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MERCER GROUP LIMITED

MERCER SIGNS S-CLAVE LICENSE AGREEMENT

Mercer Group is pleased to announce it has entered into licensing arrangements for its S-Clave technology with a large North American corporation involved in the Medical sector. This arrangement was concluded following the successful completion of a due diligence process, announced to the market on 21 June 2013. The North American corporation generated revenue in excess of US\$1.5 billion last year and has a significant annual R&D spend.

The S-Clave technology is a break through sterilization process that allows items to be sterilized inside a non-porous bag and then sealed so that the items can be stored safely without contamination. Mercer has a number of international patents issued and pending around this technology. The USA Center for Disease control statistics indicate that hospital acquired infection is one of the top five leading causes of deaths in North America, and is becoming an increased area of focus for the medical community.

The license deal Mercer has signed is exclusive for the North American market in certain fields of use, namely medical and laboratory. Mercer will receive US\$0.7 million net as an up-front payment, plus further payments of at least US\$1 million after 3 years. There are milestones in place which must be met for the arrangement to remain exclusive. Mercer will receive royalties on all capital sales and bags once sales commence. That could be 3 or 4 years away and is dependent on the necessary regulatory approvals needed in the USA. The royalties are variable, but the deal should result in Mercer receiving an average royalty of at least 5%.

Mercer estimates the North American sterilization market, including consumables, to be US\$1.8 billion per annum. Given the size of the market, the partner Mercer has signed up and the terms of the license agreement, Mercer believes this transaction is likely to be material to the value of the company.

Mercer is preparing to commercialise the S-Clave technology for areas outside of North America, in particular South East Asia and Australasia, and will announce further details when this is progressed.

For further information, please contact Rodger Shepherd, Group CEO on +649 837 7540