



Narhex Life Sciences Ltd

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NARHEX EXECUTES SHARE SALE AGREEMENT TO ACQUIRE RESAPP DIAGNOSTICS PTY LTD

The Directors of Narhex Life Sciences Limited ("**Narhex**" or the "**Company**") are pleased to announce that they have executed a formal Share Sale Agreement ("**SSA**") to acquire 100% of ResApp Diagnostics Pty Ltd ("**ResApp**").

The Share Sale Agreement is binding, subject to satisfaction or waiver of conditions precedent including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Transaction will include a capital raising of at least \$2,500,000 to provide funding for ResApp and working capital for the Company.

About ResApp

ResApp, through the exclusive licence it has been granted by the University of Queensland ("**UQ**"), is developing smart phone medical applications for the diagnosis and management of respiratory disease. The technology is based on a machine learning algorithm that uses sound alone without the need for additional hardware to diagnose and measure the severity of a respiratory condition. The algorithm has been successfully tested for pneumonia and asthma diagnosis in a clinical proof of concept study of 91 patients by UQ through funding from the Bill and Melinda Gates Foundation. Addressable markets for this technology include the following:

1. At-home diagnosis and management of respiratory disease through direct sales to app consumers;
2. Licensing to large telehealth providers for "in consultation" diagnosis and assessment over mobile or the web; and
3. Working with organisations such as the World Health Organisation (WHO) to deliver tools for low-cost diagnosis and management of respiratory illness in the developing world.



The technology has been licensed to ResApp via UQ's main commercialisation company UniQuest Pty Ltd ("**UniQuest**"). UniQuest is among the global leaders in commercialisation of university technologies and annual sales of products using UQ technology and licensed by UniQuest is approximately \$3b.

ResApp's vision is to empower consumers to self-diagnose and manage respiratory disease by providing effective, affordable and practical mHealth apps. Patients will be more informed about their health and be able to work more closely with their doctor to achieve better health outcomes. Cough is one of the most common reasons for a doctor visit, and in the US, over 100m primary care physician visits result in diagnosis of a respiratory disease. 15% of the world's population suffer from chronic respiratory or pulmonary diseases such as asthma and COPD (Chronic Obstructive Pulmonary Disease), which require day-to-day disease management. The company will initially target a range of respiratory diseases including pneumonia, bronchitis, COPD and asthma and plans to expand its technology portfolio to encompass the entire spectrum of respiratory disease.

With the telehealth market in the United States growing at a rapid rate, partnerships with major telehealth providers would allow ResApp to quickly benefit from these providers' large and growing customer base. ResApp's technology would provide telehealth providers a unique capability that would significantly enhance the breadth of consultations available to their customers and their network of doctors.

According to a recent Rock Health report, US venture capital investment in mHealth for the first half of 2014 represented \$2.4b, exceeding the total invested in 2013. Accenture recently predicted funding for digital health startups will reach \$6.5b in 2017.

Share Sale Agreement

The SSA replaces the Heads of Agreement that was executed on 1 October 2014. In executing the SSA the Company agreed to acquire all the issued capital of ResApp in consideration for the Company agreeing to issue the following:

- a) 250,000,000 fully paid ordinary Consideration Shares (on a pre-Consolidation basis); and
- b) 250,000,000 Performance Shares (on a pre-Consolidation basis) which will convert into 250,000,000 fully paid ordinary Shares (on a pre-Consolidation basis) in the capital of the Company upon ResApp and any subsidiaries of ResApp (or, if Narhex or any Related Entity of Narhex is licensed to use Licensed IP, Narhex and that Related Entity) achieving aggregated gross revenue of \$20,000,000 in the five years commencing on the day Narhex is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.

The SSA is subject to and conditional upon the following conditions precedent:

- a) Both parties completing their due diligence on the other to their absolute satisfaction;
- b) Narhex not receiving a superior proposal to be recommended to its shareholders;
- c) The Company obtaining and complying with all shareholder and regulatory approvals required;
- d) Narhex completing a capital consolidation and re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- e) ResApp obtaining all required shareholder approvals as may be required to legally and validly implement the Proposed Transaction; and
- f) Completion of a capital raising of not less than \$2,500,000.



The SSA contains additional provisions, including warranties and indemnities in respect of the status of ResApp and Narhex which are considered standard for agreements of this kind.

Change of Activities

The Transaction will result in Narhex requiring shareholder approval under Chapter 11 of the ASX Listing Rules for a change in nature and scale of its operations and will re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Change of Board

ResApp will be entitled to nominate two persons to the Board of Directors on completion of the transaction, and following that appointment the existing directors will resign.

General Meeting

Narhex shareholders will be given the opportunity to approve the transaction at a general meeting to be convened. A Notice of Meeting with further details of the transaction will be dispatched to shareholders once finalised.

An updated capital structure, timetable and pro-forma balance sheet will be released to the market with the Notice of Meeting.

Adam Sierakowski
Chairman