23 October 2013

Company Announcements Office
Australian Securities Exchange

Michael Kavanagh commences as CEO and President

On 28 August 2013 Nanosonics Limited (ASX:NAN) announced that Mr Michael Kavanagh had been appointed to the role as CEO, President and Managing Director. A summary of the key terms of Mr Kavanagh's employment agreement with Nanosonics Limited is set out below.

1. Commencement Date

Mr Kavanagh's employment as CEO, President and Managing Director commenced on 21 October 2013.

2. Term

Mr Kavanagh is appointed for an on-going term subject to termination by either party (see section 4 below).

3. Remuneration

a. Fixed Remuneration

Mr Kavanagh will be entitled to a salary of $410,000 per annum, including superannuation. This will be subject to annual review.

b. Short-Term Incentive (STI)

Mr Kavanagh will participate in the Nanosonics annual STI program. Initial participation will consist of a performance bonus of 33.3% of base salary in accordance with the STI program, subject to performance conditions set by the Board in consultation with Mr Kavanagh. Each year, once the proportion of STI award is determined, 50% shall be paid in cash and the balance delivered as Performance Rights subject to a 12 month service vesting condition. The terms and conditions of the Performance Rights that, subject to shareholder approval, may be issued to Mr Kavanagh are set out in the Explanatory Notes included in the Notice of the Company's Annual General Meeting (AGM) that was issued to shareholders on 8 October 2013.

c. Long-Term Incentive

Subject to shareholder approval at the Company's Annual General Meeting, scheduled for 8 November 2013, Mr Kavanagh will be issued 1,500,000 Performance Rights as a Long-Term Incentive. Vesting of the Performance Rights granted to Mr Kavanagh will be subject to both Performance and Service Vesting Conditions, the terms and conditions of which are set out in the Explanatory Notes included in the Notice of the Company's AGM.

4. **Termination**

Nanosonics may terminate Mr Kavanagh's employment at any time on nine months' notice or on payment in lieu of notice. Mr Kavanagh may terminate his employment with Nanosonics at any time with nine months' notice. Mr Kavanagh's employment may also be terminated immediately by Nanosonics in circumstances where he is grossly negligent,

5. **Restraint of Trade**

Mr Kavanagh will be restrained for a period of up to 24 months after termination of his employment by either party from being engaged in any of the following activities:

- Engaging with clients of Nanosonics with a view to obtaining the custom of those clients in a business that is the same as or similar to Nanosonics' business;
- Interfering with the relationship between Nanosonics, its customers, employees, agents, contractors or suppliers;
- Inducing or assisting in the inducement of any employee, agent or contractor of Nanosonics to leave their employment or terminate their contract; or
- Carrying-on or becoming in any way involved in any trade or business that is in competition with Nanosonics.

McGregor Grant
Company Secretary

For more information please contact:
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About Nanosonics
Nanosonics Limited is developing a portfolio of decontamination products designed to reduce the spread of infection. The Company owns intellectual property relating to a unique disinfection and sterilisation technology which can be suited to a variety of markets.

Initial market applications are designed for the reprocessing of reusable medical instruments. The Company's first product is designed to disinfect Ultrasound Transducers. In parallel with the commercialisation of this product, Nanosonics is also developing other medical applications and exploring opportunities for its proprietary technology in other industries.

For more information about Nanosonics please visit www.nanosonics.com.au