10 September 2020

Execution of Licence Agreement with Telethon Kids Institute and Erasmus University Medical Centre

Resonance Health Ltd (ASX: RHT) ("Resonance Health" or "Company") is pleased to announce that it has entered into a licence agreement with the Telethon Kids Institute ("Telethon Kids" or "TKI") in Perth, Western Australia, and the Erasmus University Medical Centre ("Erasmus MC"), in Rotterdam, The Netherlands, (Telethon Kids and Erasmus MC, collectively "Licensors") for the use of computed tomography ("CT") datasets that will be used by the Company in the potential development of a new artificial intelligence ("AI") algorithm for the automated assessment of lung disease progression in patients with cystic fibrosis ("Agreement").

Resonance Health CEO, Alison Laws, said of the Agreement:

"In line with the Company's diversification strategy, we are pleased to be able to commence on this journey to translating the outstanding research done by Telethon Kids and Erasmus MC into a potential product for use by radiologists and lung specialists. Condition assessments and treatment for CF patients is time consuming and lengthy, and standardisation and full automation of the CT lung assessment component of the suite of assessments may both increase efficiency in reporting and provide high quality information for clinicians when making treatment decisions for patients. The Company looks forward to applying its expertise in a number of areas to this project."

Cystic Fibrosis ("CF") is a serious progressive genetic disease found mainly in Caucasians that causes persistent lung infections and cumulative, progressive and irreversible lung damage that severely limits the quality and length of life of those living with the condition. According to the US based Cystic Fibrosis Foundation, more than 70,000 people worldwide suffer from CF with approximately 1,000 new cases of CF being diagnosed each year in the US alone. In the USA it is estimated that 1 in 25 Caucasian people are carriers of one mutation of the CF gene[1]. At present there is no cure for CF, with many lives still being cut short by the disease due to persistent lung infections and loss of lung function[2].

In an effort to combat this, Telethon Kids and Erasmus MC, over several years, have developed a manual method that analyses CT scans to detect and quantify lung disease in children with CF. This method, called PRAGMA-CF, is the first early detection tool for lung damage in children with CF. Before this invention, clinicians were unable to detect irreversible lung damage until a significant percentage of the lung was damaged. PRAGMA-CF provides a tool that clinicians can use to quantify lung damage, even in very young children with CF, and track the change in lung damage over time. This allows clinicians to better monitor disease progression and to modify and tailor treatment for improved outcomes.

The Licence Agreement provides Resonance Health with co-exclusive rights (exclusive but for one other party) to use certain CT datasets labelled using the PRAGMA-CF methodology ("PRAGMA-CF Data") for a period of 5 years, subsequent to which the Licensors may also licence the PRAGMA-CF Data to other third-parties. In using the PRAGMA-CF Data, Resonance Health will attempt to develop, and obtain regulatory clearance of, a new AI device (the "Device") to standardise and automate the detection and quantification of lung disease in CF patients.

The PRAGMA-CF Data will be delivered in several tranches including two primary tranches, with the 1st primary tranche (comprising Erasmus MC PRAGMA-CF Data and TKI PRAGMA-CF Data from a particular Melbourne-based study) to be delivered upon execution of the Licence Agreement, and the second primary tranche comprising the remainder of the TKI PRAGMA-CF Data to be delivered as it becomes available for

release (currently pending final authorization for release). If the second primary tranche is not delivered then no share consideration will be payable, only the royalty as outlined at (iii) below.

As consideration for the licence to the PRAGMA-CF Data, Resonance Health will issue:

(i)   297,620 fully-paid ordinary-shares to Telethon Kids payable upon the Company's receipt and acceptance of both the first and second primary tranches of PRAGMA-CF Data;

(ii) subject to (i) being satisfied, 297,620 fully-paid ordinary shares to Telethon Kids payable upon the Company's first submission of its medical device dossiers to a regulatory authority (e.g. FDA, CE Mark, TGA).

(iii) In addition, and subject to regulatory clearance of the Device being obtained, Resonance Health will pay a 10% net royalty on all sales of the analysis performed by the Device.

Further details of the material contractual terms of the Licence Agreement are provided in Annex A.

Of the agreement, Professor Paul Watt, Director of Research Services and Innovation at Telethon Kids, said:

"This new commercial alliance is the result of a productive collaboration between Telethon Kids and Erasmus MC, one of the most active research hospitals in Europe. We're delighted to be working together to help improve the lives of kids with CF. We chose to partner with Australian ASX-listed company Resonance Health to help develop the product, because of their proven track record in using machine learning approaches to develop new imaging medical devices for image analysis, and obtaining regulatory clearances with the regulators including the Australian Therapeutic Goods Administration (TGA) and the US Food and Drug Administration (FDA)."

Dr Thijs Spigt, Director of Technology Transfer Office at Erasmus MC, said of the Agreement:

"Creating impact with scientific inventions from researchers of our institute is one of the most challenging but also most rewarding activities of our institute. Most challenging, because an invention cannot grow and flourish without the help and further development of an enthusiastic third party, and most rewarding, because we want to contribute to improved care for vulnerable people throughout the world. Our collaboration with Telethon Kids and Resonance Health fulfils both: We foresee that Resonance Health will develop the Device and bring it to the market, and the care for children with CF will be improved by early detection."

Further updates will be provided as work progresses.

Authorised by:

This announcement has been authorised for release in accordance with the delegated authority of the Board of Directors of Resonance Health Limited.

ABOUT RESONANCE HEALTH

Resonance Health is an Australian healthcare company specialising in the development and delivery of non-invasive medical imaging software and services. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing highest quality quantitative measurements essential in the management of particular diseases. The Company's products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical companies in their clinical trials. Resonance Health's dedication to scientific rigour in the development and implementation of its analysis services has enabled it to achieve regulatory clearances on a number of products (SaMD) in the US, Europe and Australia.

In addition to these medical devices, Resonance Health has an existing artificial intelligence tool with international regulatory clearances (FerriSmart), and a dossier for a second artificial intelligence tool (HepaFat-AI) has recently been submitted to the US FDA.

ABOUT TELETHON KIDS INSTITUTE

The Telethon Kids Institute is the largest research institute in Western Australia, with a bold vision to improve the health and development of children through excellence in research. Focused on translation, the Institute's researchers and clinicians work closely together to maximise research impact. We have extensive experience in coordinating technology and pharmaceutical interventions – including industry-sponsored trials – across a variety of diseases affecting children. Telethon Kids supports commercialisation as one path to translation of its research to reach patients. It is open to licensing its IP, to contract research, clinical trials or collaborations within our Research Focus Areas, covering cancer, diabetes, respiratory health, inflammation, immunity, vaccines, mental health and more. The Institute is headed by leading paediatrician and infectious diseases expert Professor Jonathan Carapetis, with Founding Director Professor Fiona Stanley now Patron. Telethon Kids is independent and not-for-profit. The majority of funding comes from our success in winning national and international competitive research grants. We also receive significant philanthropic support from corporate Australia and the community.

ABOUT ERASMUS MC

Erasmus MC is the largest University Medical Center in the Netherlands. Our primary goal is a healthy population. Over 14,000 employees devote themselves every day to providing outstanding care, facilitating world-class education and conducting pioneering research. These professionals are instrumental in developing expertise on health and illness. They link the latest scientific insights to practical treatments and prevention measures to provide maximum benefit to patients and to enable healthy people to stay healthy longer. Being visibly better and leading the way in the areas of complex, innovative and acute care by collaborating with others: these are key ambitions at Erasmus MC.

For further information please contact:
Chad Tondut
Communications Manager, Resonance Health
E: chadt@resonancehealth.com P: +61 (0)8 9286 5300

Annex A

Material Terms of Licence Agreement

Parties:

1.   Resonance Health Ltd (ACN 006 762 492) ("RHL"); and
2.   Resonance Health Analysis Services Pty Ltd (ACN 092 813 244) ("Licensee"); and
3.   Telethon Kids Institute (ACN 009 278 755) ("TKI"); and
4.   Erasmus University Medical Centre ("Erasmus").
        (Erasmus and TKI are collectively, the "Licensors")

Grant of Licence:

The Licensors grant to the Licensee a non-exclusive, non-transferable, and non-sublicensable licence to use the PRAGMA-CF Data for R&D and to develop, make, improve, obtain regulatory approvals of, market, distribute, sell, commercialise and provide commercial products & services and Licensee IP.

The Licensors retain the right to use the PRAGMA-CF Data for non-commercial research purposes, including but not limited to research, education and clinical purposes, whether alone or in collaboration with third parties.
The Pragma-CF Data will be co-exclusive to the Licensee (and one other party) for a period of 5 years.

Consideration:

As full and final consideration of the licence of the PRAGMA-CF Data the Licensee and RHL will pay; (i) 297,620 fully paid ordinary shares upon receipt and acceptance of all the Pragma-CF Data (as specified in an Annex to the licence agreement, and being the first and second primary tranches of PRAGMA-CF Data), to be issued under the RHL's existing placement capacity under ASX Listing Rule 7.1, and (ii) subject to (i) being fulfilled, , a further 297,620 fully paid ordinary shares upon the Licensee making a regulatory submission for a new Device, to be issued under RHL's existing placement capacity under ASX Listing Rule 7.1.

RHL will issue the share consideration to TKI fully paid, free of all encumbrances, freely transferable on ASX, and ranking equally in all respects with the existing shares of RHL on issue when the share consideration is issued (including as to voting rights, entitlement to dividends and upon a winding-up).

The Licensee shall pay a royalty of 10% of net sales of products & services (i.e. by any screening tool or device devised from the use of the PRAGMA-CF Data), to the Licensors within 30 days of the end of each calendar month in which sales proceeds are received by the Licensee.

Warranties:

The Licensors warrant that they are the owners of the PRAGMA-CF Data, or that they otherwise have the right to grant the licences granted to the Licensee and that any use of the PRAGMA-CF Data by the Licensee in accordance with the agreement, will, to the best of the Licensors' knowledge, not infringe the patents of third parties; and that all PRAGMA-CF Data will be annotated in accordance with the methodology claimed in the PRAGMA-CF patents by properly trained and qualified personnel of the Licensors.

RHL warrants that the relevant share consideration will be validly issued and that it will rank equally in all respects with the existing ordinary shares of RHL on issue and that the relevant share consideration will have no restriction on their issue or transfer. The Licensee shall use its commercially reasonable efforts to develop, make, obtain regulatory clearances for, market, distribute, sell, commercialise, and provide the products and services by use of the PRAGMA-CF Data, and to submit regulatory applications for any of CE Mark, FDA and TGA within two years.

Term & Termination:

The Licensors may terminate the Licence Agreement by giving the Licensee at least ninety (90) days written notice if the Licensee at any time defaults in the timely payment of consideration due to the Licensors, or commits any material breach of any other obligation herein contained, and the Licensee fails to remedy any such breach or default within ninety (90) days after written notice thereof by the Licensors. Upon termination any licence will immediately terminate. Termination of the Agreement for any reason shall not affect the Licensee's ability to continue to market and sell any Licensee IP (including any commercial or clinical device or tool, products & services, and Licensee AI Algorithms that has been derived from the PRAGMA-CF Data), provided that the Licensee continues to comply with its obligations to pay royalties on net sales to the Licensors, even if some or all of those sales revenues were to accrue after termination of this agreement.

---

[1] Edwards QT, Seibert D, Macri C, Covington C, Tilghman J (November 2004). "Assessing ethnicity in preconception counseling: genetics--what nurse practitioners need to know". *Journal of the American Academy of Nurse Practitioners.* **16** (11): 472–80.

[2] Cystic Fibrosis Foundation. (2018). About Cystic Fibrosis. Retrieved from https://www.cff.org/What-is-CF/About-Cystic-Fibrosis/