of at least A\$10 million and up to A\$12 million at price not less than A\$0.10 per share (post consolidation);
- ASX confirming re-compliance with Chapters 1 and 2 of the ASX Listing Rules (if required) and allowing recommencement of trade; and
- Crest Minerals Ltd changing its name to The Food Revolution Group Limited

SHARE PLACEMENT

Crest has received commitments for an equity placement utilising its placement capacity under ASX Listing Rule 7.1 & 7.1A to issue 30.6 million shares at a price of \$0.008 per share to raise \$0.245m.

The ASX have advised that shares issued under the Share Placement may be subject to escrow.

The funds from this Share Placement will be used to meet the costs associated with the LangTech acquisition and general working capital purposes.

Disclosure required under ASX Listing Rules 7.1A.4(b) and 3.10.5A

In relation to the Placement, and in accordance with ASX Listing Rules 7.1A.4(b) and 3.10.5A the Company makes the following disclosures:

- (a) The Company will issue a total of 30,625,000 fully paid ordinary shares at 0.8 cents per share. Of the securities issued, 12,246,444 fully paid ordinary shares will be issued under Listing Rule 7.1A and the remaining 18,378,556 shares will be issued under the Company's 15% placement capacity under Listing Rule 7.1.

The securities issued under Listing Rule 7.1A result in the following dilution to existing holders of ordinary securities:

- Number of fully paid ordinary shares on issue prior to the placement of securities under LR 7.1A was 122,523,707.
- Number of fully paid ordinary shares on issue following this issue of securities under LR 7.1A will be 134,770,151 (a total of 153,148,707 including the issue under LR 7.1).
- Percentage of voting dilution following the issue under LR 7.1A is 10% (25% whereby the issue of shares under LR 7.1 is taken into account).

- (b) The Company will issue shares as a placement to sophisticated, professional and institutional investors. The issue will be made as a placement and not as a pro-rata issue or other type of issue in which existing shareholders would have been able to participate. This approach has been taken as it considered that the issue, being carried out as part of the Placement, is the most cost-efficient and expedient method available at

the time for raising, at an appropriate price, the funds required by the Company to achieve its objectives, given the funding certainty, strong investor enquiry and the pricing achieved under the Placement.

- (c) No underwriting arrangements were entered into in relation to the placement under Listing Rule 7.1A.
- (d) Fees of 6% of the total funds raised under the Placement are due to be paid.

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

As the transaction will constitute a significant change in the nature and scale of Crest's activities, the Company will be required to re-comply with the new listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including preparing a full form prospectus).

If the transaction proceeds, Crest intends to divest all of its existing mineral assets.

INDICATIVE TIMETABLE

The indicative timetable for completion of the transaction and FRG's re-compliance with the ASX Listing Rules is outlined below:

Event	Date
Despatch Notice of Meeting	7-Sep
Lodge Prospectus with ASIC and ASX	1-Oct
General Meeting	8-Oct
Suspension of trading in the Company's securities	8-Oct
Offer under Prospectus opens	12-Oct
Offer under Prospectus closes	26-Oct
Consolidation record date	6-Nov
Completion of Crest acquisition and issue of shares under the Prospectus	9-Nov
Expected date for re-quotations of the Company's shares on ASX	8-Nov

INDICATIVE CAPITAL STRUCTURE

On the basis Crest completes the acquisition on the terms set out above, Crests capital structure on a post-Consolidation basis will be as follows (assuming a 1 for 10 Consolidation, A\$12 million is raised under the Capital Raising at \$0.10 per Crest Share and no other shares are issued by either Crest or LangTech), excluding staff options:

Shareholders	Number of shares held
Current Crest shareholders ¹	12,252,371
Placement shares	3,062,500
Facilitation Shares	5,000,000
Pre-RTO new investors in Langtech ²	33,750,000
LangTech Initial Shareholder Group ³	105,000,000
Santino Loan ⁴	15,000,000
New Shareholders in Capital Raising (assuming maximum amount of A\$12.0 million raised)	120,000,000
Total	294,064,871

1. Subject to rounding of individual holders
2. Shares issued to Pre-IPO investors in LangTech as detailed in conditions precedent above
3. Performance Shares to be issued against following milestones:
 - a) Generating A\$1 million per month for a consecutive 3 months with minimum 35% gross margin under long term contract or purchase orders with major supermarket or pharmacy. Expires 31 Dec 16. (80m shares)

- b) Achieving a full year audited EBITDA figure of A\$5 million in an individual financial year. Expires 30 June 17. (60m shares)
c) Achieving a full year audited EBITDA figure of A\$10 million in an individual financial year. Expires 30 June 18. (80m shares)
4. In accordance with the Terms Sheet, these Shares are to be issued to Santino Pty Ltd in satisfaction of approximately A\$1,500,000 in debt owing by LangTech to Santino Pty Ltd.
 5. Options of 7,351,622 will be issued as part of the transaction. The options will have an exercise price of A\$0.12 and have a 3 year term.
 6. Current Crest options will also be subject to the capital consolidation and as such post completion of the transaction existing options will equate to 880,000 options with varying exercise prices (between \$1.90 and \$2.50) and expiry (2-Dec-15 and 24-Jun-17).

Shareholder and Media Contacts:

Simon Doherty
Taylor Collison
sdoherty@taylorcollison.com.au
+61 2 9377 1500

Simon O'Loughlin
Crest Minerals
Chairman
+61 8 8111 4000

For personal use only