



Bora Bora Resources Ltd

ACN 150 173 032

28 October 2019
ASX Announcement

Bora Bora Resources signs agreement to acquire AZoNetwork

- BBR to change its name to AZoNetwork Group Limited and acquire 100% of the issued capital of AZoM.com Limited trading as AZoNetwork;
- AZoNetwork is a unique MaaS (Marketing as a Service) Platform that brings together a large and rapidly growing audience and database of highly engaged science, technology and medical professionals;
- AZoNetwork has built a proprietary platform to generate and distribute content and monitor performance from a growing base of over 400 customers and over 680,000 active subscribers;
- In the 2019 financial year AZoNetwork achieved record sales revenue and EBITDA;
- Since the 2012 financial year AZoNetwork has achieved average annual revenue growth of 26%;
- Subject to shareholder approval a capital raising under a Prospectus will seek to raise up to \$3.0m; and
- BBR will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Board of Bora Bora Resources Limited (ASX:BBR) (**BBR**) is pleased to advise that on 28 October 2019, it entered into a share purchase agreement (**SPA**) to acquire 100% of the issued capital of AZoM.com Limited, trading as AZoNetwork (**AZoNetwork**), a Sci-Tech MaaS company (**Acquisition**).

Completion of the Acquisition will be subject to BBR shareholder approvals and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. This in turn is conditional on BBR raising at least \$2 million through a prospectus. This capital raising will not be underwritten.

Details of the Acquisition together with a range of resolutions and shareholder related materials will be provided to shareholders in due course. This will contain greater information in relation to various aspects associated with the Acquisition, including an Independent Expert Report.

About AZoNetwork

AZoNetwork is a disruptive technology business that is disrupting the more traditional marketing agencies. AZoNetwork provides highly automated, cloud based Inbound Marketing and Lead Generation and related services to a global client base operating in science, technology, medical and life sciences sectors. The Company has over 5.5 million unique visitors per month from 10 AZoNetwork's websites, over 680,000 subscribers and over 400 customers.

The software platform developed by AZoNetwork focuses on 3 key activities;

- 1) **Content Creation and Curation:** Is a key driver for the business. AZoNetwork sources content from clients and other third parties and optimises the content to be found via search engines. This activity generates visitors to the websites, new database records (subscribers) and ensures AZoNetwork has a significant search engine footprint.
- 2) **Content Distribution:** After AZoNetwork has generated unique content, the content is distributed digitally. Customers pay to be part of this outbound digital communication. The content items are distributed throughout the AZoNetwork web, mobile, email, apps and social platforms to an audience of over 5.5 million unique visitors per month, composed primarily of high value B2B recipients.
- 3) **Data Analytics:** The AZoIntel platform has been developed in house to provide detailed analysis of how successful a marketing campaign has been.

Clients typically purchase Content Distribution Packages on an annual basis relating to their technology, products or services. Typical clients include global scientific product manufacturers such as Bruker, Thermo Scientific,

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Olympus and many others. Since 2012 the majority of the company's activities have been conducted out of its Manchester, UK office where the greater part of the company's employees are based.

During the 2019 financial year (June year-end audited accounts) AZoNetwork achieved record sales with a 29% increase in revenue to \$7.3m and a record EBITDA of \$0.7m, representing the sixth consecutive year of positive EBITDA. Since the 2012 financial year AZoNetwork has achieved compound average growth rate of 26%.

Proposed Board of Directors

AZoNetwork's founder and Managing Director, Dr Ian Birkby will join the Board of BBR upon completion of the Acquisition. In addition, Dr. Neil Sanderson the current chairman and Mr Bryce Reynolds a current non-executive director of AZoNetwork will join the Board as non-executive directors upon completion of the Acquisition.

Dr Birkby has over 20 years' experience in Advanced Materials through his involvement in start-up materials companies and research activities. Previously Ian was the Founder and Managing Director of Dynamic-Ceramic Limited (UK), Ian has a Ph.D. in ceramic science and an Honours Degree in Engineering Metallurgy. Ian has been involved with research organisations as a Vice Chairman of the Ceramic Science Committee of the Institute of Materials (UK), a member of the Materials Strategy Commission at the Institute of Materials and a Board Member of the Australian Nano Business Forum.

Dr Sanderson is a well-known figure in the materials world, having held several high profile roles within UK based Material Research Institutes. Neil's Ph.D. was in the field of Nuclear Science. In addition to his involvement with AZoNetwork, Neil is also the ex-CEO of Lucideon Ltd (UK), which provides Testing and Materials Development to sectors such as Aerospace, Ceramics and Healthcare. He is also former Chairman of AIRTO which represents the UK's large Innovation, Research and Technology sector.

Mr Reynolds has been involved in the finance industry since 1986. His experience includes funds management, proprietary trading and stockbroking. He worked with two Australian securities firms before establishing Veritas Securities Limited as a founding director in 2006. He is a current Director of ASX listed, Aeeris Limited.

Two of the current directors of BBR will resign and the current BBR Chairman, Piers Reynolds will remain as non-executive Chairman.

Proposed Acquisition of AZoNetwork

Under the SPA both parties have agreed to customary conditions to completion including warranties, BBR shareholder approvals, completion of a capital raising, compliance with Chapters 1 and 2 of the ASX Listing Rules, and the re-admission of BBR to the official list of the ASX.

Prior to entering into the SPA, the Company undertook appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of AZoNetwork for the Board of the Company to be satisfied that the Acquisition is in the interests of the Company and its securityholders.

There will be a material effect on the Company's total assets and total equity interests, with both increasing significantly. As the Company has not previously generated revenue or profits, upon completion, the Company will become revenue generating with forecast positive cashflows and positive EBITDA. Based on AZoNetworks 30 June 2019 audited accounts, the Company's consolidated assets will increase to approximately \$7.0m, total equity will increase to approximately \$5m, total revenue to over \$7m and profit before tax to approximately \$0.7m.

Acquisition Consideration

Subject to shareholder approval, BBR will acquire all of the issued capital in AZoNetwork for the following consideration:

- 571,707,495 BBR shares issued to AZoNetwork shareholders in consideration for their AZOM.com Limited shares (**Completion Shares**);
- 75,000,000 Performance Rights Tranche 1 to be issued upon the gross annualised revenue of at least \$10,000,000 on gross revenue of any prior quarter commencing on 1 January 2020 and ending on 31 December 2021;
- 50,000,000 Performance Rights Tranche 2 to be issued upon the gross annualised revenue of at least \$15,000,000 on gross revenue of any prior quarter commencing on 1 January 2020 and ending on 31 December 2023.

The Acquisition price is \$0.05 per share. Fifty percent of the Completion Shares are to be voluntarily escrowed for a period of 12 months from the issue date, subject to any additional escrow applied by ASX. As a consequence of the Acquisition, AZoNetwork's founder and Managing Director, Dr Ian Birkby will obtain a relevant interest in the Company's shares of up to 46.9% based on the minimum capital raising of \$2 million (described more fully below).

Risks

The business, assets and operations of the Company following completion of the Acquisition are subject to certain commercial, operational and financial risk factors that, alone or in combination with other factors, have the potential to influence the operating and financial performance of the Company in the future. In addition, there are other general investment risks, many of which are beyond the control of the Company and are largely difficult to predict or anticipate. Further information will be included in the Notice of Meeting to be provided to shareholders in due course.

Capital Raising

The Company will seek to raise via a prospectus a minimum of \$2 million and a maximum amount of \$3 million at an issue price of \$0.05 per share which is the same as the Acquisition consideration price. For each 2 shares issued under a prospectus, the Company proposes to issue one unlisted option at an exercise price of \$0.075 each expiring 31 October 2021. The ASX has approved the terms of issue of the proposed options. The ASX has also approved an application by the Company for a waiver to permit the issue price of the prospectus to be \$0.05 per share.

Panthea Capital Pty Ltd, in consideration for agreeing to lead manage the capital raising, will receive a 6% broker fee on funds raised under the prospectus.

In addition to the above, the Company proposes to issue, subject to shareholder and regulatory approval:

- 5,000,000 Broker shares to brokers or their nominees for assisting in the proposed capital raising;
- 1,000,000 Advisor shares to Panthea Capital Pty Ltd for corporate advisory and related services in connection with the Acquisition; and
- 9,000,000 Referrer shares to Veritas Securities Limited for assisting in and facilitating the transaction.

Proposed Capital Structure and Use of Funds

Assuming a minimum capital raising of \$2 million at an issue price of \$0.05 per share, the proposed capital structure upon completion of the Acquisition and relisting is set out below.

	Number of Shares	Performance Rights Tranche 1	Performance Rights Tranche 2	Options
Existing Securities	52,057,140			2,250,000 ¹
Consideration for Acquisition	571,707,495	75,000,000	50,000,000	
Advisor and Broker Shares	15,000,000			
BBR Board Shares in lieu of cash fees	5,000,000			
Prospectus – minimum raise \$2.0m @ \$0.05 per Share	40,000,000			20,000,000 ²
Total Securities at listing date	683,764,635	75,000,000	50,000,000	22,250,000

¹ 2,250,000 BBR options expire 1 December 2019

² 1 for 2 unlisted Options to be issued under the Prospectus raising are exercisable at \$0.075, expiring 31 October 2021

At the completion of the proposed minimum \$2 million capital raise the indicative market capitalisation of the Company on relisting will be \$34.2m. The deemed value of AZoNetwork in consideration for the Completion Shares is \$28.6m upon completion of the Acquisition. The use of funds, net of capital raising fees, will be applied to additional editorial and sales staff, marketing and development costs and for general working capital purposes.

Indicative Timetable*

The following is an indicative timetable for completion of the Acquisition and BBR's re-compliance with the ASX Listing Rules.

Event	Date
Announcement and distribution of BBR notice of shareholder meeting	early November 2019
Annual General Meeting of BBR shareholders	early December 2019
Lodgement of prospectus with ASIC and ASX	early December 2019
Closing of offers under prospectus	mid - late January 2020
Completion of Acquisition and issue of shares under the prospectus	late January 2020
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	late January 2020
Re-instatement of trading of securities of BBR	February 2020

*The timetable is indicative only, is subject to change and requires the approval of the ASX for an extension of BBR's trading suspension beyond 23 December 2019.

Due to the time required by the ASX to consider and approve the Notice of Meeting documents the Company made a request to and received approval from ASIC (under section 250P of the Corporations Act) for an extension of the time to hold the Annual General Meeting to a date no later than 20 December 2019.

Re-compliance and ASX Approvals

The Company will be seeking shareholder approval in relation to certain aspects related to the Acquisition including approvals under ASX Listing Rules 7.1, 10.11, 10.13, 11.1.2 and in accordance with section 611 item 7

of the Corporations Act 2001 (Cth). Further information relating to the approvals sought will be included in the Notice of Meeting to be provided to shareholders in due course.

In relation to shareholder approval being sought under Listing Rule 11.1.2, the Acquisition may not proceed if shareholder approval is not forthcoming. In addition, the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met. The Company notes that the ASX has an absolute discretion in not deciding whether or not to readmit the entity to the official list and to quote its securities and therefore the transaction may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

The Company notes that ASX takes no responsibility for the contents of this announcement and confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

– ENDS –

For further information please contact:

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