



## ACQUISITION OF ADVANCED HEALTHCARE TECHNOLOGY COMPANY

### NARACOOTA TO ACQUIRE ALCIDION CORPORATION

Naracoota Resources Limited (**Naracoota**) (**Company**) (**NRR**) is pleased to announce it has entered into a binding term sheet (**Term Sheet**) to acquire Alcidion Corporation Pty Ltd (**Alcidion**) (**Acquisition**). Alcidion is an established and rapidly growing healthcare informatics business, currently operating in 11 Australian hospitals. Alcidion's "Miya" platform extracts and computes individual patient data to provide real-time decision support to hospital clinicians wirelessly.

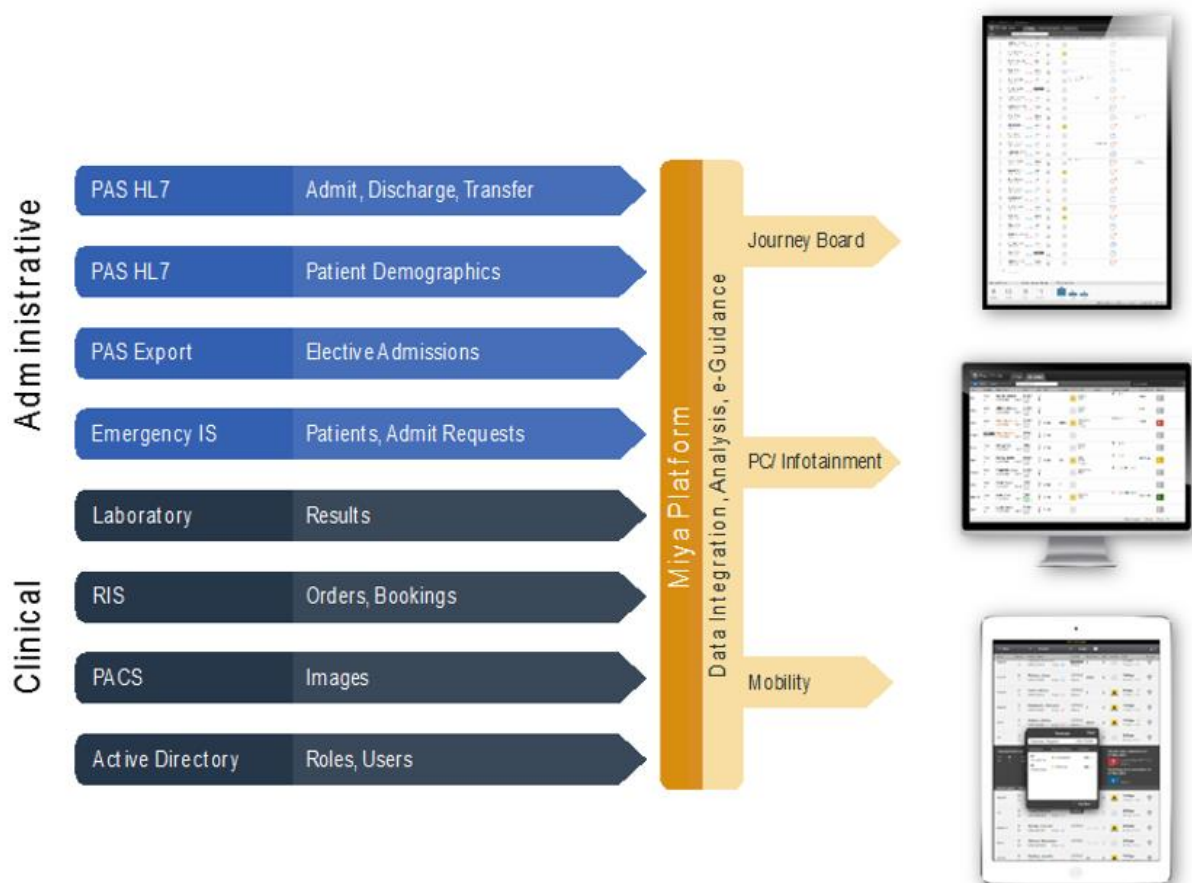
To view a short educational video on Alcidion's technology, please follow this link: [www.alcidion.com.au/e-health](http://www.alcidion.com.au/e-health)

Key Highlights of the Alcidion Acquisition include:

- Established, operational and rapidly growing healthcare technology business;
- Circa \$15m has been spent on Alcidion's development to date;
- Technology has been shown to increase hospital efficiency and clinical safety;
- Currently operating in 11 Australian hospitals;
- FY2015 revenue of \$5.18m, up 36% from \$3.80m in FY2014 (unaudited);
- High client retention and recurring revenue streams from licencing model;
- Significant market opportunity - Global Healthcare IT expenditure currently **US\$40.4b** and anticipated to grow to **US\$56.7b** by 2017;
- Highly regarded executive management team with a strong track record of growing healthcare businesses globally;
- Firm commitments received for a \$2m capital raising;
- On completion of the transaction and capital raising, the Company anticipates having a cash position of approximately **\$7m**; and
- Alcidion is well positioned to take advantage of the global need for increased operational efficiencies in healthcare.

## ALCIDION CORPORATION - THE MIYA PLATFORM

Alcidion's Miya platform is an E-health platform that allows clinicians to interact with various hospital departments wirelessly, such as clinical and administrative, to provide real-time clinical risk alerts, patient results and medical history.



The Miya platform replaces many hospital processes typically conducted manually such as going to departmental Clinical IT Systems, inputting patient details and finding patient data. Automating these processes provides clinicians with information faster and with greater accuracy compared to conventional hospital practices. The Miya platform also provides clinicians with decision support tools to prompt best practice protocols and treatment.

The Miya platform has been shown in the field to:

- Consolidate clinical information and other patient data from multiple sources across the hospital;
- Immediately provide clinicians with best practice guidance regarding their patient;
- Provide fast, ubiquitous access across the hospital via desktop web portals, Journey Boards and iPads at the point of care in real-time.

## **ALCIDION CORPORATION – COMPANY OVERVIEW**

In 2000, Alcidion's founders committed to building an advanced health informatics platform to support clinical decision making. The rationale for this includes:

- Clinical decisions drive many aspects of health care: patient safety, quality of care outcomes, service efficiency and patient satisfaction;
- Better clinical decisions will be assisted with real time, point of care informatics that highlight a patient's clinical risk factors and use best practice knowledge bases to give guidance on decision options to mitigate that risk;
- The time it take to access traditional Health IT systems that pervade hospital services imposes an unacceptable burden on clinicians and care team productivity; and
- Pertinent patient risk information should be pushed to care team decision makers rather than busy staff having to find time to pull unstructured data from a variety of Health IT systems.

Alcidion is an established player in the new digital economy and enjoys an impressive track record of continuous innovation that has seen the evolution of the Miya platform and product suite. Alcidion is rapidly growing with its Miya platform currently operational in 11 Australian hospitals. For the financial year ending 30 June 2015, Alcidion achieved unaudited revenue of \$5.181m which was up 36.3% on the \$3.801m of revenue recorded in the previous financial year.

This advanced health informatics infrastructure provides opportunities to address the issue of improving the productivity of our hospitals and care teams, to increase patient services in line with the escalating demands of an aging population without a parallel increase in public health expenditure.

Health informatics sits at the intersection of health care delivery, computer science, health information and innovation, and for Alcidion's purposes, is about leveraging digital technologies to support innovation in health service delivery. Health informatics is of great significance for high performance health care delivery. It has the potential to provide the following benefits:

- Safer patient care - by eliminating the possibility of any abnormal result not being validated;
- Faster patient care - by having patient treatment commence faster than via manual processes (for patients awaiting diagnostic results) than is presently achieved;
- Reduced costs - by reducing the quantum of pathology testing required for quality service delivery;

- Improved effectiveness - by ensuring best practice clinical protocols are applied to all patients, especially by junior medical staff, regardless of the time of day;
- Reduced care team workplace stress - by reducing the time burden of clinical documentation and services ordering, thus freeing more time for direct patient care; and
- Improved patient satisfaction - by shorter times in the Emergency Department (**ED**) and engagement via shared information.

Alcidion's Miya platform is relevant to solving many performance problems across the continuum of health:

- It acts as a supervisory system that draws data from existing ED IT applications and creates a patient-centric view, customised for each ED clinician;
- It focuses on the clinical risk exposure of each patient and provides effective tools to manage and mitigate that risk;
- It provides powerful guidance on the best practice care options by automating relevant clinical protocols and knowledge bases;
- It provides extremely effective delivery of capability via powerful, highly visual, patient/clinical dashboards that present the "go-to" view, relevant to the needs of each clinician and care team member;
- The dashboards provide ubiquitous access through a selection of devices, via:
  - browser-based dashboard, to leverage existing workstations;
  - large format displays, for clinical handover and other multi-care team member needs;
  - wall mounted touch pads (iPads) for fixed bedside access (or other clinical unit needs); and
  - mobile devices (iPads) for true point-of-care availability.
- It saves the care team time whenever they need to access information or clinical intelligence regarding an ED patient;
- It continuously monitors for both unmanaged patient clinical risk and business service risk (KPI failure) and alerts (with appropriate escalation) when risk levels is unacceptable;
- Built on modern software technologies with high interoperability capability; and

- Leverages powerful, modern, low cost hardware technologies to enhance the clinician user experience (such as touch screens, Radio Frequency Identification log on and proximity detection).

Alcidion has, over time, leveraged the Miya platform to cater for a broader range of informatics solutions for hospitals and health services. The Miya product suite currently comprises of:

- **Miya Flow:** Powerful, point of care, mobile, patient flow devices that provide informatics support to the care team in real time and can be structured to provide best practice guidance. Patient journey status across the hospital's services is tracked and displayed on browser workstations and large digital displays journeys that are faster and safer than conventional manual processes (in avoiding human error). Further, the management of hospital bed stock is enhanced by being informed of real-time patient clinical need.
- **Miya ED:** Miya ED provides a set of clinical dashboards and ED whiteboards allowing Emergency Departments to have a dedicated display for risk management by augmenting existing ED Information Systems. Miya ED highlights key clinical risks, activates best practice guidance for common problems and detects high risk lab results, for clinical management, even for those results that arrive after the patient has been discharged.
- **Miya Clinic:** Outpatient Department solution focused on supporting clinicians in faster and safer processing of patients, with higher service levels and a focus on bringing attendances to a safe conclusion.
- **Miya iCVIS:** an intelligent Cardiovascular System developed as a product within the FujiFilm Australia product range - solution for more efficient and effective processing of cardiology inpatients.
- **Miya Orders:** guides the ordering of expensive ED pathology tests in accordance with best practice ordering clinical guidelines promulgated by the Australian College of Pathologists and Australian College of Emergency Medicine.

The health industry sits on the cusp of the next revolutionary shift, created by the proliferation of healthcare data and ever expanding sources of expert knowledge. A key to the health data revolution is the development and adoption of a clinical decision support platform that captures and analyses healthcare information, in the context of a patient's clinical risk and to aid clinicians in making the most informed decisions.

## TECHNOLOGY ENDORSEMENTS

“This has skyrocketed the **efficiency** in **patient care** as well as the **safety**”

Professor Tissa Wijerante  
Consulting Neurologist  
Director of the Stroke & Neuroscience Unit  
Western Health

“ ... a testimony to the power of working with smart Australian vendors, such as Alcidion, and leveraging their **world class technology** ... ”

Mr Eric Lebail  
General Manager  
FUJIFILM Australia

“You’ll see nearly all of the clinical, executive and divisional directors walking around with the bed management views on their iPads, and the same with the bed management staff, the quality managers, the NUMs and any staff that help move the patients around.”

Jason Whakaari  
Executive Director of ICT  
Western Health

“The systems assists in safe and effective patient care by identifying patients who are **at risk**”

Marcus Storey  
Nurse Unit Manager  
Western Health

## **ALCIDION'S EXECUTIVE MANAGEMENT TEAM**

### **Chief Executive Officer**

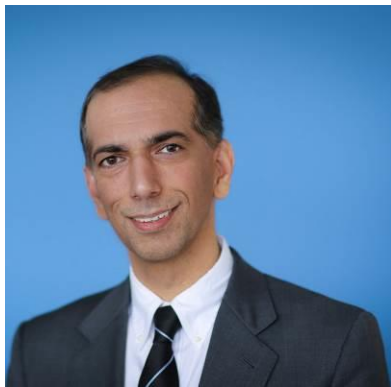
#### **Mr. Ray Blight**



Ray Blight, Chief Executive (B.Tech, B.Ec, MBM, FIE (Aust), FAICD). Ray is a co-founder and Chief Executive of Alcidion Corporation. He brings a wealth of public and private sector healthcare experience and knowledge to Alcidion, including the role of the Chief Executive and Chairman of the South Australian Health Commission from 1994–1998 and Chair of the Australian Health Ministers' Advisory Council. Ray's qualifications include the awards of Bachelor of Technology (Electronics), Bachelor of Economics and Masters of Business. Ray currently Chairs the University of South Australia Information Technology and Mathematical Sciences Advisory Board.

### **Chief Medical Officer**

#### **Prof. Malcolm Pradhan**



Prof. Malcolm Pradhan, Chief Medical Officer (MBBS, PhD, FACHI). Malcolm's broad knowledge and vision of the path to a high performance healthcare system are complimented by formal qualifications of an MBBS from University of Adelaide, and a PhD in Medical Informatics from Stanford University. Malcolm was awarded the title of Adjunct Professor at the University of South Australia, and performs a leadership role within UniSA's academic organisation – as an educator and a researcher.

### **Executive Director**

#### **Mr. Nathan Buzza**



Nathan Buzza, Executive Vice President Sales & Marketing (MAICD). Nathan is recognised as a technology pioneer in the evolution and implementation of specialised medical technology. Having founded Clinical Middleware provider CommtechWireless in 1992, Nathan grew this business into a successful multinational deploying the technology across 8,000 locations worldwide. Nathan's accomplishments were recognised by Ernst & Young, where Nathan was awarded the "Entrepreneur of the Year" as well as the WA IT & Telecommunications Life Time achievement Award

for contribution to the IT community.

## **MARKET OPPORTUNITY**

### **Global Market**

- Global expenditure on Healthcare IT is US\$40.4b, growing to US\$56.7b by 2017;
- Mobile Healthcare technology market is growing from an estimated at \$6.9b market in (2014) and growing to an \$23b market by 2017; and
- The Clinical Decision Support Systems Market is set to grow 21.5% CAGR from \$USD1.18b in 2013 to \$USD4.65b by 2018 (IndustryARC).

### **US Market**

- There are approximately 8,000 hospitals in the US;
- One-third of all hospitals in the USA are planning to invest in Patient Flow Solutions this year alone (Capsite, division of HIMSS);
- The US government has legislated that hospitals must deploy, at a minimum, one component of a Clinical Decision Support Software by 2016;
- The Health Information Technology for Economic and Clinical Health Act (HITECH Act) stipulates that healthcare providers must demonstrate the meaningful use of health IT by 2015 or face a reduction in Medicare reimbursements; and
- Alcidion is well positioned to take advantage of the US need for increased operational efficiencies in healthcare as driven by the Patient Care Protection and Affordable Care Act ("Obama Care") legislation that provides incentives to US hospitals for IT systems improvement.

### **Australian Market**

- There are approximately 200 public hospital EDs in Australia that treat 7 million patients annually;
- There are approximately 23 private hospital EDs that treat 550,000 patients annually;
- ED service demand across Australia has increased at around 5% pa in recent years;



- Miya ED adds value to existing ED information systems and delivers significant service performance improvement. For example, with Miya ED in the Northern Territory:
  - Redundant test orders are reduced – 5% savings in ED pathology costs (ED's typically consume about 40% of the pathology orders in an acute general hospital);
  - Critical (abnormal) test results are properly witnessed for follow-on action – without Miya ED around 40% of tests ordered are not read (and 18% of these will be critical);
  - Miya ED saves ED Heads/Senior Consultants several hours a day – they do not need to manually check laboratory/patient records for missed abnormal results; and

## REVENUE MODEL

Alcidion operates on a recurring subscription fee which covers software licensing, provision of infrastructure to host and manage the software, and ongoing technical support and upgrades. This effectively provides "annuity" style revenues with average existing contract length being around 60 months with high levels of client retention.

## ALCIDION'S PEERS

Alcidion considers the following its ASX listed peers:

Company	ASX Code	Revenue	Profit / Loss	Market Cap.	Enterprise Value	EV to Revenue Multiple	Revenue Multiple
Global Health	GLH	\$5.25m	\$1.44m	\$15.02m	\$13.95m	2.66	2.86
Uscom Ltd	UCM	\$1.06m	\$1.520m	\$13.71m	\$12.12m	11.39	12.87
Resonance Health	RHT	\$2.31m	-\$0.076m	\$14.46m	\$12.36m	5.35	6.26
Cosgate	CGS	\$5.32m	-\$3.888m	\$24.72m	\$17.59m	3.31	4.65
iSonea	ISN	\$2.2698m	-\$10.310m	\$15.49m	\$7.28m	26.96	57.4
Analytica	ALT	\$5.587m	-\$3.176m	\$11.27m	\$9.32m	15.87	19.18
Brain Resource	BRC	\$2.255m	-\$2.060m	\$32.15m	\$40.03m	15.67	12.58
Orion Health	OHE	\$151.04m	-\$54m	\$564.06m	\$468.92m	3.1	3.73
ResApp	RAP	\$0.00m	N/A	\$13.11m	\$8.94m	N/A	N/A
Medtech Global	MDG	\$19.52m	-\$1.750m	\$8.42m	\$8.18m	0.42	0.43
3D Medical Limited	3DM	\$0.19m	N/A	\$35.34m	\$32.54m	172.19	N/A

*Source:* ASX and Alcidion estimates as at 6<sup>th</sup> August 2015, with revenue and profitability data determined from the most recent, publically available annual report data.

## TERMS OF THE ACQUISITION AND CAPITAL STRUCTURE

### Consideration for the acquisition of Alcidion

- Naracoota will issue shareholders of Alcidion the following:
  - 400,000,000 fully paid ordinary shares (\$12.4m at 3.1c per share);
  - 133,333,333 Class A Contingent Share Rights that convert to ordinary shares on NRR achieving \$10,000,000 in revenue (audited) over 12 consecutive months, within 24 months from re-admission of NRR as Alcidion on ASX (**Class A Contingent Share Rights**); and
  - 133,333,333 Class B Contingent Share Rights that convert to ordinary shares on NRR achieving \$15,000,000 in revenue (audited) over 12 consecutive months, within 36 months from re-admission of NRR as Alcidion on ASX (**Class B Contingent Share Rights**).

### Consideration Issued to Advisors

- Naracoota will issue the following to advisors to the Acquisition:
  - 11,827,957 Class A Contingent Share Rights; and
  - 15,053,763 Class B Contingent Share Rights.

### Capital Raise

- Naracoota has engaged Patersons Securities Limited (**PSL**) as Lead Manager to raise \$2,000,000 at 3.1c per share pursuant to a full form prospectus (**Capital Raise**). PSL has received firm commitments for 100% of the Capital Raise.

### Indicative Capital Structure

Pro-Forma Capital Structure			
	On Completion	On Conversion of Class A Contingent Share Rights	On Conversion of Class B Contingent Share Rights
Current Shares on Issue	138,263,829	138,263,829	138,263,829
Shares Issued under Capital Raise	64,516,129	64,516,129	64,516,129
Shares Issued under Acquisition	400,000,000	400,000,000	400,000,000
Performance Shares Converted		145,161,290	148,387,097
Total Shares on Issue	<b><u>602,779,958</u></b>	<b><u>747,941,248</u></b>	<b><u>896,328,345</u></b>
Options on Issue at Completion	53,036,676	53,036,676	53,036,676
(exercisable between 7.5c and 30c)			

At Completion, after anticipated costs of the Acquisition, **NRR will have approximately \$7m in Cash.**

## KEY TERMS OF THE AGREEMENT

Outside of the terms and conditions that are customary for an acquisition of this nature, the Acquisition is conditional on, among other things:

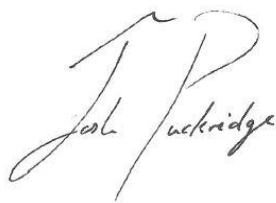
- Naracoota Receiving all regulatory and shareholder approvals.
- Naracoota completing due diligence to in its sole discretion.
- An Independent Expert finding the Acquisition fair to Naracoota shareholders unrelated to the vendors of Alcidion who acquire a relevant interest of 20% or more of Naracoota.
- Alcidion will be acquired with \$1.75m in net cash and no debt;
- Prof. Pradhan, Mr Blight and Mr Buzza will each receive salaries of \$235,000 per annum.
- At completion of the transaction, current NRR directors Mr Gavin Wates and Mr Tom Bahen will stand down from the board. Mr Josh Puckridge will remain on the Board of the Company with Prof. Pradhan, Mr Blight, Mr Buzza and Mr Alex McNab (a current Non-Executive Director of Alcidion).
- NRR and Alcidion to enter into a Formal Share Purchase Agreement by no later than 31 December 2015.

## INDICATIVE TIMETABLE

Set out below is an indicative timetable for the Transaction. This timetable is indicative only and may change.

<b>Announcement of Transaction</b>	18 August 2015
<b>Dispatch of Notice of Meeting</b>	9 October 2015
<b>Lodgement of Prospectus and Opening Date of Prospectus Offer</b>	23 October 2015
<b>Shareholder Meeting</b>	9 November 2015
<b>Closing Date of Prospectus Offer</b>	9 November 2015
<b>Completion of Transaction and Re-compliance with Chapters 1 and 2</b>	20 November 2015
<b>Re-quotation of Securities on ASX</b>	27 November 2015

*For, and on behalf of, the Board of Directors of the Company,*

A handwritten signature in black ink, appearing to read 'Josh Puckridge', with a large, stylized 'P'.

**Josh Puckridge**

**Director**

**Naracoota Resources Limited**

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**18 August 2015**

#### **Cautionary Statement Regarding Forward-Looking Information**

This announcement contains "forward-looking statements" and "forward-looking information", including statements which include, without limitation, expectations regarding the future performance of the Company. Such forward-looking statements are often, but not always, identified by use of words such as "plans", "expects", "is expected", "is expecting", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved. Readers are cautioned that such forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause the actual results or performance of the Company and/or its subsidiaries to be materially different from those contained in the forward-looking statements.

Forward-looking information and statements are based on estimates and opinions of management at the date the statements are made. The Company does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change, except in accordance with applicable laws. Investors should not place undue reliance on forward-looking statements.