
R&D Activities Update, Issuance of Options and Financing Facility Agreement

Resonance Health Limited (“Company”) is pleased to provide an update on current research and development (“R&D”) activities, and announces the issuance of options (Appendix 3B) and a new standby financing facility agreement.

R&D Activities Update

Product oriented R&D has become a key priority for the Company in the last year. Whilst investment in R&D has continued, it is with a greater focus on commercial outcomes, and diversification of the existing R&D pipeline has been a priority. This is an escalation of the Company’s previous work on the development of tools for quantification of iron and volumetric fat fractions in a number of organs, and is in addition to the previous work on the use of the Company’s products by key opinion leaders and pharmaceutical companies in their research. This work encompasses new product R&D as well as key improvements to existing products for the benefit of our primary users.

The Company’s R&D strategy includes diversification of inhouse R&D as outlined below, potential licencing of out-of-house technologies (such as that detailed in the ASX announcement dated 3 January 2019 “Execution of Licence Agreement for use of Patents”), and potential acquisitions of new medical diagnostic and treatment technologies. The current R&D initiatives include, but are not limited to, the following (please note that due to the competitive and confidential nature of R&D, particular details of projects, and projects themselves, may be withheld in order to protect Company intellectual property):

Imaging R&D:

- The suite of ‘research-only’ tools offered by the Company is expanding. R&D work on new protocols for the measurement of brain iron is now finalised. This work is in response to requests from clinicians and/or radiologists. Use of the Company’s newly developed tools in the field has recently commenced.
- The Company has automated spleen volume and liver volume analysis, through the application of machine learning, which has significantly reduced analysis time.
- Due to the success of preliminary results in the imaging component of the Dragon 2 study in Vietnam (see ASX announcement dated 21 June 2017 “Leading Patient NGO Endorses FerriScan and Artificial Intelligence Technology”), which encompasses both shorter FerriScan® acquisition times and 3T calibration, the Company is now collaborating with a well-known large US hospital. The US collaboration allows the Dragon 2 study protocols to be tested across multiple scanner manufacturers. The US hospital is an existing user of FerriScan®.
- To complement the services Resonance Health is supplying to three pharmaceutical and therapeutic companies in their clinical trials, the Company has developed a Cardiac T2* phantom. The Cardiac T2* phantom is placed in an MRI machine and scanned to verify the Cardiac T2* scanning sequence in lieu of a test subject (patient/volunteer) to significantly reduce the potential complications of using a test subject and speed up the site verification process. The Cardiac T2* phantoms will be provided annually for the duration of the three previously announced clinical trials.
- The Company has completed preparatory work using recently licensed patents in the potential development of new and/or alternative methods for measuring proton density fat fraction (PDFF) using MRI images (see ASX announcement dated 3 January 2019 “Execution of Licence Agreement for use of Patents”).
- The Company is working with a highly regarded cardiology research team on the application of Resonance Health technologies in a novel way.

Artificial intelligence R&D:

The Company is strongly committed to AI tools due to the excellent reproducibility of results, the Company's access to very high-quality datasets and labels, and potential for AI tools to be fully integrated into existing radiology workflows.

- Using in-house and externally sourced datasets in various diseases and/or conditions, the Company is making progress on training neural networks in assessing a number of organs. These machine learning tools are in various stages of development, ensuring the Company has a strong pipeline of AI development.

Molecular R&D:

Using inhouse expertise in molecular biology, the Company has commenced two molecular projects as follows:

- A biomarker project has been underway for the duration of the Dragon 2 study. Preliminary results are expected within one month, following which the Company will decide how best to progress with this project.
- A molecular project that will assess the success of a particular compound that may have some efficacy as a treatment strategy to mitigate liver disease.

Issuance of Incentive Option Plan Options under Placement Capacity:

In connection with R&D activities, the Company has issued 9,000,000 Unlisted Incentive Options under the Company's existing Listing Rule 7.1 placement capacity.

- 3,000,000 options are immediately exercisable at \$0.075;
- 3,000,000 options to vest on 1 January 2020 subject to satisfaction of vesting conditions exercisable at \$0.10;
- 3,000,000 Options to vest on 1 January 2021 subject to satisfaction of vesting conditions exercisable at \$0.125.

Standby Financing Facility Agreement

Resonance Health is pleased to announce it has entered into a Controlled Placement Agreement ("CPA") with Acuity Capital Investment Management Pty Ltd ("Acuity Capital"). The Company views access to this standby facility as one of a suite of tools available to increase funding options and strengthen the Company's capital management capacity. The Board believes it is prudent to ensure the Company is well positioned and can, if it chooses, implement flexible and efficient capital management options. The Company retains sole discretion as to whether the CPA is utilised.

The key features of the CPA include:

- The Company is provided with discretion to raise up to \$5 million over a 26-month period without any restriction or conditions on strategic partnerships, joint ventures, acquisitions of any assets or on the timing, nature or amount of any other equity or debt funding mechanisms.
- No obligation on the Company to utilise the CPA facility and no penalty or fees associated if the Company elects not to utilise or cancel the CPA facility.
- If the CPA is utilised, the Company retains full control over the CPA process including, the Company's ability to determine:
 - Each valuation period (if any): being the date(s) over which the volume weighted average price ("VWAP") and final issue price are calculated;

- Maximum shares to be issued in placement amount to be issued for any placement period thereby minimizing dilution of existing shareholders; and
- The minimum issue price for the placement period (“Floor Price”).
- Any CPA placement is issued at the greater of the Floor Price set by Company and a 10% discount to the VWAP over the placement period (subject to the minimum issue price determined by Company (i.e. the Floor Price)). The final issue price per share may exceed the Floor Price and this can occur where the discounted VWAP of Company’s shares are above the Floor Price over the valuation period.
- Utilisation of the CPA facility is dependent upon Company’s available placement capacity under ASX Listing Rules.

In consideration for providing the CPA, the Company will pay Acuity a non-disclosed, non-material cash fee. Further, the Company has today issued 20 million shares under the Company’s existing Listing Rule 7.1 placement capacity as collateral for the CPA. Importantly, there are no fees payable for the termination of the facility or where the Company does not utilise the CPA during the 26-month term. At the conclusion of the CPA term, the Company may elect to buy-back the collateral shares and cancel those shares for no consideration to Acuity.

For further information please contact:

Alison Laws

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Resonance Health Ltd

ABN

96 006 762 492

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (1) Ordinary Fully Paid Shares

(2) Unlisted Incentive Options which upon exercising will convert into ordinary fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (1) 20,000,000 fully paid Shares
(2) 9,000,000 Incentive Options |

+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>(1) Ordinary shares will rank pari passu with existing ordinary shares</p> <p>(2) Unlisted Incentive Options will expire on 1 January 2022 on the following terms and conditions: 3,000,000 Options are immediately exercisable at \$0.075 3,000,000 Options are vest on 1 January 2020 subject to satisfaction of vesting conditions exercisable at \$0.10 3,000,000 Options are vest on 1 January 2021 subject to satisfaction of vesting conditions exercisable at \$0.125</p>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p> <p>All shares issued on conversion of the unlisted options will rank pari-passu with existing fully-paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(1) Collateral shares issued pursuant to Controlled Placement Agreement with Acuity Capital Pty Ltd.</p> <p>(2) Issue of Incentive Option plan</p>

6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	8 November 2018
6c	Number of +securities issued without security holder approval under rule 7.1	(1) 20,000,000 fully paid Shares (2) 9,000,000 Incentive Options
6d	Number of +securities issued with security holder approval under rule 7.1A	nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	nil
6f	Number of +securities issued under an exception in rule 7.2	nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not Applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1

+ See chapter 19 for defined terms.

7 ⁺Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

30 April 2019

8 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in section 2 if applicable)

Number	⁺ Class
402,497,568	Ordinary Shares

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

Number	⁺ Class
7,000,000	Options exercisable at 0.03 on or before 9 March 2021
4,750,000	Options exercisable at 0.05 on or before 9 March 2021
4,500,000	Options exercisable at 0.075 on or before 9 March 2021
4,750,000	Options exercisable at 0.10 on or before 9 March 2021
250,000	Options exercisable at 0.05 on or before 13 September 2021
250,000	Options exercisable at 0.075 on or before 13 September 2021
3,000,000	Options exercisable at 0.075 on or before 1 January 2022
3,000,000	Options exercisable at 0.10 on or before 1 January 2022
3,000,000	Options exercisable at 0.125 on or before 1 January 2022

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has security holders who will not be sent new offer documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

20	Names of any underwriters	Not Applicable
21	Amount of any underwriting fee or commission	Not Applicable
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not Applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)? Not Applicable

33 ⁺Issue date Not Applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company secretary)

Date: 30 April 2019

Print name: Agha Shahzad

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	402,497,568
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>Nil</p> <p>Nil</p> <p>Nil</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	402,497,568

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	60,374,635
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	20,000,000 9,000,000
“C”	29,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	60,374,635
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	29,000,000
Total [“A” x 0.15] – “C”	31,374,635 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Resonance Health Limited is not an eligible entity under Listing Rule 7.1A and as such has not completed the Annexure.