

29 April 2016

Resonance Health Ltd (ASX:RHT) Appendix 4C – 3rd Quarter Cash Flow Report

Resonance Health Limited today released its 3rd quarter Cash Flow Report for the period ending 31 March 2016.

Cash at 31 March 2016 was \$2.466million.

Receipts from customers for the quarter were higher than the previous quarter, resulting in a positive cash flow position. Resonance Health maintains its position as a sustainable company whilst investing in both marketing and research and development projects to grow and develop the Company.

The quarter has seen record numbers in image analysis volumes. The Service Centre continues to be very active as a result of the increased marketing efforts as well as additional analyses resulting from the various collaborative studies being undertaken. FerriScan[®] collaborations continue with a prepayment system with a major pharmaceutical company resulting in guaranteed service delivery for the coming 12 months.

FerriScan continues to be a significant analytical tool in the liver iron market and we continue to identify new target markets to drive revenue and maintain the sustainability of the Company. The FerriScan service is recognised as the gold standard in liver iron measurement and delivers a repeatable and reliable test that the clinical community rely upon for patient management.

Resonance Health's marketing focus continues to be on the European and North American markets for both FerriScan and HepaFat-Scan[®]. The marketing spend in the March quarter, as planned, was \$171,000. During the quarter:

- A strong focus was placed on the planning and preparation for the conference season commencing in April. The attendance at conferences is an integral component of the Company's marketing strategy as they provide ideal forums to effectively market our service offerings to large groups of Key Opinion Leaders (KOLs), clinicians and pharmaceutical companies. The Company's products and services are consistently well received at such events. Whilst travelling, the conference delegates take the opportunity to further build relationships with stakeholders with site visits and KOL and pharma meetings.
- A new marketing team member, Pat Corley, was recruited in the US to focus on educating clinical and patient communities on the benefits of FerriScan for the sizable population living with sickle cell disease as part of the Company's growth strategy in this target market.

Research and development spend was in line with our planned budget of \$95,000. Focus remained on the development of a non-invasive liver fibrosis measurement technology and the continued roll-out of HepaFat-Scan in a variety of study settings. During the quarter:

- The Company has continued its collaborations with Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO), to explore further opportunities to expand the liver fibrosis research using novel technologies. The initial phase of the project delivered encouraging results that are being refined as the second phase of the work commences. The CSIRO fibrosis work continues in parallel with the Company's in-house research.
- The strategy of collecting data and evidence on the effectiveness of HepaFat-Scan through collaborative studies is increasing momentum. The goal is to generate important data to enhance the acceptance and uptake of HepaFat-Scan and to support its incorporation in clinical guidelines. A summary of the studies is as follows:
 - **Paediatric Validation Study at Children's Hospital of Atlanta, USA** - Recruitment is continuing for this validation study comparing HepaFat-Scan measurements to biopsy sample results in paediatric patients with non-alcoholic fatty liver disease (NAFLD). Approximately 2/3 of HepaFat-Scans have been performed to date.

+ See chapter 19 for defined terms.

- **Liver Surgery Study, Australia** - Application of HepaFat-Scan in liver cancer surgery continues to be investigated by comparing the clinical outcomes of patients with colorectal metastases who receive a HepaFat-Scan prior to surgery with those who do not. The first scan was performed in September 2015 and recruitment continues with an additional site expected to commence recruitment in the June quarter. Discussions are also being held with two further sites.
- **Hyperferritinaemia Study, UK** – Commencing in September 2015 this study aims to evaluate whether HepaFat-Scan in conjunction with FerriScan provides sufficient clinical information to determine the aetiology in patients presenting with unexplained hyperferritinaemia and whether HepaFat-Scan may assist in patient management. Approximately half of the patients have been scanned to date.
- **London Marathon Study at Bart's Health, UK** - 120 first-time London marathon runners have now received a HepaFat-Scan prior to the marathon. All are due to have a follow-up scan after the marathon in early May 2016. The relationship between intense exercise and liver fat volume will be examined, alongside cardiac function.
- **Bariatric Study, Cincinnati Children's Hospital, US** – This new collaboration, involving the monitoring of liver health and fat before and after bariatric surgery has been confirmed. This four-year longitudinal study, due to commence soon, will use HepaFat-Scan to measure changes in liver fat following surgery.
- **Diabetes Study, University Malaya Medical Center, Malaysia** - In recognising the importance of diabetes in NAFLD and non-alcoholic steatohepatitis (NASH), a collaborative investigation is to be performed into the prevalence of fatty liver disease and its correlation with insulin resistance. Having recently gained institutional approval, this study is expected to commence soon and take 12 months to recruit NAFLD patients with and without diabetes.
- The company is currently in the final stages of recruitment for a new R&D team member to assist with the expansion of our suite of products, as well as investigating the opportunity to introduce further efficiencies in existing products.

The June quarter will have a strong focus on conference participation and building stakeholder relations through personalised meetings to grow our target markets. Research and development efforts will continue to focus on non-invasive measurement of fibrosis, HepaFat-Scan studies and application of the Company's existing products in newly identified markets.

Investors can subscribe to our ASX market releases via our web site.
<http://www.resonancehealth.com/investors/asx-subscribe.html>

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Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Resonance Health Limited

ABN

96 006 762 492

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date \$A'000 |
|---|----------------------------|-------------------------|
| 1.1 Receipts from customers | 781 | 1,741 |
| 1.2 Payments for | | |
| (a) staff costs | (333) | (1,032) |
| (b) advertising and marketing | (171) | (473) |
| (c) research and development | (95) | (334) |
| (d) leased assets | - | - |
| (e) other working capital | (57) | (274) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 12 | 38 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes (paid)/received | - | 186 |
| 1.7 Other Receipts/Payments | | |
| (a) consulting & professional services | (13) | (27) |
| (b) statutory & compliance | (32) | (118) |
| (c) grants | - | - |
| (d) Due diligence expense | - | - |
| Net operating cash flows | 92 | (293) |

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitment

| | | Current quarter | Year to date |
|---|---|-----------------|--------------|
| | | \$A'000 | \$A'000 |
| 1.8 | Net operating cash flows (carried forward) | 92 | (293) |
| Cash flows related to investing activities | | | |
| 1.9 | Payment for acquisition of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | (31) | (44) |
| | (e) other non-current assets | - | - |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | - | - |
| | (e) other non-current assets | - | - |
| 1.11 | Loans to other entities | - | - |
| 1.12 | Loans repaid by other entities | - | - |
| 1.13 | Other (Cash introduced on acquisition of controlled entity) | - | - |
| | Net investing cash flows | (31) | (44) |
| 1.14 | Total operating and investing cash flows | 61 | (337) |
| Cash flows related to financing activities | | | |
| 1.15 | Proceeds from issues of shares, options, etc. | - | - |
| 1.16 | Proceeds from sale of forfeited shares | - | - |
| 1.17 | Proceeds from borrowings | - | - |
| 1.18 | Repayment of borrowings | - | - |
| 1.19 | Dividends paid | - | - |
| 1.20 | Other (costs of capital raising) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | 61 | (337) |
| 1.21 | Cash at beginning of quarter/year to date | 2,405 | 2,797 |
| 1.22 | Exchange rate adjustments to item 1.20 | - | 6 |
| 1.23 | Cash at end of quarter | 2,466 | 2,466 |

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | \$35k |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |
| 1.26 | Explanation necessary for an understanding of the transactions | |
| | \$35K – Directors fees | |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

| | | Amount available \$A'000 | Amount used \$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities | - | - |
| 3.2 | Credit standby arrangements | - | - |

+ See chapter 19 for defined terms.

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank | 1,181 | 544 |
| 4.2 Deposits at call | - | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) - Term deposits | 1,265 | 1,861 |
| Total: cash at end of quarter (item 1.22) | 2,446 | 2,405 |

Acquisitions and disposals of business entities

| | Acquisitions <i>(Item 1.9(a))</i> | Disposals <i>(Item 1.10(a))</i> |
|---|--------------------------------------|------------------------------------|
| 5.1 Name of entity | N/A | N/A |
| 5.2 Place of incorporation or registration | | |
| 5.3 Consideration for acquisition or disposal | | |
| 5.4 Total net assets | | |
| 5.5 Nature of business | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Adrian Bowers
Company Secretary