

31 October 2017

### Resonance Health Ltd (ASX:RHT) Appendix 4C – 1st Quarter FY17 Quarterly Report

Resonance Health Limited today released its Quarterly Report for the period ending 30 September 2017.

As estimated, cash at 30 September 2017 was \$1.36 million, down from the previous quarter, as the Company accelerated progression of its AI development in preparation for rollout.

This financial quarter saw the Company navigate a significant organisational restructure. Movement away from the research and development (R&D) focus of the last few years towards a commercialisation phase has commenced, including focus on product diversification outside of the MRI space, the rollout and commercialisation of the FerriScan AI solution, and ongoing improvements in current technologies.

With progression of the FerriScan AI solution to application for regulatory clearance and release, the Company will soon commence rollout of the AI solution to multiple sites in the EGM for final beta testing. This is scheduled to commence in late November 2017. Subsequent release (contingent on regulatory approval) is anticipated to commence April 2018.

#### Research and Development and Lab Services

- ✓ R&D spend for the quarter was \$199,000, a significant decrease from the previous quarter.
- ✓ Internal validation of our new automated AI FerriScan solution is nearing completion with results so far demonstrating a clinically acceptable correlation between our conventional FerriScan analysis and the new tool;
- ✓ Planning was completed this quarter to commence testing a shortened FerriScan acquisition sequence at a site in Vietnam. This trial is expected to commence late 2017/early 2018 and due for completion by Q2 2018;
- ✓ Resonance Health experienced an increased and unexpected demand for its Cardiac T1 Phantoms this quarter: an additional production run was scheduled-in and all the orders have now been filled.

#### Sales and Marketing

- ✓ Marketing spend for the quarter was \$164,000, a slight increase over the previous quarter.
- ✓ The Thalassemia International Federation (TIF) collaboration was further strengthened, with TIF issuing a global alert on the use of unregulated T2\* techniques;
- ✓ TIF also chaired a key meeting on the FerriScan AI solution with global key opinion leaders (KOLs). This resulted in TIF co-branding a survey with Resonance Health to gather information on radiological practices in the emerging growth markets (EGM).
- ✓ High profile attendance at the 1<sup>st</sup> International Working Group on Thalassemia meeting in Palermo - the first key step by the Company in the strategic rollout of the AI solution – was achieved, with Prof

+ See chapter 19 for defined terms.

St Pierre presenting at the conference, and discussing the AI solution with global KOLs and Thalassemia treatment centres directors;

- ✓ Campaign commenced in Canada due to reimbursement of FerriScan across all Canadian Ministries of Health.
- ✓ Recruitment of resources to focus on Canadian and Australian sectors to attempt to increase market share in these regions.
- ✓ Significant collaborations have been initiated with other companies in the metabolic diseases space in line with company strategy to position RH at the forefront of liver fat measurement technology.

**Investors can subscribe to our ASX market releases via our website:**

[www.resonancehealth.com/investors/asx-subscribe](http://www.resonancehealth.com/investors/asx-subscribe)

**For further information please contact:**

Adrian Bowers, Company Secretary

Resonance Health

T: +61 8 9286 5300

E: [adrianb@resonancehealth.com](mailto:adrianb@resonancehealth.com)

+Rule 4.7B

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Resonance Health Limited	
<b>ABN</b>	<b>Quarter ended (“current quarter”)</b>
96 006 762 492	30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	608	608
1.2 Payments for		
(a) research and development	(199)	(199)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(164)	(164)
(d) leased assets		
(e) staff costs	(393)	(393)
(f) administration and corporate costs	(150)	(150)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(294)</b>	<b>(294)</b>

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(13)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(13)</b>	<b>(13)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b> <b>SA'000</b>	<b>Year to date</b> <b>(3months)</b> <b>SA'000</b>
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(0)</b>	<b>(0)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,685	1,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(294)	(294)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(0)	(0)
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,363</b>	<b>1,363</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>SA'000</b>	<b>Previous quarter</b> <b>SA'000</b>
5.1	Bank balances	1,363	1,685
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,363</b>	<b>1,685</b>

+ See chapter 19 for defined terms.

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	35
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

\$45K – Directors fees
------------------------

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

--

---

+ See chapter 19 for defined terms.

**8. Financing facilities available**  
*Add notes as necessary for an understanding of the position*

<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

--	--

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	105
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	114
9.4 Leased assets	-
9.5 Staff costs	470
9.6 Administration and corporate costs	191
<b>Estimated cash outflows</b>	<b>(880)</b>
9.7 Estimated receivables	681
<b>9.8 Total estimated cash outflows</b>	<b>(199)</b>

+ See chapter 19 for defined terms.

