



COGSTATE
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ASX Announcement

19 November 2013

US strategic investors commit A\$3.5 million to drive global business growth for Cogstate

Underwritten Rights Issue to raise an additional A\$4.05 million

Medical technology company Cogstate Limited (ASX:CGS) (**Cogstate** or the **Company**) has today announced a Private Placement (**Placement**) to two US investors to raise approximately A\$3.5 million to drive business growth. Cogstate has also announced a fully underwritten non-renounceable rights issue (**Rights Issue**) to raise an additional A\$4.05 million.

The issue price under the Placement and the Rights Issue will be A\$0.37 per share, which represents a 17% discount to the closing price of Cogstate shares at 15 November 2013 and a 20% discount to the 20 day volume weighted average share price. The shares issued under the Placement will be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Placement

The Placement will comprise:

- a Placement of 8,108,108 ordinary shares (for an aggregate issue price of \$3 million) to Dagmar Dolby (as trustee of the Dagmar Dolby Trust) (**Dolby Trust**). The Dolby Trust is an entity that is associated with the Dolby Family. The late Ray Dolby was an American engineer and inventor of the noise reduction system known as Dolby NR and founder of Dolby Laboratories, Inc (NYSE: DLB); and
- a Placement of 1,256,757 ordinary shares (for an aggregate issue price of \$465,000) to US philanthropist Douglas Rosenberg (as trustee of the Douglas Rosenberg 2008 Revocable Trust).

The Dolby family and Douglas Rosenberg are deeply committed to both business investments and philanthropy to accelerate drug discovery and development, and tools for early diagnosis for Alzheimer's disease. This commitment extends to involvement in The Global CEO Initiative (CEOi) on Alzheimer's Disease and the AD#1 project which brings together key industry, academic, government, and patient stakeholders to build on the current National Institutes of Health (NIH) milestones designed to achieve a means of prevention and effective treatment of Alzheimer's by 2025.

David Dolby, a member of the Dolby family, will join the Cogstate Board as a Non Executive Director.

David represents the Dolby Family Trust on a number of technology, scientific research, and consumer products investments focusing on innovation and commercialising intellectual property. David has been a member of the Board of Directors and a member of the Technology Strategy Committee of Dolby Laboratories since 2011, and previously served as Manager, Strategic Partnerships. In this role, David was responsible for managing strategic partnerships and technology standards.

David serves as chair of the Audit committee for the Ray and Dagmar Dolby Family Fund, focusing on philanthropic grants as well as mission driven impact investments in medical research and advocacy.

David's experience also includes roles at Kaleidescape, Inc., a company focused on high-performance music and movie server systems, and NetVMG, which developed route control software. Previously, David was an investment banking analyst focused on technology with Perseus Group (now GCA Savvian). David holds a BSE in Civil Engineering from Duke University, and an MBA from the Stanford Graduate School of Business.

The Company expects that both investors will be eligible to participate in the Rights Issue.

Fully Underwritten Non Renounceable Rights Issue

Cogstate is proposing a non-renounceable Rights Issue under which its shareholders in Australia and New Zealand and certain eligible shareholders in the United States (**Eligible Shareholders**) will be offered one ordinary share in the Company (**New Share**) for every eight ordinary shares held in the Company at 5.00 pm (AEDST) on Thursday, 28 November 2013, (the **Record Date**), at an issue price of \$0.37. The Rights Issue is fully underwritten by Taylor Collison Limited.

The Rights Issue is proposed to be conducted on a pro rata basis and has been designed to provide all Eligible Shareholders the opportunity to subscribe for further shares in the Company. It ensures all Eligible Shareholders are treated equally and is non-dilutive to the extent that all Eligible Shareholders are given the opportunity to participate.

The Dolby Trust will act as 100% sub-underwriter of the Rights Issue. A sub-underwriting fee of 4,379,241 options over ordinary shares of Cogstate will be payable under the sub-underwriting agreement. The options will have an exercise price of \$0.39 and an exercise period of one year and can be exercised at any time during that year. If exercised, the options would result in the payment of a further \$1.7 million by the Dolby Trust to Cogstate.

Cogstate chairman Mr Martyn Myer has also confirmed that he and his associated family interests (who currently hold 14,741,815 Ordinary Shares in Cogstate Ltd, which equates to approximately 17% of total issued shares following the placement announced today) will take up 100% of their entitlements under the Rights Issue.

Mr Brad O'Connor, Chief Executive Officer said: "The capital raised from these transactions will allow Cogstate to accelerate the expansion of COGNIGRAM™ beyond the Canadian market where it is currently being offered to GPs at the point of care via our partner Merck Canada."

"We are pleased to attract high calibre international investors who recognise the substantial opportunity in Cogstate as an investment but also understand firsthand the impact of dementia. David brings to the board strong business acumen and substantial technology innovation, commercialisation and new market experience."

Use of Funds

The \$7.6m proceeds from the underwritten Rights Issue and Placement will be used to:

- Ready COGNIGRAM for launch beyond the Canadian market including:
 - Seeking USA and European regulatory clearance;
 - Pursuing comparative studies demonstrating the superiority of COGNIGRAM™ over existing tools available to primary care physicians;
 - Recruiting a commercial team to drive these opportunities; and
 - Identifying potential business opportunities and partners.

- Explore commercial opportunities for expanded use of Cogstate's concussion management technologies in primary care medicine through association with major sporting organisations.

- Pursue commercialisation opportunities for Cogstate's unique dataset of cognitive indicators and information. Cogstate has developed a vast and unique dataset of cognitive indicators that can potentially be used to better understand the risk of activities involving cognition within demographic and geographic populations that could be used by third parties in informing public policy, regulatory, health economics and pharmaceutical commercialisation decisions.

- Other working capital requirements.

Timetable

The proposed timetable for the Rights Issue is as follows:

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| Announcement of Placement and Rights Issue, lodgement of Appendix 3B and s708AA notice. | Tuesday 19 th November, 2013 |
| "Ex" Date Existing shares quoted on an ex-entitlement basis | Friday 22 nd November, 2013 |
| Completion of Placement | Friday 22 nd November, 2013 |
| Record date to determine entitlement to new shares under the Rights Issue | Thursday 28 th November, 2013 |

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| Dispatch of Rights Issue offer document and personalised Entitlement and Acceptance Form | Tuesday 3 rd December, 2013 |
| Closing date for Rights Issue | 5pm, Wednesday 18 th December, 2013 |
| Securities quoted on a deferred settlement basis. | Thursday 19 th December, 2013 |
| Allotment and issue of new shares | Monday 23 rd December, 2013 |
| Trading of shares expected to commence on ASX | Friday 27 th December, 2013. |

The offer booklet and personalised entitlement and acceptance form for the Rights Issue is expected to be lodged with the ASX and dispatched to all Eligible Shareholders on or about 3rd December 2013.

ENDS

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About Cogstate

Cogstate Ltd (ASX: CGS) is a multi-faceted cognitive assessment and training company, focused on the development and commercialisation of rapid, computerised tests of cognition (brain function). It has three distinct business units:

Clinical Trials: In the clinical drug trial market, Cogstate technology and associated services are used by pharmaceutical and biotechnology companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials. Since sales into the clinical trials market began in 2004, Cogstate has secured agreements with top pharmaceutical companies including Pfizer, AstraZeneca, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Novartis, Lundbeck, Dainippon Sumitomo, Targacept, Otsuka, and Servier.

Axon Sports: The mission of Axon Sports is to “protect and train the athletic brain”. Axon’s focus is to research, develop and deliver cutting edge tools to assess, monitor and improve the athletic brain.

Axon has been developing sport specific training products, initially focussed on American football and baseball, and the resulting technologies have now been launched within a small number of elite US college programs. In addition, the first of Axon’s consumer iPad apps was launched in 2012.

In the area of sports related concussion, Cogstate’s technology has been used by a number of highly regarded institutions and sporting organisations around the world for almost 10 years. That technology is now marketed to consumers as Axon Sports. Current users of Cogstate/Axon Sports in Australia include the AFL and NRL, whilst in the USA elite programs such as the NBA, WNBA, NHL as well as college programs such as University of Notre Dame, University of Michigan and University of Connecticut all use the Axon Sports system.

Healthcare: In the primary care or general practice setting, the Cogstate’s COGNIGRAM™ assesses cognition in patients and the reports generated on the basis of this assessment can allow physicians to identify subtle changes that could be indicative of the early stage of a neurodegenerative disease, such as Alzheimer’s disease. Cogstate intends to develop COGNIGRAM™ to monitor changes in cognitive function following concussion or after treatment with drugs or other types of interventions. In June 2012, Cogstate entered into an agreement with Merck Canada Inc. providing it with the exclusive right to market and promote COGNIGRAM™ in Canada.