



PURIFLOH CONVERTS SOMNIO GLOBAL HOA TO BINDING LICENSING AGREEMENT

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- PurifloH signed a HOA to license Somnio's IP in December 2017 – HOA now converts to a formal and binding licensing agreement
- Execution secures PO3's exclusive global rights to the commercialisation of Somnio's Free Radical Generation (FRG) technology
- Exclusive rights deliver markets with global scale and strong growth profiles, notably:
 - Air purification and disinfection
 - Treatment of water and fluids
 - Biofilm disinfection and facility sterilisation
- Milestone payments and any upfront consideration for the IP have been removed in favour of royalty payments solely from revenue generation
- Licensing Agreement delivers:
 - Access to Somnio Global's IP
 - Provision of technical services by Somnio Global as per an approved research plan
 - Access to complementary technologies that may be developed and enhance the performance of the existing technology suite

PurifloH Limited (“PurifloH” of the “Company”) is pleased to advise that it has achieved a key milestone in executing its Licence Agreement with Somnio Global Holdings LLC (“SG Holdings” or “Somnio”) where PurifloH becomes the exclusive global licensee for Somnio’s Free Radical Generator (“FRG”) technology for specific markets with strong growth profiles, including Air Purification, Water Treatment, and Facility Sterilisation. This is a significant development for PurifloH and deliver considerable value to PO3. This agreement follows a previously signed Heads of Agreeent (HOA) signed in December 2017.

PurifloH has been working with Somnio since 2014. Somnio are a highly regarded advanced Scientific Research and Development organisation dedicated to developing technological solutions to some of the world’s most significant problems. Somnio’s vision is to develop and enable positive and sustainable innovation that is both socially impactful and commercially viable.

Founded in 2012, Somnio Global is privately owned and operates from its 12,000 square metre, state-of-the-art research facility headquartered on its 25 acre campus in Detroit, Michigan (United States). The Company was formed to translate scientific innovations into successful commercial solutions. www.somnioglobal.com

The Licence Agreement was reviewed and approved by Upjohn Laboratories LLC during its due diligence of PurifloH as an important condition of its recent and substantial investment in the Company (see ASX release: “Capital Raising and Director Appointment” 7 November 2018).

Background to Licensing Agreement

PurifloH entered into a Heads of Agreement with Somnio Global (ASX: “Secures new technology rights” 11 December 2017) which was to be converted to a comprehensive formal Licence Agreement. PurifloH also advised at the time of significant additional rights, being access to all water and air treatment technologies arising from the Free Radical Generator technology (“FRG”) along with the licence to the technology within the field of facility sterilisation.

PurifloH’s rights to the FRG Technology are now consequently in the following fields of application:

- The treatment of all water and fluids.
- Air purification and disinfection.
- Biofilm disinfection and facility sterilisation.

These three fields of application represent:

- Global contamination challenges where the FRG technology is demonstrating a capacity to provide unique product solutions with valid competitive advantages.
- Global markets with positive growth profiles and significant levels of unmet consumer need.
- Market and consumers with ready acceptance of new technologies.

A significant attraction of the technology is the ability to utilise the one FRG technology platform to develop a long pipeline of product and revenue opportunities.

The License Agreement governs:

1. PurifloH’s exclusive global rights to commercialise SG Holdings’ FRG technology within the defined fields of use.
2. The relationship between PurifloH and Somnio Global as the Technical Service Provider. Somnio Global will provide ongoing specific research, technical and product development services through a research and development plan approved by PurifloH. This plan is designed to further develop the FRG technology, its various products and their processes towards commercialisation.

3. Access to complementary technology that may be developed by Somnio that could enhance the performance of Purifloh's product suite.

Royalty Agreement Secured over Milestone Payments

The initial Heads of Agreement included one-off milestone payments and a possible initial consideration for the technology's use. Purifloh has preferred a structure based solely on royalty payments from revenues which, given the Company's strong relationship with SG Holdings, has now been agreed.

This alleviates any financial commitment in the early stages of the development, and provides all parties with an aligned incentive to move products to market as quickly as possible. Royalty rates are higher to accommodate this alignment but remain commensurate with rates for agreements of this type.

As part of the agreement, PO3 will also retain the services of Somnio Global (part of the Somnio Group). Somnio Global will provide PO3 with ongoing technical, research and development support. Payment for these services will be on an agreed and discounted rate. The payment structure does include one off payment allowing Somnio Global to recover their discount, subject to achieved the product performance outcomes in a timely manner.

Comment

Purifloh Executive Director Mr Steve Annear said: *"Signing this Licensing Agreement is a significant milestone for Purifloh and delivers considerable value to the Company. We have worked closely and cooperatively with Somnio over the course of this year and we now have an agreement that ensures we can very confidently progress the FRG technology to potential customers in very large global markets such as Air Purification, Water Treatment and Facility Sterilisation."*

"The royalty agreement we have struck on the IP, together with the terms of the Technical Services, both of which are confidential, deliver greater value to Purifloh and better align our commercial interests through preservation of our solid cash balance as all upfront payments have been removed."

"Somnio, together with Purifloh, has made considerable progress towards developing the FRG technology for commercial readiness and we look forward to providing a fuller update on this very shortly."

-ENDS-

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About Purifloh

Purifloh Limited (“Purifloh” or “Company”) is developing a suite of applications for the Free Radical Generator (“FRG”) which delivers powerful oxidizing agents, including streams of airborne hydroxyl radicals, to deal with a range of environmental challenges. It has many potential applications, but the Company is in the first instance concentrating on three key areas, being:

- Indoor air purification;
- Water sanitation; and
- Surface sterilisation.

The FRG application development has initially focussed on production of oxygen and hydrogen radicals – ozone (O₃) and the hydroxyl ion (OH) – amongst the most powerful oxidising agents known. The value of these oxidising agents for purification, sanitation and sterilisation is outlined as follows:

- Physical destruction at the cellular level through lysing of bacteria, viruses and spores thereby eliminating infectious contaminants, such as those found in hospitals and medical facilities;
- Compared to traditional techniques is highly effective against bacteria including gram negative, gram positive and antibiotic resistant strains of pathogens
- Offers a safe chemical free solution with a benign waste output;
- Enhancing the ability to capture particulate matter, particularly sub-micron particles as well as killing germs within its air purification systems.

The effectiveness of oxidising radicals in purification, sanitation and sterilisation has long been known. The challenge has been reliable and cost effective production as the radicals have a short half-life and as a result they cannot be stored nor transported. To deploy and maximise the power of these radicals requires a robust, reliable and cost effective in-situ production system. Hence the benefits and advantages of FRG based systems are that they are:

- Flexible, able to generate a powerful range of radicals that can be channelled as agents of purification and sterilization;
- Chemical free:
 - inputs are electricity and air (ozone generation); and
 - air + water (hydroxyl generation);
 - Waste output is benign - air and water;
- Able to generate high levels of the oxygen radical, ozone, using ambient air, under all ambient conditions, unlike competitors who require temperature controlled, purified oxygen as the feed gas;
- Uniquely capable of combining the generation of radicals with direct plasma treatment within the chamber of the reactor for a dual treatment impact;
- Low cost and fully scalable;
- Utilizing one core technology platform to develop a multitude of products across a broad spectrum of applications.

In addition to the unique advantages of the system, the near term strategy of the Company is further strengthened by:

- The demonstrated performance of the technology providing a strong foundation for the development of a large product portfolio to provide ongoing revenue growth.
- Independently verified results (fully data backed) which have generated immediate interest from industry with the first trial completed in September 2018.
- A strong IP position being established with a multi layered protection strategy including the development of further application patents to support the core patent.
- A long term technical and scientific partnership with Somnio, a Detroit based world class innovation organization. More about Somnio can be found at www.somnioglobal.com