



ASX ANNOUNCEMENT

25 January 2019

## **CardieX Releases Notice of Extraordinary General Meeting ("EGM") to Shareholders**

### **Highlights:**

- Notice of EGM to be held 26 February 2019 released this day.
- Meeting confirms the support of Directors for the direction and vision of CardieX with \$2,500,000 in further subscriptions from C2 Ventures Pty Ltd being received (related entity of CEO Craig Cooper and Director Niall Cairns) as part of the December 2018 placement.
- The placement was further supported by Chairman Donal O'Dwyer and CFO Jarrod White.
- Director and management involvement in placement ensures alignment with shareholders and highly motivated team to oversee a significant increase in shareholder value.
- The meeting also seeks approval for proposed Options for issue to Non-Executive Director's and refreshment of CEO Performance Rights.
- Capital raising from C2 Ventures is in addition to \$1,500,000 invested in May 2018. Brings the total cash injection and support of C2 Ventures to \$4,000,000 in less than 12 months.
- Completion of the funding package in December 2018 ensures the Company is fully funded to execute the proposed strategy to position CardieX at the forefront of digital medicine and telehealth through the acquisition of inHealth Medical Services ("inHealth").

### **Notice of EGM Despatched**

Further to the Company's announcement of 22 January 2019 CardieX Limited ("CardieX" or the "Company") is pleased to announce the despatch of notice of meeting documentation for an Extraordinary General Meeting to be held on Tuesday, 26 February 2019.

### **Purpose of Meeting**

The December 2018 capital raising completed \$5.5m in funding for the CardieX group with the primary use of funds being to ensure the adequate funding of the inHealth transaction.

Directors committed participation in that capital raising of \$2,550,000 being \$2,500,000 from C2 Ventures (related entity of CEO Craig Cooper and Director Niall Cairns) and \$50,000 from Chairman Donal O'Dwyer.



Under listing rule 10.11 the participation of Directors in a placement requires shareholder approval. The Company worked throughout December to have the EGM notice lodged with regulators for required approval in January. Due to the festive season a meeting in February was the soonest time for approval given notice requirements.

The primary purpose of the meeting is the ratification of the December placement and approval for funds invested by Directors. Additionally, the Company has also taken the opportunity to propose the issue of options to Non-Executive Directors and refresh the CEO performance rights following the increases to issued share capital as a result of the December 2018 capital raise.

### **C2 Ventures Investment**

The Company wishes to further outline and clarify the terms and rationale for the convertible note issue to C2 Ventures – an entity associated with directors Craig Cooper & Niall Cairns – which is the subject of resolution 3 and also referenced in prior announcements on 22 January and 14 January 2019.

Due to there being an intervening period between the completion of the December placement and the 26 February 2019 EGM, the Directors wanted to ensure the funding of the inHealth transaction which is required during January 2019 (ahead of the 26 February 2019 EGM).

As a result of the related party nature of C2 Ventures investment the Company entered into a short term convertible note issue with C2 Ventures.

The convertible note is effectively an equity instrument, it has no security, rights or preference over ordinary shares. Interest is only payable under the convertible note in the event that the note is not approved by shareholders and therefore not converted into ordinary shares at the equivalent price of the December 2018 placement being \$0.03.

It is equivalent to the C2 Ventures putting \$2,500,000 in at \$0.03 for ordinary equity in the placement had they been able to without ASIC/ASX regulatory requirements.

The additional rationale for the convertible note is that CEO Craig Cooper and Director Niall Cairns (through C2 Ventures) have over the last two capital raisings, committed \$4,000,000 of their personal funds, to fund CardieX.

If made as a direct placement the issue of ordinary shares immediately would take the Director's holding (C2 Ventures) over the 20% threshold which is specified under *the Corporations Act 2001* (a full conversion at that price would be 22.11%).

Immediately following the approval of the Convertible Note facility at the EGM C2 Ventures will convert \$1,925,000 of the facility to be Ordinary Shares issued (64,166,667 additional shares at the December 2018 placement price). This would bring the total holding of C2 Ventures to 139,166,667 (~19.96% of the Company post issue).

The remaining \$575,000 balance of the Convertible Note will be later discharged within 6 months of the issue in conjunction with the provisions of *the Corporations Act 2001*, which only allows a 3% increase in holding every 6 months once the threshold of 19.99% has been reached.



As previously disclosed Directors Mr Niall Cairns and Mr Craig Cooper own and control C2 Ventures meaning that shareholder approval for the conversion of the Convertible Notes into shares is required in conjunction with ASX LR10.11.

### **Completion of Funding for inHealth Transaction**

Assuming approval of the resolutions as disclosed in the EGM released this day, the completion of funding for inHealth ensures the availability of the total funds raised through the placement, which will also be used to support the Company as it rapidly moves forward with a number of high-value digital, device, and mobile health initiatives as previously outlined to shareholders.

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### **About CardieX**

CardieX is a global health technology company that develops digital and device based solutions for large-scale population health disorders. The Company's XCEL device is the world leader in measuring "central blood pressure" which is considered essential for the management of hypertension and related cardiovascular disorders. CardieX also has a joint venture partnership with Blumio, Inc in Silicon Valley for the development of a radar-based blood pressure sensor incorporating CardieX technology. In November 2018 CardieX entered into an agreement with inHealth Medical, Inc allowing CardieX to acquire up to 50.5% of inHealth by way of a convertible note.