

Chairman's 2014 AGM Address to Shareholders

Good morning Ladies & Gentlemen,

Thank you for your attendance today.

Since your Board was appointed in early February this year our 11 ASX releases have updated shareholders with our progress. Today I will summarise the principal themes:

Strategic Objective

Our strategic objective is to build shareholder value through the development and sale of our iSonea devices, software and mobile health applications that improve the management of asthma and related respiratory disorders.

In order to build a solid platform for commercialisation the company has had to overcome several immediate major challenges.

These tasks proved more difficult and time consuming than anticipated and prevented the acceleration of commercial opportunities.

Cash Burn & Reserves

The Directors and Management team has significantly reduced cash burn and built stronger cash reserves through 2014. Our cash balance as of 30 September was \$7M.

The company continues to achieve the target set by the Board in February 2014 of an underlying cash burn rate less than \$500K per month. Further stronger internal controls, and the elimination of unnecessary duplication of activities has continued post June 2014 to keep the cash burn to a minimum.

Digital Health Momentum

Digital health momentum continues worldwide and is changing the way healthcare is being delivered. The demand from consumers to track their health is demonstrated by the demand for wearable wellness devices that help monitor fitness, blood pressure and heart rates. The recent launch of the Apple HealthKit further illustrates these trends. However, the crossover to the monitoring of symptoms and behaviour in chronic diseases such as Asthma is more difficult in terms of regulatory regimes, relevant clinical work and consumer adoption.

Patient Self-Management

Digital health provides the pathway and cost effective tools for patient self-management through monitoring at home and in non-clinical settings.

According to the latest report from the Global Initiative for Asthma (GINA) guided patient self-management including self-monitoring of symptoms and/or peak flow dramatically reduces asthma morbidity in both adults and children.

A presentation by R. Wilson, Dr. Spector & Dr. Tan has been accepted for the 2015 American Academy of Allergy Asthma & Immunology Annual Meeting. The paper is an Abstract/Case Study regarding wheeze detection in a non-clinical environment with the following conclusion:

“These preliminary results indicate that the wheeze monitor device is a potential alternative to the peak flow meter for objective measurement of airway obstruction in the ambulatory setting. Aside from providing physicians with information on a patient’s status, it has potential uses in investigating suspected allergic triggers and cases of occupational asthma.”

Providing further encouragement that iSonea is at the forefront in digital solutions for asthma self-management, the authors of a recent Review Article in the prestigious New England Journal of Medicine commented on the opportunity for “the development of robust acoustic devices for use at the bedside – as exemplified by electronic stethoscopes paired with small convenient recorders and perhaps in the form of a smartphone with an app”.

iSonea has recognised this global market opportunity with AirSonea™, our specialised electronic stethoscope and linked app. Instead of peak flow measurement, AirSonea records airway sounds to detect and measure the extent of wheezing caused by airway obstruction. This is a more user-friendly option for asthma sufferers, especially young children and adolescents.

First Mover Advantage

iSonea continues to have a first mover advantage in the Respiratory Digital Health Sector with its unique proprietary Acoustic Respiratory Monitoring (ARM™) algorithm technology. Our functional, user friendly product line will meet the expectations of our customer base that includes consumers, the medical profession, pharmacists and healthcare professionals. Further, we have implemented a product development process to ensure we remain at the leading edge of technology in our sector.

Stronger Technology Management

iSonea has acquired strong technology management experience through the recent appointment of Greg Tunny as our CEO. Greg has a strong background in acoustic systems, signal processing and large software information technology systems. Acoustics and digital signal processing is the heart of iSonea’s intellectual property. Further, we are transitioning the company culture to be more agile and focused on the timely delivery of objectives in a collaborative work and team environment.

Scalable Technology Platform

We continue to build a scalable technology platform. Our patent portfolio has been consolidated with one service provider. Following a forensic audit of the software architecture, servers and access we have “future proofed” the company against changes in personnel. Further, our new IT software supplier, Two Bulls, is building a scalable and robust software infrastructure that will be tailored to incorporate specific features for different markets.

Collaboration with the Asthma Community

We identified the need for more effective collaboration with the asthma community and have met with several of its leaders and are continuing to further develop more collaborative relationships.

Independent Clinical Research

iSonea’s value proposition needs to be completed with independent research and we are meeting with leading clinicians and researchers to conduct the appropriate trials. It is important to independently demonstrate clinical relevance as well as to draw a correlation between the use of the iSonea products and improved asthma-related quality of life through changes in patient behaviour.

Commercial Partnerships

Our partnership landscape is broad, both globally and by country. Negotiations with commercial partners are progressing well. Our trial with a leading pharmacy group in Australia will commence in February. We have established a solid business relationship in the United Kingdom and are currently negotiating a term sheet at the basis for this commercial opportunity. We have also met with a major Chinese corporation, have received other expressions of interest and are optimistic about the opportunities in this market.

Directors

Finally I would like to foreshadow the withdrawal of Resolution 2C.

Mr Bruce Mathieson has withdrawn his offer to stand as a Non-Executive Director. May I take this opportunity to thank Mr Mathieson for his significant contributions to the company and his expressions of on-going support as a major shareholder.

I am pleased to advise shareholders that following the meeting, Mr Ross Blair-Holt will be appointed to fill the casual vacancy. Mr Blair-Holt was a senior executive in the Woolworths Group as Chief Operating Officer of the ALH joint venture. His business acumen will be a great asset to the Board.

Summary

In summary, we are entering a period of forward momentum and iSonea is now in a position to accelerate commercialisation/monetisation of the business.

Thank you
Leon L'Huillier
Chairman
28th November 2014