



ResApp Health Limited
ACN 094 468 318

**Notice of Annual General Meeting
And
Explanatory Statement**

**Annual General Meeting of Shareholders to be held at
Four Seasons Hotel Sydney,
199 George Street, Sydney
at 10am (AEDT) on Thursday, 28 November 2019**

Important

This Notice should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of ResApp Health Limited ACN 094 468 318 (**Company**) will be held at the Four Seasons Hotel Sydney, 199 George Street, Sydney commencing at 10am (AEDT) on Thursday, 28 November 2019.

Business

Item 1 – Annual Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2019 be adopted.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution:

- (a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- (c) as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy.

Resolution 2 – Re-election of Dr Roger Aston as a Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That Dr Roger Aston, who retires by rotation in accordance with clause 16.1 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director.”

Resolution 3 – Re-Approval of Employee Incentive Plan

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with Exception 9 of Listing Rule 7.2, and for all other purposes, Shareholders re-approve the Employee Incentive Plan, as described in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director who is eligible to participate in the employee incentive scheme in respect of which approval is sought or any of their Associates.

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval of issue of Managing Director Incentive Options to Dr Tony Keating

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, and for all other purposes, approval is given for the issue of 975,000 Managing Director Incentive Options, to Dr Tony Keating (and/or his nominee) under the Employee Incentive Plan as set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Dr Tony Keating (and his nominee) and any Director of the entity who is eligible to participate in the employee incentive scheme in respect of which approval is sought or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolutions 5(a), (b), (c) and (d) – Ratification of issue of Consultancy Options

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.4 and for all other purposes, approval is given to ratify the issue of:

- (a) 700,000 Tranche 1 Consultancy Options;*
- (b) 400,000 Tranche 2 Consultancy Options;*
- (c) 500,000 Tranche 3 Consultancy Options; and*
- (d) 2,000,000 Tranche 4 Consultancy Options,*

on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolutions 5(a), 5(b), 5(c) and 5(d) by a person who participated in the issues and any of their Associates.

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Ratification of issue of Shares under Device Development Agreement

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of 3,125,000 Shares issued prior to the date of this Notice under the Device Development Agreement, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by a person who participated in the issue and any of their Associates.

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8(a), (b), (c) and (d) - Approval of issue of Director Incentive Options to Directors

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, and for all other purposes, approval is given for the issue:

- (a) 500,000 Director Incentive Options to Dr Roger Aston (and/or his nominee);
- (b) 500,000 Director Incentive Options to Mr Chris Ntoumenopoulos (and/or his nominee);
- (c) 500,000 Director Incentive Options to Mr Nathan Buzza (and/or his nominee); and
- (d) 500,000 Director Incentive Options to Dr Tony Keating (and/or his nominee);

under the Employee Incentive Plan as set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 8(a) by Dr Roger Aston (and his nominee), Resolution 8(b) by Mr Chris Ntoumenopoulos (and his nominee), Resolution 8(c) by Nathan Buzza (and his nominee), Resolution 8(d) by Dr Tony Keating (and his nominee) or on behalf of any Director of the entity who is eligible to participate in the employee incentive scheme in respect of which approval is sought or an associate of that person (or those persons).

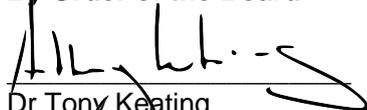
However, the Company need not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Other business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Annual General Meeting.

By Order of the Board



Dr Tony Keating
Managing Director and Chief Executive Officer
ResApp Health Limited
11 October 2019

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting to be held at the Four Seasons Hotel Sydney, 199 George Street, Sydney commencing at 10am (AEDT) on Thursday, 28 November 2019.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

1 Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolutions 1, 3, 4, 8(a), 8(b), 8(c) and 8(d) unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of Key Management Personnel or their Closely Related Parties (other than the Chair) as its proxy, the Shareholder should ensure that it directs the proxy how to vote on Resolutions 1, 3, 4, 8(a), 8(b), 8(c) and 8(d).

If a Shareholder intends to appoint the Chair as its proxy on Resolutions 1, 3, 4, 8(a), 8(b), 8(c) and 8(d), the Shareholder can direct the Chair how to vote by marking one of the boxes for those Resolutions (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If a Shareholder does not direct the Chair how to vote, the Shareholder can expressly authorise the Chair to vote as the Chair thinks fit on Resolutions 1, 3, 4, 8(a), 8(b), 8(c) and 8(d) even though those Resolutions are connected to the remuneration of members of Key Management Personnel and even if the Chair has an interest in the outcome of those Resolutions.

2 Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm (AEDT) on 26 November 2019. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Annual General Meeting.

3 Item 1 – Annual Report

The Annual Report, comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report for the year ended 30 June 2019, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve these Reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about these Reports and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions about the:

- (a) conduct of the audits;
- (b) preparation and content of the Auditor's Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) independence of the auditor in relation to the conduct of the audits.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about the content of the Auditor's Report or the conduct of the audit, may be submitted no later than 5 business days before the date of the Annual General Meeting to the Company Secretary at c/- Trident Capital, Level 24, 44 St Georges Terrace, Perth, WA 6000, or by facsimile to +61 8 9218 8875.

The Company's Annual Report is available on the Company's website at www.resapphealth.com.au.

4 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2019 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report adopted be put to the vote. Resolution 1 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is "advisory only" resolutions which does not bind the Directors. Under section 250SA of the Corporations Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting

If at least 25% of the votes on Resolution 1 are voted against the adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2020 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting (**Spill Meeting**) to consider the appointment of the Directors (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the Company's 2020 annual general meeting. All of

the Directors who are in office when the Company's 2019 Directors' Report is approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

5 Resolution 2 – Re-election of Dr Roger Aston as a Director

In accordance with clause 16.1 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Dr Roger Aston retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

Dr Aston is a scientist and seasoned biotechnology entrepreneur. He has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include US Food and Drug Administration ('FDA') and European Union ('EU') product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors.

Dr Aston has also held Directorships/Chairmanships with Clinuvel Ltd, HalcyGen Ltd, and Ascent Pharma Ltd, was a member of the AusIndustry Biological Committee advising the Industry Research and Development Board. More recently, Dr Aston was Executive Chairman of Mayne Pharma Group from 2009 to 2011 and later, CEO of Mayne Pharma Group.

The Directors (excluding Dr Aston) unanimously recommend that Shareholders vote in favour of Resolution 2. Resolution 2 is an ordinary resolution.

6 Resolution 3 – Approval of Employee Incentive Plan

Resolution 3 is an ordinary resolution which provides for the re-approval of the proposed employee incentive plan of the Company (**Plan**). This is the second approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan, with the first approval received at the 2016 Annual General Meeting.

The Board is committed to incentivising and retaining the Company's personnel in a manner which promotes alignment of their interests with shareholder interests, whilst ensuring our remuneration package for all eligible participants is market-competitive. The Company's ability to execute our strategy is dependent on the experienced talent we have recruited, and their retention and alignment with shareholder' interests is critical. At the same time, the Company desires to maintain the flexibility to respond promptly to maximise opportunities afforded by capital markets.

Accordingly, the Board seeks further shareholder approval of the Company's existing Plan for the purposes of Listing Rule 7.2 Exception 9.

As the Directors are excluded from voting on this Resolution pursuant to the ASX Listing Rules, the Directors will not make a recommendation to shareholders with respect to vote in relation to this Resolution. The Chairman intends to exercise all undirected proxies in favour of Resolution 3.

6.1 Listing Rule 7.2, Exception 9(b)

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Under Exception 9(b) in Listing Rule 7.2, shareholders may approve the issue of equity securities under an employee incentive scheme as an exception to Listing Rule 7.1. If such approval is obtained, Listing Rule 7.1 does not apply to an issue of equity securities in the Company made under an employee share option plan within three years of the approval.

The grant of any securities to a director of the Company will require specific approval under Listing Rule 10.14.

Listing Rule 7.2 Exception 9(b) requires the following additional information to be provided to members for approval under this Resolution:

(a) *Options already issued*

The Company has previously issued 24,450,000 Options pursuant to the Plan since last approved on 2 November 2016. It is also noted that 2,350,000 Options issued during this period have lapsed and an additional 14,600,000 Options issued to Directors are due to lapse on 10 November 2019.

(b) *Employee Share Option Plan Summary*

The key terms of the Plan are summarised below.

6.2 Summary of the Plan

(a) **Objectives**

The primary objectives of the Plan are to:

- (i) establish a method by which eligible participants can participate in the future growth and profitability of the Company;
- (ii) to provide an incentive and reward for eligible participants for their contribution to the Company; and
- (iii) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Set out below is a summary of the Plan Rules.

(b) **Eligible Participants**

Under the Plan, an option (**Option**) is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company (**Share**). The Board at its sole discretion may invite any eligible person selected by it to complete an application relating to a specified number of Options allocated to that eligible person by the Board. The Board may offer Options to any eligible person it determines and determine the extent of that person's participation in the Plan (**Participant**).

An offer by the Board is required to specify, among other things, the date and total number of Options granted, exercise price and exercise period for the Options and any other matters the Board determines necessary, including the exercise conditions attaching to the Options.

(c) **5% Limit**

The Plan has been prepared to comply with ASIC Class Order [CO 14/1000] and as such, offers under the Plan are limited to the 5% capital limit set out in the Class Order.

(d) **Option Rights**

Unless the Board determines otherwise, Options granted under the Plan are not capable of being transferred or encumbered by a Participant. Options do not carry any voting or dividend rights however Shares issued to Participants on the exercise of an Option carry

the same rights and entitlements as other Shares on issue. The Company will not seek quotation of any Options on the ASX however will seek quotation for Shares issued on the exercise of Options.

(e) **Exercise of Options**

At the sole and absolute discretion of the Board, and in general terms, Options granted under the Plan may only be exercised if particular exercise or vesting conditions have been met, the exercise price has been paid to the Company and the Options are exercised within the exercise period relating to the Option. An Option granted under the Plan may not be exercised once it has lapsed.

(f) **Cashless Exercise Facility**

Under the terms of the Plan, a Participant may request to pay the Exercise Price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off. Any such request must be expressly made by the Participant in the Exercise Notice. The Board may approve or refuse the request in its sole and absolute discretion.

(g) **Change of Control Event**

On the occurrence of a change of control event, being, in general terms, an unconditional takeover bid under Chapter 6 of the Corporations Act, a court sanctioned scheme of arrangement or any other merger involving the Company occurs which results in the holders of Shares holding 50% or less of the voting shares in the Company, the Board may in its sole discretion determine that all or a percentage of unvested Options will vest and become exercisable in accordance with the Plan Rules.

(h) **Cessation of Employment**

If a Participant ceases to be a director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance on or before the relevant exercise period, the Options will lapse.

If a Participant ceases to be a director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance during the exercise period, the expiry date is adjusted to 60 days (in cases of resignation or redundancy) or 30 days (in cases of dismissal for cause or poor performance) after the termination date (or a later date determined by the Board).

(i) **Fraudulent Behaviour**

If, in the opinion of the Board, a Participant has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly.

(j) **Reconstruction of Share Capital**

If the event of any reconstruction of the share capital of the Company, the number of Options to which each Participant is entitled and/or the exercise price of those Options must be reconstructed in accordance with the ASX Listing Rules. Options must be reconstructed in a manner which is fair with respect to the Participants and the holders of other securities in the Company, subject to the ASX Listing Rules.

(k) **Participation Rights**

Holders of Options issued under the Plan may only participate in new issues of securities by the Company if they have first exercised their Options within the relevant exercise

period and become a shareholder of the Company prior to the relevant record date and are then only entitled to participate in relation to Shares of which they are a registered holder.

(l) **Compliance with Laws**

Options may not be granted and/or Shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene the Corporations Act or any other applicable laws or regulations.

The Plan Rules contain customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the Plan.

7 Resolution 4 – Approval of Issue of Managing Director Incentive Options to Dr Tony Keating

Resolution 4 seeks the approval of Shareholders to issue 975,000 Incentive Options to Dr Tony Keating (and/or his nominees). Approval is sought pursuant to section 208 of the Corporations Act and Listing Rule 10.14.

7.1 Background

As announced on 19 June 2019, Dr Keating's contract of employment as CEO and Managing Director was renewed, with the existing contract due to expire on 2 July 2019. Pursuant to the terms of the contract of employment 975,000 Managing Director Incentive Options are to be issued, subject to shareholder approval.

The Options are exercisable at \$0.21, being a 20% premium to the 20 trading day VWAP prior to the date of the contract of employment and expire 5 years for the date of issue. The Options vest on the satisfaction of the following specific performance milestones:

- (a) CE Mark approval – 325,000 Options;
- (b) FDA clearance – 325,000 Options; and
- (c) Commercial release of hardware product – 325,000 Options.

Full terms and conditions of the Managing Director Options are set out in Annexure A.

7.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Dr Keating is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Managing Director Incentive Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Managing Director Incentive Options on the terms set out in Resolution 4 to Dr Keating (and/or his nominee) as a related party of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 4:

(a) **Related party to whom the financial benefit is to be given**

Dr Tony Keating (and/or his nominee).

(b) **Nature of the financial benefit**

The number of Managing Director Incentive Options proposed to be issued is 975,000 Options.

(c) **Valuation of the financial benefit**

BDO Advisory (WA) Pty Ltd (**BDO**) has conducted a valuation report on the Managing Director Incentive Options, a copy of which is included as Annexure D. BDO's findings are summarised in the below table.

Item	Vesting Condition 1	Vesting Condition 2	Vesting Condition 3
Underlying share price	\$0.325	\$0.325	\$0.325
Exercise price	\$0.21	\$0.21	\$0.21
Valuation date	10 October 2019	10 October 2019	10 October 2019
Expiration date	9 October 2024	9 October 2024	9 October 2024
Life of the Options (years)	5	5	5
Volatility	120%	120%	120%
Risk free rate	0.64%	0.64%	0.64%
Number of Options	325,000	325,000	325,000
Valuation per Option	\$0.279	\$0.279	\$0.279
Valuation per Tranche	\$90,675	\$90,675	\$90,675

Based on BDO's report, the estimated value of the Managing Director Incentive Options proposed to be issued to Dr Keating (and/or its nominees) is \$272,025.

(d) **Current remuneration and Relevant Interests**

Dr Keating's current remuneration is \$280,000 per annum, inclusive of superannuation.

As at the date of the Notice of Meeting, Dr Keating holds 23,800,000 Options in the Company as outlined below, noting that 3,800,000 of these Options are due to expire on 10 November 2019:

Number of Options	Grant Date	Exercise Price	Expiry Date
5,000,000	2 July 2015	\$0.025	2 July 2020
5,000,000	2 July 2015	\$0.05	2 July 2020
10,000,000	2 July 2015	\$0.10	2 July 2020
1,800,000	10 Nov 2016	\$0.45	10 Nov 2019
2,000,000	10 Nov 2016	\$0.75	10 Nov 2019

(e) **Terms of the Managing Director Incentive Options**

Full terms and conditions of the Managing Director Incentive Options are set out in Annexure A.

(f) **Dilution**

If all of the Managing Director Incentive Options under Resolution 4 were exercised, and no other Shares were issued by the Company, the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 0.14%.

(g) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Managing Director Incentive Options.

(h) **Funds raised**

No funds will be raised from the issue of the Managing Director Incentive Options. Funds raised in the event of exercise of the Managing Director Incentive Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Managing Director Incentive Options will be exercised at any future time.

(i) **Directors' interests**

Dr Keating, as a recipient of the Managing Director Incentive Options, has a material personal interest in the outcome of Resolution 4.

(j) **Directors' recommendation**

See section 7.4 below.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 4.

7.3 **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director or an associate of a director of the company under an employee incentive scheme without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained. Further, ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.14.

Dr Keating is a related party of the Company within the definition specified in ASX Listing Rule 19.12. Accordingly, Shareholder approval is sought under ASX Listing Rule 10.14 to permit the issue of 975,000 Managing Director Incentive Options to Dr Keating (and/or his nominee) as a related party of the Company on the terms set out in this Explanatory Statement and Annexure A.

The issue of the Managing Director Incentive Options under Resolution 4 will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Managing Director Incentive Options (once issued) will be excluded from the calculations under ASX Listing Rule 7.1.

For the purposes of Listing Rule 10.14, the following information is provided to Shareholders in relation to Resolution 4:

(a) **Maximum number of securities to be issued**

The maximum number of Managing Director Incentive Options proposed to be issued to Dr Keating (and/or his nominee) is 975,000 Options.

(b) **Terms for each Incentive Option**

The Managing Director Incentive Options are issued for no cash consideration. The key terms of the Managing Director Incentive Options to be issued under Resolution 4 are set out in the following table:

Expiry Date	5 years from the date of issue
Exercise Price	\$0.21, being a 20% premium to the volume weighted average price of the Company's shares calculated over the 20 trading days immediately before the date of the Employment Contract, being 18 June 2019
Vesting Conditions	Options issued post shareholder approval and vest on the satisfaction of the following specific performance milestones: (i) CE Mark approval – 325,000 Options (ii) FDA clearance – 325,000 Options (iii) Commercial release of hardware product – 325,000 Options Dr Keating is required to be employed by the Company in order to exercise the Incentive Options

Full terms and conditions of the Managing Director Incentive Options are set out in Annexure A

(c) **Persons referred to in Listing Rule 10.14 who received securities under the Employee Incentive Plan since the last approval**

2016 Employee Incentive Plan Awards to persons referred to in Listing Rule 10.14, noting that these Options are due to expire on 10 November 2019:

Director	Number of Tranche 1 Director Options (\$0.45; Expiring 10 Nov 19)	Number of Tranche 2 Director Options (\$0.75; Expiring 10 Nov 19)
Dr Roger Aston	1,800,000	1,800,000
Mr Chris Ntoumenopoulos	1,800,000	1,800,000
Mr Brian Leedman	1,800,000	1,800,000
Dr Tony Keating	1,800,000	2,000,000
Total	7,200,000	7,400,000

(d) **Persons referred to in Listing Rule 10.14 entitled to participate in the Employee Incentive Plan**

Dr Tony Keating (and/or his nominee).

(e) **Loans in relation to acquisition of Managing Director Incentive Options**

There are no loans in relation to the acquisition of Managing Director Incentive Options.

(f) **Date by which entity will issue the securities**

The Managing Director Incentive Options will be issued as soon as possible after the General Meeting and in any event, no later than 12 months after the General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

7.4 Directors Recommendations

Dr Tony Keating expresses no opinion and makes no recommendation in respect of the issue of the Managing Director Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 4.

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Managing Director Incentive Options to Dr Tony Keating (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Managing Director Incentive Options:

- (i) provides a long-term incentive to the Dr Keating linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of his salary as Managing Director and CEO;
- (iii) recognises the contribution Dr Keating has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to Managing Directors and CEOs of other companies operating in the Company's industry and in an international business environment.

8 Resolutions 5(a), (b), (c) and (d) – Ratification of issue of Consultancy Options

Resolutions 5(a), (b), (c) and (d) seek approval for the ratification of a total of 3,600,000 Consultancy Options issued to consultants as partial consideration for consultancy services provided to the Company.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.1 Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolutions 5(a), (b), (c) and (d) for the purposes of Listing Rule 7.4:

- (a) A total of 3,600,000 Consultancy Options were issued as follows:

Resolution 5(a) Tranche 1 Consultancy Options		
Recipient	Number of Options	Exercise Price and Expiry
Dr Scott Claxton	200,000 Options	\$0.11; 25 February 2022
Dr Paul Porter	500,000 Options	\$0.11; 25 February 2022

Resolution 5(b) Tranche 2 Consultancy Options		
Recipient	Number of Options	Exercise Price and Expiry
Dr Naomi Fried	200,000 Options	\$0.19; 5 June 2022
Dr Joseph Kvedar	200,000 Options	\$0.19; 5 June 2022
Resolution 5(c) Tranche 3 Consultancy Options		
Recipient	Number of Options	Exercise Price and Expiry
Dr Philip Currie	500,000 Options	\$0.19; 6 May 2022
Resolution 5(d) Tranche 4 Consultancy Options		
Recipient	Number of Options	Exercise Price and Expiry
Dr Philip Currie	2,000,000 Options	\$0.19; 6 May 2024

- (b) The Consultancy Options were issued for nil cash consideration.
- (c) Full terms of the Consultancy Options are set out in Annexure B.
- (d) The Consultancy Options were issued as part consideration for consultancy services provided to the Company.
- (e) No funds will be raised from the issue of the Consultancy Options.

8.2 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5(a), (b), (c) and (d).

9 Resolution 6 – Ratification of issue of Shares under Device Development Agreement

As announced on 29 May 2019, the Company entered into a device development agreement with Avanti Med Ltd, a UK-based medical device manufacturer, to design, test and finalise two CE-marked devices: a low-cost ruggedized, handheld device and a small, wearable breathing monitor.

ResApp negotiated a fixed-price, milestone-based contract for the development of the devices. For each device, ResApp agreed to pay £75,000 in cash and issue AU\$250,000 ordinary shares on project commencement, with the number of shares calculated on the volume-weighted average price (**VWAP**) of shares in the 30 days preceding the commencement date. The balance of the project is divided into three milestones being delivery of functional prototypes, delivery of final designs; and CE Mark approval. For each device, ResApp will make a fixed payment of AU\$500,000 when each milestone is achieved, payable in cash or ordinary shares at the election of ResApp. The number of shares for the milestone payments will be calculated using 80% of (i) the volume-weighted average price of shares in the 30 days preceding the milestone or (ii) 10 cents, whichever is higher.

Pursuant to the terms of the device development agreement, 3,125,000 Shares were issued on 4 July 2019 (at a deemed price of \$0.16 per share calculated on the 30 day VWAP preceding the commencement date of the agreement).

Accordingly, Resolution 6 seeks approval for the ratification of 3,125,000 Shares issued on 4 July 2019.

9.1 Listing Rule 7.4

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

9.2 Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 6 for the purposes of Listing Rule 7.4:

- (a) A total of 3,125,000 Shares were issued.
- (b) The Shares were issued for nil cash consideration as part consideration pursuant to the terms of the device development agreement. 3,125,000 Shares were issued at a deemed issue price of \$0.16 calculated on a 30 day VWAP preceding the commencement date.
- (c) The Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.
- (d) The Shares were issued to Avanti Med Limited.
- (e) No funds were raised from the issue of the Shares.

9.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

10 Resolution 7 - Approval of 10% Placement Facility

10.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities totaling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company currently has a market capitalisation of \$229.76 million based on a share price of \$0.33, being the closing price of Shares on the ASX on 9 October 2019.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

The Board believes that Resolution 7 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

10.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the only quoted Equity Securities that the Company has on issue are its 696,255,512 Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

10.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.165 50% decrease in Market Price	\$0.33 Current Market Price	\$0.66 100% increase in Market Price
Current Variable A 696,255,512	10% Voting Dilution	69,625,551 Shares	69,625,551 Shares	69,625,551 Shares
	Funds raised	\$11,488,216	\$22,976,432	\$45,952,864
50% increase in current Variable A 1,044,383,268	10% Voting Dilution	104,438,327 Shares	104,438,327 Shares	104,438,327 Shares
	Funds raised	\$17,232,324	\$34,464,648	\$68,929,296
100% increase in current Variable A 1,392,511,024	10% Voting Dilution	139,251,102 Shares	139,251,102 Shares	139,251,102 Shares
	Funds raised	\$22,976,432	\$45,952,864	\$91,905,728

The table has been prepared on the following assumptions:

- 1 The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- 2 The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 3 The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Annual General Meeting.
- 4 The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 5 The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- 6 The issue price is \$0.33, being the closing price of Shares on the ASX on 8 October 2019.

- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

- (ii) cash consideration. In such circumstances, the Company may use the funds raised towards its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisitions) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the purpose of the issue;
 - (ii) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the financial situation and solvency of the Company; prevailing market conditions; and
 - (v) advice from corporate, financial and broking advisers (if applicable).

The persons issued securities under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but are likely to be investors which are sophisticated and/or professional investors for the purposes of section 708 of the Corporations Act. No Equity Securities will be issued under Listing Rule 7.1A to related parties of the Company.

If the Company is successful in acquiring new assets or investments, it is likely that the persons issued securities under the 10% Placement Facility will be the vendors of the new assets or investments.

- (f) The Company obtained Shareholder approval under Listing Rule 7.1A at its last annual general meeting held on 15 November 2018.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.
- (h) During the 12 months preceding the date of the Meeting the Company has or will have issued a total of 9,575,000 equity securities, representing 1.28% of the total number of equity securities on issue at the commencement of that 12 month period.

Date of issue	
	(i) Employee Incentive Options – 11 February 2019 (exercisable at \$0.12; expiring 11 February 2022)
	(ii) Employee Incentive Options – 25 February 2019 (exercisable at \$0.11; expiring 18 February 2022)
	(iii) Employee Incentive Options – 25 February 2019 (exercisable at \$0.11; expiring 25 February 2022)
	(iv) Employee Incentive Options – 11 March 2019 (exercisable at \$0.11; expiring 11 March 2022)
	(v) Consultancy Incentive Options – 25 February 2019 (exercisable at \$0.11; expiring 25 February 2022)

Number issued	(vi)	Consultancy Incentive Options – 6 May 2019 (exercisable at \$0.19; expiring 6 May 2022)
	(vii)	Consultancy Incentive Options – 6 May 2019 (exercisable at \$0.19; expiring 6 May 2024)
	(viii)	Consultancy Incentive Options – 5 June 2019 (exercisable at \$0.19; expiring 5 June 2022)
	(ix)	Shares – 4 July 2019
	(i)	1,950,000
	(ii)	200,000
	(iii)	500,000
	(iv)	200,000
	(v)	700,000
Class of Security	(vi)	500,000
	(vii)	2,000,000
	(viii)	400,000
	(ix)	3,125,000
	(i)	Unlisted Employee Incentive Options (exercisable at \$0.12; expiring 11 February 2022)
	(ii)	Unlisted Employee Incentive Options (exercisable at \$0.11; expiring 18 February 2022)
	(iii)	Unlisted Employee Incentive Options (exercisable at \$0.11; expiring 25 February 2022)
	(iv)	Unlisted Employee Incentive Options (exercisable at \$0.11; expiring 11 March 2022)
	(v)	Unlisted Consultancy Incentive Options (exercisable at \$0.11; expiring 25 February 2022)
(vi)	Unlisted Consultancy Incentive Options (exercisable at \$0.19; expiring 6 May 2022)	
(vii)	Unlisted Consultancy Incentive Options (exercisable at \$0.19; expiring 6 May 2024)	
(viii)	Unlisted Consultancy Incentive Options (exercisable at \$0.19; expiring 5 June 2022)	
(ix)	Ordinary Fully Paid Shares	
Persons who received securities	(i)	Employee of the Company
	(ii)	Employee of the Company
	(iii)	Employee of the Company
	(iv)	Employee of the Company
	(v)	Consultant of the Company in consideration for consultancy services provided to the Company
	(vi)	Consultant of the Company in consideration for consultancy services provided to the Company
	(vii)	Consultant of the Company in consideration for consultancy services provided to the Company
	(viii)	Consultant of the Company in consideration for consultancy services provided to the Company
	(ix)	Avanti Med Limited pursuant to the terms of the device development agreement

Price (per Share)	<ul style="list-style-type: none"> (i) Nil (ii) Nil (iii) Nil (iv) Nil (v) Nil (vi) Nil (vii) Nil (viii) Nil (ix) Nil cash consideration – deemed issue price of \$0.16 per share calculated on the 30 day VWAP preceding the commencement date of the device development agreement
Discount to market	<ul style="list-style-type: none"> (i) Not applicable (ii) Not applicable (iii) Not applicable (iv) Not applicable (v) Not applicable (vi) Not applicable (vii) Not applicable (viii) Not applicable (ix) Not applicable
Non cash consideration	<ul style="list-style-type: none"> (i) Part consideration of employees' remuneration (ii) Part consideration of employees' remuneration (iii) Part consideration of employees' remuneration (iv) Part consideration of employees' remuneration (v) Part consideration for consultancy services provided (vi) Part consideration for consultancy services provided (vii) Part consideration for consultancy services provided (viii) Part consideration for consultancy services provided (ix) Part consideration for consultancy services to be provided under the device development agreement.
Current value of non-cash consideration	<ul style="list-style-type: none"> (i) \$538,184 (Options valued using the Black-Scholes method) (ii) \$55,774 (Options valued using the Black-Scholes method) (iii) \$139,435 (Options valued using the Black-Scholes method) (iv) \$55,774 (Options valued using the Black-Scholes method) (v) \$195,209 (Options valued using the Black-Scholes method) (vi) \$129,473 (Options valued using the Black-Scholes method) (vii) \$575,516 (Options valued using the Black-Scholes method) (viii) \$103,578 (Options valued using the Black-Scholes method) (ix) \$1,031,250 <p>(Current values based on a closing share price of \$0.33 on 8 October 2019)</p>
Total cash consideration	<ul style="list-style-type: none"> (i) Nil (ii) Nil

	(iii) Nil	
	(iv) Nil	
	(v) Nil	
	(vi) Nil	
	(vii) Nil	
	(viii) Nil	
	(ix) Nil	
	Amount of cash spent	(i) Not applicable
		(ii) Not applicable
	(iii) Not applicable	
	(iv) Not applicable	
	(v) Not applicable	
	(vi) Not applicable	
	(vii) Not applicable	
	(viii) Not applicable	
	(ix) Not applicable	
Use of cash	(i) Not applicable	
	(ii) Not applicable	
	(iii) Not applicable	
	(iv) Not applicable	
	(v) Not applicable	
	(vi) Not applicable	
	(vii) Not applicable	
	(viii) Not applicable	
	(ix) Not applicable	

11 Resolutions 8(a), (b), (c) and (d) – Proposed issue of Director Incentive Options to Directors and/or their nominees

Resolutions 8(a), (b), (c) and (d) (inclusive) seek the approval of Shareholders to issue a total of 2,000,000 Director Incentive Options to the Directors, being Dr Roger Aston, Mr Chris Ntoumenopoulos, Mr Nathan Buzza and Dr Tony Keating (and/or their nominees). Approval is sought pursuant to section 208 of the Corporations Act and Listing Rule 10.14.

11.1 Background

The Director Incentive Options contemplated by Resolutions 8(a), (b), (c) and (d) will be issued to the Directors to align the long-term goals of the Directors with that of Shareholders and to establish an incentive for the Directors to provide ongoing dedicated services to the Company. These Director Incentive Options are intended to provide remuneration to the Directors (and/or their nominees) that is linked to the performance of the Company. The benefit would only be received from the Director Incentive Options upon the Share price exceeding the exercise price of the Director Incentive Options and thereby warranting their exercise.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of Director Incentive Options, is a cost effective and efficient reward and incentive to provide the Directors, as opposed to alternative forms of incentive such as the payment of cash compensation only. In addition, the Directors consider it prudent to remunerate the Directors by way of Director Incentive Options so as to preserve the cash reserves of the Company.

The Company proposes that the Director Incentive Options will be exercisable at the price equal to a 50% premium to the volume weighted average price of the Company's shares calculated over the 20 trading days immediately before 10 October 2019. The Director Incentive Options shall be issued, and will vest, upon approval by the Shareholders of Resolutions 8(a), (b), (c) and (d), and expire within 3 years of the issue date.

The full terms and conditions of the Director Incentive Options to be granted to the Directors (and/or their nominees) are set out in Annexure C.

11.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Each of the Directors is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Director Incentive Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Director Incentive Options on the terms set out in Resolutions 8(a), (b), (c) and (d) to the Directors (and/or their nominees) as related parties of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 8(a), (b), (c) and (d):

(a) **Related party to whom the financial benefit is to be given**

Roger Aston, Chris Ntoumenopoulos, Nathan Buzza and Tony Keating (and/or their nominees).

(b) **Nature of the financial benefit**

The number of Director Incentive Options proposed to be issued to each Director (and/or its nominees) is as follows:

Director	Number of Director Incentive Options
Dr Roger Aston	500,000
Mr Chris Ntoumenopoulos	500,000
Mr Nathan Buzza	500,000
Dr Tony Keating	500,000
Total	2,000,000

(c) **Valuation of the financial benefit**

BDO Advisory (WA) Pty Ltd (**BDO**) has conducted a valuation report on the Director Incentive Options, a copy of which is included as Annexure D. BDO's findings are summarised in the below table.

Item	Tranche 1
Underlying share price	\$0.325
Exercise price	\$0.43

Valuation date	10 October 2019
Expiration date	9 October 2022
Life of the Options (years)	3.00
Volatility	120%
Risk free rate	0.59%
Number of Options	2,000,000
Valuation per Option	\$0.215
Total Value	\$430,000

Based on BDO's report, the estimated value of the Director Incentive Options proposed to be issued to each Director (and/or its nominees) is as follows:

Director	Value of Director Incentive Options
Dr Roger Aston	\$107,500
Mr Chris Ntoumenopoulos	\$107,500
Mr Nathan Buzza	\$107,500
Dr Tony Keating	\$107,500
Total	\$430,000

(d) **Current remuneration and Relevant Interests**

Details of the Directors' current annualised remuneration, as well as their interests (both direct and interest) in the Company as at the date of the Notice of Meeting are outlined below:

Director	Salary/Fees p.a. (excl. of GST and inclusive of superannuation)
Dr Roger Aston	\$90,000
Mr Chris Ntoumenopoulos	\$55,000
Mr Nathan Buzza	\$55,000
Dr Tony Keating	\$290,039

The Directors interests (both direct and interest) in the Company as at the date of the Notice of Meeting are outlined below:

Director	Shares		Options	
	Ordinary Shares	Performance Shares	Unlisted Options	Incentive Options ⁴
Dr Roger Aston ¹	8,437,500	8,437,500	-	3,600,000
Mr Chris Ntoumenopoulos ²	2,109,375	-	-	3,600,000
Mr Nathan Buzza	-	-	-	-
Dr Tony Keating ³	-	-	-	23,800,000

Notes:

1. Dr Aston holds 8,437,500 Shares and 8,437,500 Performance Shares in Newtonmore Bioscience Pty Ltd, an entity of which he is a director and shareholder. Each Performance Share will convert 1:1 upon the Company achieving an aggregated gross revenue of \$20,000,000 within five years beginning from 14 July 2015 (reinstatement). He also holds 3,600,000 Incentive Options.
2. Mr Ntoumenopoulos holds 2,109,375 Shares and 3,600,000 Incentive Options in Sobol Capital Pty Ltd, an entity of which he is a director and shareholder.
3. Dr Keating holds 23,800,000 Incentive Options.
4. Details of the Incentive Options held by the Directors are set out below. It is noted that 11 million of these Incentive Options are due to expire on 10 November 2019.

Director	Grant Date	Exercise Price	Number	Expiry Date
Dr Roger Aston	10 Nov 2016	\$0.45	1,800,000	10 Nov 2019
Dr Roger Aston	10 Nov 2016	\$0.75	1,800,000	10 Nov 2019
Mr Chris Ntoumenopoulos	10 Nov 2016	\$0.45	1,800,000	10 Nov 2019
Mr Chris Ntoumenopoulos	10 Nov 2016	\$0.75	1,800,000	10 Nov 2019
Dr Tony Keating	2 July 2015	\$0.025	5,000,000	2 July 2020
Dr Tony Keating	2 July 2015	\$0.05	5,000,000	2 July 2020
Dr Tony Keating	2 July 2015	\$0.10	10,000,000	2 July 2020
Dr Tony Keating	10 Nov 2016	\$0.45	1,800,000	10 Nov 2019
Dr Tony Keating	10 Nov 2016	\$0.75	2,000,000	10 Nov 2019

(e) Terms of the Director Incentive Options

Full terms and conditions of the Director Incentive Options are set out in Annexure C.

(f) Dilution

If all of the Director Incentive Options under Resolutions 8(a), (b), (c) and (d) (inclusive) were exercised, and no other Shares were issued by the Company, the shareholding of

existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 0.28%.

(g) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Director Incentive Options.

(h) **Funds raised**

No funds will be raised from the issue of the Director Incentive Options. Funds raised in the event of exercise of the Director Incentive Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Director Incentive Options will be exercised at any future time.

(i) **Directors' interests**

Each Director, as a recipient of the Director Incentive Options, has a material personal interest in the outcome of the Resolution that applies specifically to him.

No Director has a material personal interest in the outcome of Resolutions 8(a), (b), (c) and (d) other than in respect of the proposed issue of Director Incentive Options to him or his nominee.

(j) **Directors' recommendation**

See section 7.4 below.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 8(a), (b), (c) and (d).

11.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director or an associate of a director of the company under an employee incentive scheme without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained. Further, ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.14.

The Directors are related parties of the Company within the definition specified in ASX Listing Rule 19.12. Accordingly, Shareholder approval is sought under ASX Listing Rule 10.14 to permit the issue of 2,000,000 Director Incentive Options to the Directors (and/or their nominees) as related parties of the Company on the terms set out in this Explanatory Statement and Annexure C.

The issue of the Director Incentive Options under Resolutions 8(a), (b), (c) and (d) will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Director Incentive Options (once issued) will be excluded from the calculations under ASX Listing Rule 7.1.

For the purposes of Listing Rule 10.14, the following information is provided to Shareholders in relation to Resolutions 8(a), (b), (c) and (d):

(a) **Maximum number of securities to be issued**

The maximum number of Director Incentive Options proposed to be issued to each Director (and/or its nominees) is as follows:

Director	Number of Director Incentive Options
Dr Roger Aston	500,000
Mr Chris Ntoumenopoulos	500,000
Mr Nathan Buzza	500,000
Dr Tony Keating	500,000
Total	2,000,000

(b) **Terms for each Incentive Option**

The Director Incentive Options are issued for no cash consideration. The key terms of the Director Incentive Options to be issued under Resolutions 8(a), (b), (c) and (d) are set out in the following table:

Expiry Date	3 years from the date of issue
Exercise Price	\$0.43, being a 50% premium to the volume weighted average price of the Company's shares calculated over the 20 trading days immediately before 10 October 2019
Shares Issued	Fully paid ordinary shares which rank equally with existing Shares on issue
Vesting Criteria	Immediately upon issue

Full terms and conditions of the Director Incentive Options are set out in Annexure C.

(c) **Persons referred to in Listing Rule 10.14 who received securities under the Employee Incentive Plan since the last approval**

The following Options were issued to Directors, as approved by Shareholders at the 2016 AGM, which are due to expire on 10 November 2019.

Director	Number of Tranche 1 Director Options (\$0.45; Expiring 10 Nov 19)	Number of Tranche 2 Director Options (\$0.75; Expiring 10 Nov 19)
Dr Roger Aston	1,800,000	1,800,000
Mr Chris Ntoumenopoulos	1,800,000	1,800,000
Mr Brian Leedman	1,800,000	1,800,000
Dr Tony Keating	1,800,000	2,000,000
Total	7,200,000	7,400,000

(d) **Persons referred to in Listing Rule 10.14 entitled to participate in the Employee Incentive Plan**

Roger Aston, Chris Ntoumenopoulos, Nathan Buzza and Tony Keating (and/or their nominees).

(e) **Loans in relation to acquisition of Director Incentive Options**

There are no loans in relation to the acquisition of Director Incentive Options.

(f) **Date by which entity will issue the securities**

The Director Incentive Options will be issued as soon as possible after the General Meeting and in any event, no later than 12 months after the General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

11.4 Directors Recommendations

Each Director, as a recipient of the Director Incentive Options, has a material personal interest in the outcome of the Resolution that applies specifically to him.

No Director has a material personal interest in the outcome of Resolutions 8(a), (b), (c) and (d) other than in respect of the proposed issue of Director Incentive Options to him or his nominee.

Resolution 8(a)

Dr Roger Aston expresses no opinion and makes no recommendation in respect of the issue of the Director Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8(a).

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Director Incentive Options to Dr Aston (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Incentive Options:

- (i) provides a long-term incentive to Dr Aston linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees;
- (iii) recognises the contribution Dr Aston has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to directors of other companies operating in the Company's industry and in an international business environment.

Resolution 8(b)

Mr Chris Ntoumenopoulos expresses no opinion and makes no recommendation in respect of the issue of the Director Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8(b).

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Director Incentive Options to Mr Ntoumenopoulos (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Incentive Options:

- (i) provides a long-term incentive to Mr Ntoumenopoulos linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees;
- (iii) recognises the contribution Mr Ntoumenopoulos has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to directors of other companies operating in the Company's industry and in an international business environment.

Resolution 8(c)

Mr Nathan Buzza expresses no opinion and makes no recommendation in respect of the issue of the Director Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8(c).

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Director Incentive Options to Nathan Buzza (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Incentive Options:

- (i) provides a long-term incentive to the Mr Buzza linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees;
- (iii) recognises the contribution Mr Buzza has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to directors of other companies operating in the Company's industry and in an international business environment.

Resolution 8(d)

Dr Tony Keating expresses no opinion and makes no recommendation in respect of the issue of the Director Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8(d).

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Director Incentive Options to Tony Keating (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Incentive Options:

- (i) provides a long-term incentive to the Dr Keating linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of his salary as Managing Director and CEO;
- (iii) recognises the contribution Dr Keating has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to directors of other companies operating in the Company's industry and in an international business environment.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

AEDT	Australian Eastern Daylight Time
Annexure	an annexure to this Explanatory Statement.
Annual General Meeting or Meeting	the annual general meeting of the Shareholders convened by the Notice of Meeting.
Annual Report	the Company's annual report for the year ended 30 June 2019 comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's report.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in sections 11-17 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
ASX Listing Rules	the ASX Listing Rules of the ASX.
Board	the board of Directors.
Chair	the chair of the Meeting.
Closely Related Party	a closely related party to Key Management Personnel as defined in Section 9 of the Corporations Act.
Consultancy Option	an option to acquire a Share (as contemplated by Resolutions 5(a), (b), (c) and (d)), the terms and conditions of which are set out in Annexure C.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Director Incentive Option	an option to acquire a Share to be issued to the Directors (as contemplated by Resolutions 8(a), (b), (c) and (d)), the terms and conditions of which are set out in Annexure C.
Eligible Employees	certain employees, contractors and other staff members of the Company eligible to be remunerated under the Plan as determined by the Board.
Employee Incentive Plan or Plan	the employee incentive plan of the Company
Exempt Investor	a professional and/or sophisticated investor for the purposes of section 708 of the Corporations Act.
Existing Shares	the 696,255,512 fully paid ordinary Shares issued as at the date of the Notice of Meeting.

Explanatory Statement	this Explanatory Statement accompanying the Notice of Meeting.
Key Management Personnel	the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Managing Director Incentive Option	an option to acquire a share on the terms set out in Annexure A.
Notice or Notice of Meeting	the notice convening the Annual General Meeting accompanying this Explanatory Statement.
Option	an option to acquire a Share.
Proxy Form	the proxy form attached to this Notice.
Remuneration Report	the section of the Directors' Report in the Annual Report of the Company entitled "Remuneration Report".
Resolution	a resolution to be considered at the Annual General Meeting or contained in the Notice of Meeting.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Tranche 1 Consultancy Option	an option to acquire a share on the terms set out in Annexure B.
Tranche 2 Consultancy Option	an option to acquire a share on the terms set out in Annexure B.
Tranche 3 Consultancy Option	an option to acquire a share on the terms set out in Annexure B.
Tranche 4 Consultancy Option	an option to acquire a share on the terms set out in Annexure B.
WST	Western Standard Time in Australia.

Annexure A – Terms of Managing Director Incentive Options

ResApp Health Limited (“Company”) – Managing Director Incentive Option Terms

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) Each Option is exercisable at price of \$0.21, being a 20% premium to the volume weighted average price of Shares calculated over the 20 trading days immediately before the date of the Employment Contract dated 18 June 2019 (“Exercise Price”).
- c) Each Option will expire 5 years from the date of issue (“Option Expiry Date”).
- d) The Options will vest on the following conditions:
 - a. 325,000 Options – The Company obtaining CE Mark Approval;
 - b. 325,000 Options – The Company obtaining FDA Clearance; and
 - c. 325,000 Options – Commercial release of hardware products.
- e) The Option Holder is required to be employed by the Company in order to exercise the Incentive Options.
- f) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- g) The Option Holder will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- h) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement (“Notice of Exercise of Options”). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder’s option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- i) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- j) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) The Company will not apply for quotation of the Options on ASX. Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company’s sole discretion).
- l) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the ASX Listing Rules, and in particular Listing Rule 6.22.2.
- m) If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

Annexure B – Terms of Consultancy Options

Consultancy Option Terms - Tranche 1, Tranche 2, Tranche 3 and Tranche 4

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) Each Option is exercisable at price being a 20% premium to the volume weighted average price of Shares calculated over the 20 trading days immediately before the date of issue ("Exercise Price").
- c) Each Option will expire on the following dates ("Option Expiry Date").
 - a. Tranche 1 Consultancy Options – 36 months from the date of issue.
 - b. Tranche 2 Consultancy Options – 36 months from the date of issue.
 - c. Tranche 3 Consultancy Options – 36 months from the date of issue.
 - d. Tranche 4 Consultancy Options – 60 months from the date of issue.
- d) The Options will vest on the following conditions:
 - a. Tranche 1 Consultancy Options – Immediately.
 - b. Tranche 2 Consultancy Options – Immediately.
 - c. Tranche 3 Consultancy Options – Immediately.
 - d. Tranche 4 Consultancy Options – On ResApp, any subsidiary of ResApp or a third party licensee achieving FDA clearance, CE marking or TGA approval of a sleep apnoea screening or diagnostic tool, or on the sale of ResApp's assets related to sleep apnoea screening or diagnosis.
- e) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- f) A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- g) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.
- h) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- i) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- j) The Company will not apply for quotation of the Options on ASX. Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).
- k) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the ASX Listing Rules, and in particular Listing Rule 6.22.2.
- l) If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

Annexure C – Terms of Director Incentive Options

ResApp Health Limited (“Company”) – Director Incentive Option Terms

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) Each Option is exercisable at price being a 50% premium to the volume weighted average price of the Company’s shares calculated over the 20 trading days immediately before 10 October 2019 (“Exercise Price”):
- c) Each Option will expire 3 years from the date of issue (“Option Expiry Date”). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option (“Option Holder”) will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement (“Notice of Exercise of Options”). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder’s option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) The Company will not apply for quotation of the Options on ASX. Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company’s sole discretion).
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the ASX Listing Rules, and in particular Listing Rule 6.22.2.
- k) If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.



Annexure D - Valuation Report

RESAPP HEALTH LIMITED
Valuation of Unlisted Options

11 October 2019



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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

11 October 2019

The Directors
ResApp Health Limited
Level 24, 44 St Georges Terrace
PERTH, WA, 6000

Dear Directors,

VALUATION OF UNLISTED OPTIONS

This report (“**Report**”) has been prepared by BDO Advisory (WA) Pty Ltd (“**BDO**”) in connection with the valuation of unlisted options (“**the Options**”) intended to be granted by ResApp Health Limited (“**ResApp**” or “**the Company**”) for inclusion in a Notice of Meeting.

This document has been prepared solely for the directors of ResApp for the purpose stated herein and should not be relied upon for any other purpose. This report is strictly confidential and, except to the extent required by applicable law and regulation, must not be released to any third party without our express written consent in each instance that we may at our discretion grant, withhold or grant subject to conditions. BDO accepts no duty of care to any third party for this report.

The information used by BDO in preparing this report has been obtained from a variety of sources as indicated within the report. While our work has involved analysis of financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly we assume no responsibility and make no

representations with respect to the accuracy or completeness of any information provided to us by and on your behalf.

If you require any clarification or further information, please do not hesitate to contact Adam Myers on (08) 6382 4751.

Yours faithfully
BDO Advisory (WA) Pty Ltd

Adam Myers
Director



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1. INTRODUCTION

BDO has been engaged by ResApp to undertake a valuation of the Options intended to be granted, for inclusion in the Company's Notice of Meeting.

The key information we have received and used in our valuation is set out in Appendix 1.

2. TERMS OF THE OPTIONS

We understand the terms of the Options to be issued are as follows:

Item	Managing Director			Director
	Tranche A Options	Tranche B Options	Tranche C Options	Tranche D Options
Number of Options	325,000	325,000	325,000	2,000,000
Exercise price	\$0.210	\$0.210	\$0.210	\$0.430
Valuation date	10-Oct-19	10-Oct-19	10-Oct-19	10-Oct-19
Expiry date	9-Oct-24	9-Oct-24	9-Oct-24	9-Oct-22
Expiration period (years)	5.00	5.00	5.00	3.00
Vesting conditions	Refer note 1	Refer note 2	Refer note 3	Refer note 4

Notes:

1. The Tranche A Options will vest subject to the Company obtaining CE Mark Approval.
2. The Tranche B Options will vest subject to the Company obtaining FDA Clearance.
3. The Tranche C Options will vest subject to the commercial release of hardware products.
4. The Tranche D Options will vest immediately upon issue.

3. VALUATION METHODOLOGY

According to AASB 2 paragraph 19, “Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods and services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.”

3.1 Non-market based vesting conditions

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

We have used the Black Scholes option pricing model to value the Options.

Under AASB 2 ‘Share Based Payments’ and option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.



4. VALUATION

In valuing the Options, we made the following assumptions:

4.1 Valuation Date

The Options are intended to be issued at the Company's shareholder meeting, which is to be held on 28 November 2019. For the purpose of our valuation, we have assumed the Options were granted on 10 October 2019, which we have used as our valuation date.

4.2 Current Price of the Underlying Shares

We have adopted the closing price as at the valuation date of 10 October 2019, being \$0.325, as the value of the underlying share, which we have used in our option pricing model.

4.3 Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price of the Tranche A Options, Tranche B Options and Tranche C Options is set at a 20% premium to the 20-day volume weighted average price ('VWAP') immediately before the date of the employment contract, dated 18 June 2019. The exercise price for the Tranche A, Tranche B and Tranche C Options is \$0.210.

The exercise price for the Tranche D Options is set at a 50% premium to the 20-day VWAP immediately before the valuation date, being 10 October 2019. The exercise price for the Tranche D Options is \$0.430.

4.4 Life of the Options

We have estimated the life of the Options for the purpose of our valuation. The minimum life of the Options is the length of any vesting period. The maximum life is based on the expiry date, which is approximately 5.00 years for the Tranche A Options, Tranche B Options and Tranche C Options, and 3.00 years for the Tranche D Options.

Under AASB 2 "Share Based Payments", the expected life of the Options needs to reflect the potential for early exercise. The potential for early exercise tends to reduce the effective life, and consequently the value of options.

With consideration for this, there are many factors that determine the rationale for exercising options and therefore, the effective life of those options.

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- if the options are deep in the money as it is profitable for the holder of the option to exercise the options;
- if the stock pays a dividend as the opportunity cost of holding the option is high;
- if the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock; and
- when the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of valuing these Options we have estimated an exercise date as the expiry date giving effective lives for the Tranche A Options, Tranche B Options and Tranche C Options of 5.00 years, and for the Tranche D Options 3.00 years, which we have input into the option pricing model.

4.5 Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of ResApp was calculated for one, two and three-year periods, using data extracted from Bloomberg. Our assessment of future estimated share price volatility of ResApp is 120%.

4.6 Risk-Free Rate of Interest

In valuing the Tranche A Options, Tranche B Options and Tranche C Options, we have used the 5-year Australian Government bond rate as at the valuation date. The Australian Government 5-year bond rate as at 10 October 2019 was 0.64%.

In valuing the Tranche D Options, we have used the 3-year Australian Government bond rate as at the valuation date. The Australian Government 3-year bond rate as at 10 October 2019 was 0.59%.

4.7 Dividends Expected on the Shares

ResApp is currently unlikely to pay a dividend during the life of the Options. Therefore, we have assumed a dividend yield of nil.

4.8 Vesting Conditions

The vesting conditions associated with the Options are summarised below:

Tranche	Number of Options	Vesting Conditions
A	325,000	<ul style="list-style-type: none"> The Tranche A Options will vest subject to the Company obtaining CE Mark Approval.
B	325,000	<ul style="list-style-type: none"> The Tranche B Options will vest subject to the Company obtaining FDA Clearance.
C	325,000	<ul style="list-style-type: none"> The Tranche C Options will vest subject to the commercial release of hardware products.
D	2,000,000	<ul style="list-style-type: none"> The Tranche D Options will vest immediately upon issue.

The valuation assumes that all Options eventually will vest to the holder.

We are not aware of any other performance hurdles that must be achieved that would otherwise potentially dilute the value of the options to the holder on the assumption that they may not vest. Under AASB 2 “Share Based Payments”, no adjustment is made for non-market vesting conditions.



5. CONCLUSION

We set out below our conclusions as to the value of the Options:

Item	Managing Director			Director
	Tranche A Options	Tranche B Options	Tranche C Options	Tranche D Options
Underlying security spot price	\$0.325	\$0.325	\$0.325	\$0.325
Exercise price	\$0.210	\$0.210	\$0.210	\$0.430
Valuation date	10-Oct-19	10-Oct-19	10-Oct-19	10-Oct-19
Expiry date	9-Oct-24	9-Oct-24	9-Oct-24	9-Oct-22
Expiration period (years)	5.00	5.00	5.00	3.00
Volatility	120%	120%	120%	120%
Risk-free rate	0.64%	0.64%	0.64%	0.59%
Dividend yield	Nil	Nil	Nil	Nil
Number of Options	325,000	325,000	325,000	2,000,000
Valuation per Option	\$0.279	\$0.279	\$0.279	\$0.215
Valuation per Tranche	\$90,675	\$90,675	\$90,675	\$430,000



6. SENSITIVITY ANALYSIS

We have also examined the effect on the value of the securities of an increase or decrease in the share price for the exercise price by 10% and 20% between the date of this Report and the date of the actual issue should shareholders approve the issue. As detailed in Section 4.3, the exercise price of the Tranche D Options is to be set at a 50% premium of the 20-day VWAP immediately before the valuation date, being 10 October 2019. The theoretical exercise price of the Options is based on the corresponding 20-day VWAP, therefore we have adjusted the exercise price to reflect the changes to the value of the underlying share. The below sensitivities reflect a corresponding input in the exercise price of the Options.

Tranche A Options, Tranche B Options and Tranche C Options

10% increase in share price to \$0.358	Managing Director		
	Tranche A Options	Tranche B Options	Tranche C Options
Number of Options	325,000	325,000	325,000
Valuation per Option	\$0.310	\$0.310	\$0.310
Valuation per Tranche	\$100,750	\$100,750	\$100,750

10% decrease in share price to \$0.293	Managing Director		
	Tranche A Options	Tranche B Options	Tranche C Options
Number of Options	325,000	325,000	325,000
Valuation per Option	\$0.249	\$0.252	\$0.252
Valuation per Tranche	\$80,925	\$80,925	\$80,925

20% increase in share price to \$0.390	Managing Director		
	Tranche A Options	Tranche B Options	Tranche C Options
Number of Options	325,000	325,000	325,000
Valuation per Option	\$0.340	\$0.340	\$0.340



20% increase in share price to \$0.390	Managing Director		
	Tranche A Options	Tranche B Options	Tranche C Options
Valuation per Tranche	\$110,500	\$110,500	\$110,500

20% decrease in share price to \$0.260	Managing Director		
	Tranche A Options	Tranche B Options	Tranche C Options
Number of Options	325,000	325,000	325,000
Valuation per Option	\$0.219	\$0.219	\$0.219
Valuation per Tranche	\$71,175	\$71,175	\$71,175

Tranche D Options

10% increase in share price to \$0.358 10% increase in exercise price to \$0.473	Director
	Tranche D Options
Number of Options	2,000,000
Valuation per Option	\$0.237
Valuation per Tranche	\$474,000

10% decrease in share price to \$0.293 10% decrease in exercise price to \$0.387	Director
	Tranche D Options
Number of Options	2,000,000
Valuation per Option	\$0.194
Valuation per Tranche	\$388,000



20% increase in share price to \$0.390 20% increase in exercise price to \$0.516	Director
	Tranche D Options
Number of Options	2,000,000
Valuation per Option	\$0.258
Valuation per Tranche	\$516,000

20% decrease in share price to \$0.260 20% decrease in exercise price to \$0.344	Director
	Tranche D Options
Number of Options	2,000,000
Valuation per Option	\$0.172
Valuation per Tranche	\$344,000



APPENDIX 1 - SOURCES OF INFORMATION

The key information we have relied upon in our valuation includes:

- Confirmation of the terms of the Options from Management;
- Price, volatility and volume traded of the Company's shares obtained from Bloomberg;
- Australian Government bond yield obtained from Reserve Bank of Australia; and
- Discussions with Management.

Our valuation services are provided in accordance with the Accounting Professional & Ethical Standards Board Limited ('APES') professional standard APES 225 'Valuation Services' ('APES 225').

This Report complies with Accounting Professional & Ethical Standards Board Limited Guidance Number 21 ('APES GN21') Valuation Services for Financial Reporting.