

04 May 2018

Additional Information in relation to announcement dated 04 May 2018 on Resonance agreement to distribute Diabetic Retinopathy AI tool.

Resonance Health Ltd (the “Company”) provides the following further information on the Sales Agency Agreement reached with TeleMedC Pte Ltd to distribute the DR Grader AI tool (“Agreement”).

The Agreement is between Resonance Health Analysis Services Pty Ltd, a wholly owned subsidiary of the Company (“RHAS”) and TeleMedC Pte Ltd.

TeleMedC PTE LTD

TeleMedC PTE LTD is a company incorporated and existing under the laws of Singapore, with its registered office at ITE College West, 1 Choa Chu Kang Gove, School of Business Services, Singapore 688236 (“TeleMedC”). TeleMedC is developing the next generation ophthalmic diagnostic imaging systems for face-to-face and virtual medical consultations, screening, monitoring and health prevention purposes for remote & urban communities.

TeleMedC’s role in the distribution

TeleMedC has full right and title to ‘DR Grader’ and ‘Remote-I’ (collectively, “TeleMedC Products”), including DR Grader. TeleMedC have appointed RHAS as their sales agent of TeleMedC Products in the territories of Pakistan, Bangladesh, Lebanon, and China (subject to appropriate regulatory approvals) (“RHAS Territories”).

TeleMedC will provide RHAS with all necessary documentation and information (eg. Advertising materials, technical information, literature, engineering drawings or other data) reasonably required for proper performance by RHAS under the agreement; ongoing technical advice and support; and will inform RHAS of any relevant changes to TeleMedC’s product list, including reductions, expansions, revisions, etc.; and shall comply with all laws and regulations to which it is subject.

Material terms of the agency agreement

RHAS activities under this Agreement shall be exclusively compensated by commissions. The commission payable to RHAS will be 30% of the amount received (net of any sales tax, GST etc) on the sale of any TeleMedC Product as a result of RHAS involvement as agent of TeleMedC (the “Commission”).

The right to Commission arises for a customer in the above mentioned countries, if the order placed by that customer is received by TeleMedC in the term of this Agreement and the business is concluded with that customer as a result of RHAS’s involvement, or if the order is placed thereafter, if the business is concluded with that customer within a period of 6 months following the termination of this Agreement as a result of RHAS’s activities during the term of this Agreement.

No right to Commission arises, or if arisen, such right to commission shall be cancelled (i) if the order placed by the customer or third party is not accepted by TeleMedC, (ii) if, and to the extent, it is determined that

the customer fails to honour its obligations. Should the customer honour its obligations unexpectedly at a later stage, the right to Commission shall revive, or (iii) if it concerns a sales transaction where the payment of a commission would be illegal (e.g. certain government contracts).

Notwithstanding the above provisions, payment of the Commission shall not be due unless, until and to the extent that TeleMedC has received payment in full of all amounts due with respect to the sales transaction. TeleMedC shall pay the Commission to RHAS within 15 days of the end of each month.

Contract Renewal and Termination

The Agreement can be renewed on mutual agreement following the initial 2 year term, based on RHAS performance, as measured against mutually agreed deliverables. Deliverables shall be mutually agreed by RHAS and TeleMedC following the analysis of the results of market sampling by RHAS in the RHAS Territories and within three months of the date of execution of the Agreement.

Notwithstanding any provisions to the contrary in the Agreement, either Party may terminate the Agreement in the case of a material breach by the other Party of its obligations under the Agreement, provided that the other Party has been given written notice of such material breach and has not remedied the breach within 30 calendar days.

The Parties have agreed that such material breach can be, without being limited thereto:

- (a) an act committed by RHAS including dishonesty, disloyalty or fraud with respect to TeleMedC, its business or the TeleMedC Products, or gross negligence or wilful misconduct or breach by RHAS in the performance of its obligations under this Agreement; Wilful misconduct or breach shall be deemed to exist when TeleMedC has given RHAS prior written notice of the misconduct or the breach and of its intention to terminate on this basis and RHAS has not changed that conduct or cured such breach to TeleMedC's reasonable satisfaction within 30 calendar days following such notice;
- (b) the fact that either Party has become insolvent or declared bankrupt, has been dissolved or entered into liquidation, or has filed a voluntary petition for proceedings in temporary relief (or composition) of creditors, provided, however, in the latter case, that the Party has not confirmed within 30 calendar days following a request by the other Party to that effect, that it will continue this Agreement and honour all of its obligations hereunder;
- (c) the fact that RHAS has not been in a position, for whatever reason, to perform the activities of the Agent under this Agreement for an aggregate period of 2 months or more in any period of 12 consecutive months; and
- (d) RHAS has not met the performance requirements agreed in writing by the Parties, or has not agreed to performance requirements within three (3) months of executing the Agreement.

Regulatory Clearances

In a separate agreement, RHAS is providing consulting services to TeleMedC for the following: Scoping of work for the purposes of providing assistance and advice in connection with the obtaining regulatory approval for the DR Grader product. This will involve onsite review of TeleMedC's proprietary software and associated documentation and the provision of a high level report detailing next steps.

As requested by TeleMedC, the Company is initially assisting with looking at CE Mark clearance. CE marking is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA). The CE marking is also found on products sold outside the EEA that are manufactured in, or designed to be sold in, the EEA. Products subject to certain EU directives or EU regulations providing for CE marking have to be affixed with the CE marking before they can be placed on the market.

CE Mark clearance is recognized in low regulation jurisdictions such as Bangladesh, Pakistan, and Lebanon.

In order to market the product in China, CFDA clearance is required.

Further updates will be provided as work progresses.

Alison Laws

Chief Executive Officer

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