



3 July 2014

Company Announcements Officer
Australian Securities Exchange

ASX RELEASE

ExpressRx seeks ASX Listing via merger with Cape Range

Australian health care technology company ExpressRx Limited (**Express**) and Cape Range Ltd (**Cape Range** or the **Company**) have today announced plans for an amalgamation which will result in Express's shareholders becoming the major shareholders of Cape Range.

The parties confirm having today entered into a binding Heads of Agreement that will see Express merge with Cape Range via an all-scrip transaction.

Express is an Australian company whose technology comprises existing, installed technology in Australia, currently generating positive cash flow, and developed technology that can be licensed as regulatory changes are progressively introduced in North America, Australia and Asian markets.

Since its inception in 2006, Express has assembled a unique suite of technology platforms and assets for commercialisation, both internationally and within Australia, for healthcare service and product delivery.

Subject to the attainment of pre-determined milestones, the proposed transaction will result in the potential issue to Express shareholders of up to 400 million Cape Range shares, or approximately 86% of the expanded issued capital of Cape Range. The transaction is subject to a number of conditions precedent, including approval by Cape Range shareholders.

Express Chairman, Michael Boyd said: "The transaction provides Express with an efficient and effective corporate structure on which to execute its strategy to become an internationally significant health care provider.

A listing on the ASX gives us the right corporate structure and the timely access to capital markets to pursue the next phase of our development. We have a clear strategy to utilise and enhance our developed technologies to build a healthcare technology company that can capitalise on the technology changes in health that are currently occurring in Australia and around the world."

Cape Range Chairman Wayne Johnson said: "The Company's Board is excited to have attracted such an outstanding Australian technology and related assets, combined with quality directors and management.

The transaction provides Cape Range shareholders with the opportunity to participate in the development of an exciting new Australian technology with significant international licensing possibilities."

Express has developed and patented technology in key markets around the world involving the remote dispensing and supply of prescription medicines (**ERx Technologies**). Potential markets, such as the USA, are now passing enabling legislation to allow remote dispensing.



On approval of the transaction, Express will nominate Michael Boyd (a former Chairman of ASX listed Sonic Health Care Limited) and John Allinson to the Board of Cape Range.

Details of Proposed Transaction

The consideration to be paid by Cape Range to Express shareholders is to be:

1. 150 million fully paid ordinary shares at settlement; and
2. up to 250 million shares (**Contractual Rights**) to be issued upon the attainment by the Company of the following two Milestones for the financial years ending 31 December 2015 and 31 December 2016 respectively:

Milestone 1

- a. Cape Range audited EBITDA of not less than \$2,000,000 generated by Express and its wholly owned subsidiaries during the financial year ended 31 December 2015; or
- b. Cape Range becoming a party (either directly or indirectly through Express as a wholly owned subsidiary) to one or more material sales, distribution or licensing agreements for the commercialisation of any of the ERx Technologies which will bring net economic benefits to Cape Range of not less than \$2,000,000 by no later than 31 December 2015; or
- c. a combination of an audited EBITDA and economic benefits to Cape Range (on terms consistent with paragraphs a and b above) of not less than \$2,000,000.

Milestone 2

- a. Cape Range audited EBITDA of not less than \$6,000,000 generated by Express and its wholly owned subsidiaries during the financial year ended 31 December 2016; or
- b. Cape Range becoming a party (either directly, or indirectly through Express as a wholly owned subsidiary) to one or more material sales, distribution or licensing agreements for the commercialisation of any of the ERx Technologies which will bring economic benefits to Cape Range of not less than \$6,000,000 by no later than 31 December 2016; or
- c. a combination of an audited EBITDA and economic benefits to Cape Range (on terms consistent with paragraphs a and b above) of not less than \$6,000,000.

Cape Range will seek a waiver from ASX in order to allow it to issue the 250 million shares (Contractual Rights) outside of the 3 month period after receipt of shareholder approval.

Completion of the acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- a. completion of legal and financial due diligence by Cape Range on Express within the period of one (1) month after the date of the Heads of Agreement (or such other date as

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agreed by the parties in writing) and the results of that due diligence being satisfactory to Cape Range (in its sole and absolute discretion);

- b. completion of legal and financial due diligence by Express on Cape Range within the period of one (1) month after the date of the Heads of Agreement (or such other date as agreed by the parties in writing) and the results of that due diligence being satisfactory to Express (in its sole and absolute discretion);
- c. each of the shareholders of Express entering into formal share sale and purchase agreements by 31 July 2014 (or such later date agreed by the parties) in order for Cape Range to acquire from those shareholders 100% of the issued shares of Express as agreed pursuant to the Heads of Agreement;
- d. ASX granting a waiver of the ASX Listing Rules in order to allow the 250 million Cape Range shares to be issued in accordance with the Contractual Rights outside of the periods required by the ASX Listing Rules by 31 July 2014;
- e. the approval of the shareholders of Cape Range being obtained in general meeting for the performance of the transactions contemplated by the Heads of Agreement in accordance with the requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth), including, without limitation, approval for:
 - (i) the appointment of up to three Board Appointees to the board of Cape Range;
 - (ii) the change in the nature and/or scale of Cape Range's activities in accordance with ASX Listing Rule 11.1.2;
 - (iii) the allotment and issue of the consideration to the Express shareholders;
 - (iv) the issue of Cape Range shares under the Prospectus (defined below); and
 - (v) the change of name of Cape Range to "ExpressRx Limited" or other such name as the Company desires;
- f. Cape Range complying with any requirements of ASX including, if necessary, receiving conditional approval to have its shares readmitted to trading on the official list of ASX and those conditions being satisfied to the reasonable satisfaction of the parties (as required by ASX Listing Rule 11.1.3);
- g. Cape Range preparing a prospectus (long or short form) as required by the ASX to raise a minimum of \$3,000,000 (**Minimum Subscription**) with a maximum of \$5,000,000 at an issue price of at least \$0.20 per Cape Range share (**Prospectus**), lodging the Prospectus with ASIC and receiving applications to meet the Minimum Subscription; and
- h. Cape Range discharging its debts in the normal course of business to existing creditors, including without limitation, due to Cape Range directors and former Managing Director as previously announced.

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Capital Structure

Following completion of the acquisition of Express, and the satisfaction of conditions attaching to the Contractual Rights, the capital structure of Cape Range will be as set out below:

Issued Capital	Shares
Existing shares on issue	45,393,158
Issue of shares to management	6,300,000
Issue of shares under Prospectus	15,000,000
Consideration shares	150,000,000
Contractual Rights	250,000,000
Total	466,693,158

Proposed Timetable*

An indicative timetable for the acquisition of Express and associated corporate activities is set out below:

Event	Date
Announcement of transaction	3 July 2014
General Meeting to approve acquisition	August 2014
Complete Prospectus capital raising	September/October 2014
Re-instatement to trading	October 2014

Note: The timetable set out above is indicative only and is subject to change. Cape Range will keep shareholders informed on the timing of implementing the transaction as it progresses.

Michael Higginson
Company Secretary

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