
IM Medical Limited
ACN 009 436 908

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Level 15, 333 Collins Street, Melbourne, Victoria on 14 July 2015 at 11:00 am (AEST).

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 14 July 2015 at 11:00 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 12 July 2015 at 7pm (AEST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 0.

AGENDA

1. Resolution 1 - Authority to issue Securities pursuant to the Share Purchase Plan

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 authorise and approve the Directors to issue (on a pre-Consolidation basis) up to 1,100,000.000 Shares (**SPP Shares**) each at an issue price of \$0.0005 and 275,000,000 New Options (**SPP Options**) each exercisable at \$0.001 on or before 31 March 2019 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who underwrites or sub-underwrites the Share Purchase Plan.

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.

A voting exclusion statement of participants in the Share Purchase Plan other than a person who underwrites or sub-underwrites the Share Purchase Plan has not been included as the Company has been granted a waiver of Listing Rule 7.3.8.

2. Resolution 2 – Authority to issue Underwriter Shares to the Underwriter

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

*"That, subject to Resolution 4 being passed, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders authorise and approve the Directors to issue (on a pre-Consolidation basis) up to 125,000,000 Shares (**Underwriter Shares**) to the Underwriter 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 Underwriter 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.

3. Resolution 3 – Authority to grant Underwriter Options

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

*"That, subject to Resolution 4 being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders authorise and approve the Directors to grant (on a pre-Consolidation basis) 550,000,000 New Options (**Underwriter Options**) each exercisable at \$0.001 on or before 31 March 2019 to the Underwriter or its nominees, including sub-underwriters of the SPP 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 Underwriter, sub-underwriters of the SPP and a person who may participate in the grant of the Underwriter Options 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.

4. Resolution 4 – Authority to issue Top-up Placement Securities

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

*"That, subject to Resolution 4 being passed, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue (on a pre-Consolidation basis) up to 400,000,000 Shares (**Top-up Shares**) each at an issue price of \$0.0005 and 100,000,000 New Options (**Top-up Options**) each exercisable at \$0.001 on or before 31 March 2019 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the Top-up Placement 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.

5. Resolution 5 – Authority to grant New 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 (on a pre-Consolidation basis) 124,000,000 New Options each exercisable at \$0.001 on or before 31 March 2019 (**Prior Placement 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.

6. Resolution 6 - Approval of Share Consolidation

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Directors to consolidate the issued capital of the Company on the basis that every two Shares be consolidated into one Share and that Options on issue be adjusted in accordance with the Listing Rules on the terms and conditions in the attached Explanatory Memorandum accompanying this Notice."

Dated 10 June 2015

BY ORDER OF THE BOARD

Richard Wadley, Director and Company Secretary

EXPLANATORY MEMORANDUM

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 14 July 2015 at 11:00 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.

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.

3. Background

On 22 May 2015 the Company announced that the proposed acquisition of Syncom Australia Pty Ltd had been terminated despite extensive efforts by the parties to the proposed

acquisition. As a result of the termination the Convertible Loans on issue in the Company will not be converted into equity and became repayable from 31 May 2015.

The Company also announced that it would seek to undertake a capital raising with the aim of providing sufficient funds to repay the Convertible Loans with associated fees and interest and to provide the Company with additional general working capital.

Accordingly the Company is proposing to raise up to \$750,000 to repay the Convertible Loans and to provide the Company with general working capital through:

- (a) a fully underwritten share purchase plan through an offering to existing eligible shareholders to apply for up to \$15,000 of Shares each at an issue price of \$0.0005, together with one free attaching Capital Raising Option for every four Shares subscribed for to up to \$550,000 (before costs) (**Share Purchase Plan**); and
- (b) a top-up placement to the Underwriter or its nominees of up to 400,000,000 Shares each at an issue price of \$0.0005, together with one free attaching Capital Raising Option for every four Shares subscribed for to raise up to \$200,000 (before costs) (**Top-up Capital Raising**),

(together the **Capital Raising**).

Other than Resolutions 5 and 6, the Resolutions contained in this Notice relate to the Capital Raising as follows:

- (a) Resolution 1 seeks approval for the issue of Shares and New Options under the Share Purchase Plan including to the Underwriter and/or sub-underwriters if applicable;
- (b) Resolution 2 seeks approval for the issue of Shares to the Underwriter as the management fee pursuant to the Underwriting Agreement;
- (c) Resolution 3 seeks approval to grant New Options to the Underwriter or its nominees, including sub-underwriters of the SPP) such that these parties receive New Options on a one for two basis; and
- (d) Resolution 4 seeks approval for the issue of Shares and New Options under the Top-up Placement.

Details on each of these Resolutions are contained below.

4. Resolution 1 – Authority to issue Securities pursuant to the Share Purchase Plan

4.1 General

The Company is proposing to offer eligible Shareholders the opportunity to participate in a share purchase plan pursuant to which each Shareholder may apply for up to \$15,000 of Shares each at an issue price of \$0.0005 together with one free attaching New Option for every four Shares subscribed for to raise up to \$550,000 (before costs).

Patersons has agreed to fully underwrite the Share Purchase Plan and has obtained sub-underwriting commitments. The Directors consider it would be unlikely that no eligible Shareholders will apply for SPP Securities under the Share Purchase Plan. If eligible Shareholders apply for all SPP Shares and SPP Options under the Share Purchase Plan, then no

SPP Shares or SPP Options will be issued to the Underwriter or sub-underwriters (unless they are a Shareholder that applies for Shares under the Share Purchase Plan in that capacity).

The funds raised from the Share Purchase Plan will be used to repay the Convertible Loans with associated fees and interest in addition to providing working capital for business and administration costs and to assess further new business opportunities.

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 ordinary securities on issue at the commencement of that 12 month period.

Exception 15 of Listing Rule 7.2 provides an exception to Listing Rule 7.1 for the issue of securities pursuant to a share purchase plan. However, for this exception to apply, the number of securities to be issued pursuant to the Share Purchase Plan cannot be greater than 30% of the number of fully paid ordinary securities already on issue in the Company.

Given the SPP Shares and SPP Options (together the **SPP Securities**) to be issued under Resolution 1 would result in the Company exceeding the 30% threshold set out in Exception 15 of Listing Rule 7.2, Shareholder approval is required under Listing Rule 7.1.

Resolution 1 is an ordinary resolution.

4.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the SPP Securities pursuant to the Share Purchase Plan is provided as follows:

- (a) The maximum number of securities that the Company may issue pursuant to Resolution 1 is 1,100,000,000 Shares and 275,000,000 New Options (both on a pre-Consolidation basis).
- (b) The Company will issue the SPP Securities 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 SPP Shares will be issued at an issue price of \$0.0005 per Share and the SPP Options will be granted as free attaching Options on the basis of one Option for every four Shares subscribed for.
- (d) The SPP Securities will be issued to eligible Shareholders of the Company (as defined in the prospectus for the Share Purchase Plan) and/or the Underwriter and sub-underwriters depending on the level of eligible Shareholder participation in the Share Purchase Plan. The sub-underwriters are not related parties of the Company.
- (e) The SPP Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The SPP Options will each be exercisable at \$0.001 (being \$0.002 on a post-Consolidation basis) on or before 31 March 2019 and will otherwise have the terms and conditions set out in Schedule 1.
- (g) The funds raised from the issue of the SPP Securities will be used to repay the Convertible Loans with associated fees and interest in addition to providing working

capital for business and administration costs and to assess further new business opportunities.

- (h) The issue of the SPP Securities may occur progressively subject to Section 4.2(b).
- (i) The Company has been granted a waiver of Listing Rule 7.3.8 to permit Resolution 1 to not include a voting exclusion statement that excludes any person who may participate in the Share Purchase Plan other than a person who underwrites or sub-underwrites the Share Purchase Plan.

5. Resolution 2 – Authority to issue Underwriter Shares to the Underwriter

5.1 General

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 125,000,000 Shares (on a pre-Consolidation basis) to the Underwriter. Patersons has agreed to fully underwrite the Share Purchase Plan and the Company has agreed (subject to Shareholder approval) to issue the Underwriter Shares as the management fee pursuant to the Underwriting Agreement.

Resolution 2 is an ordinary Resolution and is subject to Resolution 1 being passed.

5.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Underwriter Shares is provided as follows:

- (a) The Underwriter Shares will be issued as the fee payable to the Underwriter for underwriting the Share Purchase Plan pursuant to the Underwriting Agreement and accordingly no funds will be raised from the issue of the Underwriter Shares.
- (b) The maximum number of Shares the Company will issue under Resolution 2 is 125,000,000 Shares (on a pre-Consolidation basis).
- (c) The Company will issue the Underwriter Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Underwriter Shares will be issued on the same date.
- (d) The Underwriter Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) A voting exclusion statement is included in the Notice.

6. Resolution 3 – Authority to grant Underwriter Options

6.1 General

As set out above, the Company is proposing to undertake the Share Purchase Plan which Patersons has agreed to fully underwrite.

In order to induce underwriting and sub-underwriting commitments in relation to the Share Purchase Plan the Company may grant 550,000,000 New Options (on a pre-Consolidation basis).

Accordingly, Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of 550,000,000 New Options (on a pre-Consolidation basis), to be granted to the Underwriter or its nominees, including sub-underwriters of the SPP, such that those parties will receive one Capital Raising Option for every two Shares underwritten/sub-underwritten under the Share Purchase Plan.

A summary of Listing Rule 7.1 is provided in Section 4.1. The grant of the Underwriter Options under Resolution 3 would result in the Company exceeding the 15% threshold under Listing Rule 7.1. Therefore Shareholder approval is required pursuant to Listing Rule 7.1.

Resolution 3 is an ordinary resolution and is subject to the approval of Resolution 1.

6.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the grant of the Underwriter Options is provided as follows:

- (a) The maximum number of New Options the Company will grant under Resolution 3 is 550,000,000 New Options (on a pre-Consolidation basis).
- (b) The Company will grant the Underwriter Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Underwriter Options will be granted for nil cash consideration. Each Underwriter Option will be issued as part of the fee to the underwriter/sub-underwriters in consideration for the underwriting/sub-underwriting of the proposed Share Purchase Plan on the basis of one New Option for every two shares underwritten/sub-underwritten such that in total each of these parties will receive one New Option for every two Shares subscribed for under the Share Purchase Plan. Accordingly no funds will be raised from the grant of the Underwriter Options.
- (d) The recipients of the Underwriter Options will be the Underwriter and/or its nominees, including sub-underwriters of the Share Purchase Plan. The sub-underwriters are persons who fall within one of the exemptions contained in section 708 of the Corporations Act and are not related parties of the Company.
- (e) The Underwriter Options will each be exercisable at \$0.001 (being \$0.002 on a post-Consolidation basis) on or before 31 March 2019 and will otherwise have the terms and conditions set out in Schedule 1.
- (f) The grant of the Underwriter Options may occur progressively subject to Section 6.2(b).
- (g) A voting exclusion statement is included in the Notice.

7. Resolution 4 – Authority to issue Top-up Placement Securities

7.1 General

In addition to conducting the Share Purchase Plan, the Company has offered the Underwriter and/or its nominees including the sub-underwriters of the Share Purchase Plan) the right but not the obligation to participate in a top-up placement of up to 400,000,000 Shares (on a pre-Consolidation basis) each at an issue price of \$0.0005 together with up to 100,000,000 New Options (on a pre-Consolidation basis) granted as free attaching Options on the basis of one New Option for every four Shares subscribed for (being the same terms as the Share Purchase Plan), to raise up to \$200,000 (before costs) (**Top-up Placement**).

The funds raised from the Top-up Placement will be aggregated with the funds raised from the Share Purchase Plan and used to repay the Convertible Loans with associated fees and interest in addition to providing working capital for business and administration costs and to assess further new business opportunities.

Given the Top-up Shares and Top-up Options (together the **Top-up Securities**) to be issued under Resolution 4 will exceed 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. A summary of Listing Rule 7.1 is provided in Section 4.1.

Resolution 4 is an ordinary resolution and is subject to the approval of Resolution 1.

7.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the grant of the Underwriter Options is provided as follows:

- (a) The maximum number of securities that the Company may issue pursuant to Resolution 4 is 400,000,000 Shares and 100,000,000 New Options (both on a pre-Consolidation basis).
- (b) The Company will issue the Top-up Securities no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Top-up Shares will be issued at an issue price of \$0.0005 per Share and the Top-up Options will be granted as free attaching Options on the basis of one New Option for every four Shares subscribed for.
- (d) The recipients of the Top-up Securities will be Patersons (and/or its nominees including the sub-underwriters to the proposed Share Purchase Plan). Patersons has agreed to fully underwrite the Share Purchase Plan, and the sub-underwriters are persons who fall within one of the exemptions contained in section 708 of the Corporations Act and are not related parties of the Company.
- (e) The Top-up Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The Top-up Options will each be exercisable at \$0.001 (being \$0.002 on a post-Consolidation basis) on or before 31 March 2019 and will otherwise have the terms and conditions set out in Schedule 1.

- (g) The funds raised from the issue of the Top-up Securities will be aggregated with the funds raised from the Share Purchase Plan and will be used to repay the Convertible Loans with associated fees and interest in addition to providing working capital for business and administration costs and to assess further new business opportunities.
- (h) The issue of the Top-up Securities may occur progressively subject to Section 7.2(b).
- (i) A voting exclusion statement is included in the Notice.

8. Resolution 5 – Authority to grant New Options to the Prior Placement Participants

8.1 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 New Options (on a pre-Consolidation basis) to the participants in the Prior Placement as free attaching Options on the basis of one Option for every Share issued under the Prior Placement.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of the Prior Placement Options.

Given the grant of the Prior Placement 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. A summary of Listing Rule 7.1 is provided in Section 4.1.

Resolution 5 is an ordinary resolution.

8.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the grant of the Prior Placement Options is provided as follows:

- (a) The maximum number of New Options that the Company may grant to the participants in the Prior Placement is 124,000,000 Capital Raising Options (on a pre-Consolidation basis).
- (b) The Prior Placement 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 Options will be granted as free attaching Options on the basis of one New Option for every one Share issued pursuant to the Prior Placement. Accordingly, no funds will be raised from the grant of the Prior Placement Options.
- (d) The Prior Placement 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 Prior Placement Options will each be exercisable at \$0.001 (being \$0.002 on a post-Consolidation basis) on or before 31 March 2019 and otherwise have the further terms and conditions in Schedule 1.
- (f) The grant of the Prior Placement Options may occur progressively subject to Section 1.1(b).
- (g) A voting exclusion statement is included in the Notice.

9. Resolution 6 - Approval of Share Consolidation

Resolution 6 seeks Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every two Shares held be consolidated into one Share. Similarly, the number of Options on issue will be consolidated on the basis of one Option for every two Options held and the exercise price of such Options will increase according to the consolidation ratio.

The result of the consolidation is that each Security holding will be reduced by two times its current level. Each Shareholder's proportional interest in the Company's share capital will remain unchanged as a result of the consolidation. Any fractional entitlements of Security holders as a consequence of the consolidation will be rounded up.

The change in capital structure of the Company following the consolidation, including the new shares and options to be issued as set out in this Notice of Meeting, and which is subject to adjustments for rounding, is as follows:

	Number of Shares (pre- Consolidation)	Number of Shares (post- Consolidation)	Number of Options (pre- Consolidation)	Number of Options (post- Consolidation)
Balance at the date of this Notice	952,465,220	476,232,610	717,713,008 ⁽¹⁾	358,856,504 ⁽²⁾
To be issued under the Share Purchase Plan	1,100,000,000	550,000,000	275,000,000 ⁽³⁾	137,500,000 ⁽⁴⁾
Top-up Placement Securities	400,000,000	200,000,000	100,000,000 ⁽³⁾	50,000,000 ⁽⁴⁾
Underwriter Shares	125,000,000	62,500,000	-	-
Underwriter Options	-	-	550,000,000 ⁽³⁾	275,000,000 ⁽⁴⁾
Prior Placement Options	-	-	124,000,000 ⁽³⁾	62,000,000 ⁽⁴⁾
Balance after the Consolidation and the issue of new shares and options as set out in this Notice	2,557,465,220	1,278,732,610	1,766,713,008	883,356,504

(1) Options each exercisable at \$0.0072 on or before 30 September 2016.

(2) Options each exercisable at \$0.0144 on or before 30 September 2016.

(3) Options each exercisable at \$0.001 on or before 31 March 2019.

(4) Options each exercisable at \$0.002 on or before 31 March 2019.

The consolidation will take effect from the second Business Day after Shareholder approval is received pursuant to the Notice of Meeting (**Effective Date**).

As from the day that is four Business Days after the Effective Date, the Company may not register transfers on a pre-consolidation basis. In the case of certificated holdings, this is the last day for the Company to accept transfers accompanied by certificates issued before the consolidation.

The Company will send a notice to all Security holders not earlier than the fifth Business Day after the Effective Date and not later than the ninth Business Day after the Effective Date advising of the number of Securities held by each Security holder both before and after the capital consolidation.

Uncertificated security holding statements or certificates (as applicable) for the Securities will be sent to Security holders not earlier than the fifth Business Day after (but not including) the Effective Date and not later than the ninth Business Day after (but not including) the Effective Date.

The Company will, from the date that is five Business Days after the Effective Date, reject transfers accompanied by a certificate or holding statement that was issued before the consolidation.

Where a Security holder has sold his or her Securities in the Company prior to the consolidation of ordinary Shares or consolidation of Options and the Company receives a valid transfer executed by the Security holder together with a certificate (if applicable) for those Shares or options, the Company will send an uncertificated security holding statement or certificate (as applicable) for the new securities (in respect to the Shares or Options) to the transferee named in the transfer.

Resolution 6 is an ordinary resolution.

Based upon the above, an indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
14 July 2015	Following shareholder approval Company announces shareholder approval of capital consolidation.
15 July 2015	Last day for trading pre-capital consolidation securities.
16 July 2015	Trading in post-Consolidation securities commences on a deferred settlement basis.
20 July 2015	Record Date. Last day to register transfers on a pre-capital consolidation basis.
21 July 2015	First day to register transfers on a post-capital consolidation basis.
27 July 2015	Latest date for Company to send notice to each security holder of pre and post capital consolidation holdings.

10. 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 1936*.

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.

Consolidation means the proposed consolidation of the Company's issued capital pursuant to Resolution 6 on the basis that every two Shares be consolidated into one Share.

Convertible Loans means the convertible loans that the Company entered into on 23 December 2014 to raise \$300,000.

Director means a director of the Company.

Effective Date has the meaning given in Section 9.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

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

New Option means an Option exercisable at \$0.002 on or before 31 March 2019 and otherwise with the terms and conditions in Schedule 1.

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 8.1.

Prior Placement Options has the meaning given in Resolution 5.

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.

Share Purchase Plan has the meaning given in Section 3.

Shareholder means a shareholder of the Company.

SPP Options has the meaning given in Resolution 1.

SPP Securities has the meaning given in Section 4.1.

SPP Shares has the meaning given in Resolution 1.

Top-up Options has the meaning given in Resolution 4.

Top-up Placement has the meaning given in Section 3.

Top-up Securities has the meaning given in Section 7.1.

Top-up Shares has the meaning given in Resolution 4.

Underwriter means Patersons.

Underwriter Options has the meaning given in Resolution 3.

Underwriter Shares has the meaning given in Resolution 2.

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

Schedule 1 - Terms and Conditions of New Options

1. Entitlement

Each New 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 \$0.001 (**Exercise Price**) and an expiry date of 31 March 2019 (**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.

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IM MEDICAL LTD

ACN: 009 436 908

REGISTERED OFFICE:

LEVEL 40
140 WILLIAM STREET
MELBOURNE VIC 3000

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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

«EFT_REFERENCE_NUMBER»

«HOLDER_NAME»

«ADDRESS_LINE_1»

«ADDRESS_LINE_2»

«ADDRESS_LINE_3»

«ADDRESS_LINE_4»

«ADDRESS_LINE_5»

Code:

IMI

Holder Number:

«HOLDER_NUMB

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

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 PRX

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote 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, 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, as the Proxy sees fit) at the General Meeting of the Company to be held at 11:00am AEST on Tuesday 14 July 2015 at Level 15, 333 Collins Street, Melbourne, Victoria and at any adjournment 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	For	Against	Abstain
1. Authority to issue Securities pursuant to the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Authority to issue Underwriter Shares to the Underwriter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Authority to grant Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Authority to issue Top-up Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Authority to grant New Options to Prior Placement Participants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 11:00am AEST on Sunday 12 July 2015.

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Name:

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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.

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.