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**IM Medical Limited**  
ACN 009 436 908

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**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at Level 15, 333 Collins Street, Melbourne. Victoria on 25 May 2015 at 11 am (AEST).**

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*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (03) 9607 8280.***

## **NOTICE OF GENERAL MEETING**

Notice is hereby given that a general meeting of Shareholders of IM Medical Limited (**Company**) will be held at Level 15, 333 Collins Street, Melbourne, Victoria on 25 May 2015 at 11 am (AEST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 May 2015 at 11 am (AEST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 5.

## **AGENDA**

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### **1. Resolution 1 – Approval of convertibility of Convertible Notes**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of Listing Rule 7.1, and all other purposes, Shareholders authorise the Convertible Notes held by the Convertible Noteholders to be convertible into up to 200,000,000 Shares and up to 200,000,000 Investor Options (**Convertible Note Investor Options**) in the manner and on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Convertible Noteholders and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) 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
- (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.

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## 2. Resolution 2 – Authority to grant Investor Options to Prior Placement Participants

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 124,000,000 Investor Options (**Prior Placement Investor Options**) to the Prior Placement Participants on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Prior Placement Participants and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) 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
- (b) it is cast by the Chairman 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.

Dated 13 April 2015

### **BY ORDER OF THE BOARD**

Richard Wadley  
Company secretary

## **EXPLANATORY MEMORANDUM**

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### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 15, 333 Collins Street, Melbourne. Victoria on 25 May 2015 at 11 am (AEST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### **2. Action to be taken by Shareholders**

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### **2.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company 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; and
- (c) a member of the Company 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.

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### **3. Resolution 1 - Approval of convertibility of Convertible Notes**

#### **3.1 General**

On 23 December 2014, the Company entered into convertible notes to raise \$300,000 (**Convertible Notes**). The convertibility of the Convertible Notes is subject to Shareholder approval (Resolution 1). In the event that Resolution 1 is not approved, then the Convertible Notes become repayable with interest accruing at a rate of 10% per annum from the date that the Convertible Notes were drawn down together with a redemption fee of 20% of the face value of the Convertible Notes. Further terms and conditions of the Convertible Notes are set out in Section 3.2.

Resolution 1 seeks Shareholder approval under Listing Rule 7.1 for the Convertible Noteholders to convert the Convertible Notes into Shares together with one free attaching Investor Option for every Share issued on conversion of the Convertible Notes.

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

Given the Shares and Convertible Note Investor Options to be issued on conversion of the Convertible Notes will exceed the Company's 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

Resolution 1 is an ordinary resolution.

#### **3.2 Terms of the Convertible Notes**

The key terms of the Convertible Note are:

- (a) Face Value: Aggregate face value of \$300,000 which has been drawn down by the Company.
- (b) Interest rate:
  - (i) No interest if Resolution 1 is approved.
  - (ii) If Resolution 1 is not approved then interest will accrue at 10% per annum from the date that the Convertible Notes were drawn down.
  - (iii) If an event of default under the terms of the Convertible Notes occurs then interest will accrue at 15% per annum from the date that the Convertible Notes were drawn down.
- (c) Redemption Fee: A redemption fee of 20% of the face value of the Convertible Notes will be payable if Resolution 1 is not approved.
- (d) No Security: The Convertible Notes are not secured.
- (e) Conversion Price: \$0.0015 per Share with one free attaching Investor Option for each Share issued.

- (f) Conversion: Conversion of the Convertible Notes is subject to approval of Resolution 1. Conversion will occur as soon as reasonably practicable following approval of Resolution 1 and in any event no later than five business days following the date Shareholders approve Resolution 1.
- (g) Repayment:
  - (i) If Resolution 1 is not approved the Convertible Notes will become due and payable on 31 May 2015, together with interest as noted in Section 3.2(b)(ii).
  - (ii) The Convertible Notes will immediately become due and payable, together with interest as noted in Section 3.2(b)(iii), if an event of default occurs which is capable of remedy but the Company does not remedy the default within seven days of notice of the event of default (**Default Notice**) being given to the Company or upon the Default Notice being given to the Company if the event of default is not capable of remedy.

### 3.3 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The Convertible Notes are held, and will be convertible, by the Convertible Noteholders.
- (b) 21 Convertible Notes have been issued to the Convertible Noteholders which will be convertible into a maximum of 200,000,000 Shares and 200,000,000 Investor Options (granted as free attaching Options on the basis of one Option for every Share issued) on conversion of the Convertible Notes. If approved by Shareholders, the Convertible Notes will become an equity security for the purpose of the Listing Rules at the time of the approval being obtained. The aggregate issue price of the Convertible Notes is \$300,000.
- (c) The amount drawn down by the Company pursuant to the Convertible Notes (\$300,000) will be convertible into Shares at \$0.0015 per Share.
- (d) The Shares issued on conversion of the Convertible Notes will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (e) The Convertible Note Investor Options granted on conversion of the Convertible Notes will each be exercisable at \$0.002 on or before 31 March 2020 and otherwise have the further terms and conditions in Schedule 1.
- (f) The Convertible Notes will be converted as soon as reasonably practicable following approval of Resolution 1 and in any event no later than five business days following approval of Resolution 1. Further terms and conditions of the Convertible Notes are set out in Section 3.2.
- (g) A voting exclusion statement is included in the Notice.
- (h) The funds raised from the issue of the Convertible Notes will be used for working capital purposes.

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## **4. Resolution 2 – Authority to grant Investor Options to the Prior Placement Participants**

### **4.1 General**

On 24 December 2013, the Company issued a total of 124,000,000 Shares at an issue price of \$0.002 each pursuant to the participants in the Prior Placement to raise \$248,000 (before costs) (**Prior Placement**). The funds raised from the Prior Placement were used for working capital purposes.

As part of the Prior Placement, the Company agreed, subject to Shareholder approval, to grant 124,000,000 Investor Options to the participants in the Prior Placement as free attaching Options on the basis of one Investor Option for every two Shares issued under the Prior Placement.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of the Prior Placement Investor Options.

Given the grant of the Investor Options would result in the Company exceeding the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1. Refer to Section 3.1 for a summary of Listing Rule 7.1.

Resolution 2 is an ordinary resolution.

### **4.2 Specific information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Investor Options that the Company may grant to the participants in the Prior Placement is 124,000,000 Investor Options.
- (b) The Prior Placement Investor Options will be granted as soon as reasonably practicable and no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The Prior Placement Investor Options will be granted as free attaching Options on the basis of one Option for every one Share issued pursuant to the Prior Placement. Accordingly, no funds will be raised from the grant of the Prior Placement Investor Options.
- (d) The Prior Placement Investor Options will be granted to the Prior Placement Participants who were sophisticated and professional investors introduced by Patersons. None of the Prior Placement Participants are related parties of the Company
- (e) The Investor Options will each be exercisable at \$0.002 on or before 31 March 2020 and otherwise have the further terms and conditions in Schedule 1.
- (f) The grant of the Prior Placement Investor Options may occur progressively.
- (g) A voting exclusion statement is included in the Notice.

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## 5. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

**\$** means Australian Dollars.

**AEST** means Australian Eastern Standard Time, being the time in Melbourne, Victoria.

**Article** means an article of the Constitution.

**ASIC** means Australian Securities and Investments Commission.

**Associate** has the meaning given in section 318 of the *Income Tax Assessment Act 2036*.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board** means the board of Directors.

**Company** means IM Medical Limited ACN 009 436 908.

**Constitution** means the current constitution of the Company.

**Convertible Notes** has the meaning given in Section 3.1.

**Convertible Noteholders** means the sophisticated and professional investors who hold of the Convertible Notes.

**Convertible Note Investor Options** has the meaning given in Resolution 1.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Investor Option** means an Option exercisable at \$0.002 on or before 31 March 2020 and otherwise with the terms and conditions in Schedule 1.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Option** means an option to acquire a Share.

**Patersons** means Patersons Securities Limited.

**Prior Placement** has the meaning given in Section 4.1.

**Prior Placement Investor Options** has the meaning given in Resolution 2.

**Prior Placement Participants** means the sophisticated and professional investors introduced by Patersons who participated in the Prior Placement.



**Prospectus** means the prospectus, to be issued by the Company, for the Capital Raising.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Securities** means Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

In this Notice, words importing the singular include the plural and vice versa.

## Schedule 1 - Terms and Conditions of Investor Options

1. Entitlement

Each Investor Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

The Options have an exercise price of \$0.002 (**Exercise Price**) and an expiry date of 31 March 2020 (**Expiry Date**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Options will rank equally with the then shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue the Share; and
- (b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Quotation of Options

The Options will be listed Options.

13. Options transferable

The Options are freely transferable.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.



# IM MEDICAL LTD

ACN: 009 436 908

## REGISTERED OFFICE:

LEVEL 40  
140 WILLIAM STREET  
MELBOURNE VIC 3000



## SHARE REGISTRY:

Security Transfer Registrars Pty Ltd

### All Correspondence to:

PO BOX 535, APPLECROSS WA 6953  
AUSTRALIA  
770 Canning Highway, APPLECROSS WA 6153  
AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«HOLDER\_NAME»

«ADDRESS\_LINE\_1»

«ADDRESS\_LINE\_2»

«ADDRESS\_LINE\_3»

«ADDRESS\_LINE\_4»

«ADDRESS\_LINE\_5»

Code:

IMI

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

### VOTE ONLINE

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered shareholders of the Company and entitled to attend and vote at the meeting hereby appoint:

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The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting or the Chairperson's nominee, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given and subject to relevant laws, as the Proxy sees fit) at the General Meeting of the Company to be held at 11:00am AEST on Monday 25 May 2015 at Level 15, 333 Collins Street, Melbourne VIC and at any adjournment or postponement of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

1. Approval of convertibility of Convertible Notes
2. Authority to grant Investor Options

For

☐☐

Against

☐☐

Abstain\*

☐☐

If two proxies are appointed, the proportion of voting rights that this proxy represents is [ ] % of the Shareholder's votes. (An additional Proxy Form will be supplied, on request).

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 11:00am AEST on Saturday 23 May 2015.



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Name:

(    )

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

**Individual:** where the holding is in one name, the Shareholder must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd

**Postal Address** PO BOX 535  
Applecross WA 6953 AUSTRALIA

**Street Address**      Alexandra House  
Suite 1, 770 Canning Highway  
Applecross WA 6153 AUSTRALIA

**Telephone** +61 8 9315 2333

**Facsimile** +61 8 9315 2233

**Email** registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.