

IM MEDICAL LIMITED

ACN 009 436 908

PROSPECTUS

**For the Offer of up to 2,000 Shares each at an issue price of
\$0.00075**

**THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 708A(11) OF THE CORPORATIONS ACT FOR
THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE TRANCHE 1 PLACEMENT SHARES**

THIS OFFER CLOSES AT 5.00PM WST ON 21 DECEMBER 2015.

VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

**Please read the instructions in this Prospectus and on the accompanying Application Form prior to
applying for Shares under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE
READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL
ADVISER WITHOUT DELAY.**

THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

1. Important Information

This Prospectus is dated 21 December 2015 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 40, 140 William Street, Melbourne VIC 3000, Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.3).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

2. Corporate Directory

Directors

Mr Nigel Blaze (Non Exec. Chairman)
Mr Richard Wadley (Non Exec. Director)
Mr Paul Burton (Non Exec. Director)

Proposed Directors

Mr Sonu Cheema
(proposed Non Exec. Director)
Mr Josh Puckridge
(proposed Non Exec. Director)
Mr Darren Wates
(proposed Non Exec. Director)

Company Secretary

Mr Richard Wadley

Registered and Corporate Office

Level 40, 140 William Street,
Melbourne VIC 3000,
Australia

Telephone: (03) 9607 8280

Stock Exchange Listing

Australian Securities Exchange
ASX Code for Shares: IMI

Solicitors to the Company

GTP Legal
68 Aberdeen Street
Northbridge WA 6003
Australia

Share Registry*

Security Transfer Registrars
770 Canning Highway,
Applecross WA 6153,
Australia

Telephone: (08) 9315 2333
International: +618 9315 2333
Facsimile: (08) 9315 2233

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

3. Details of the Offer

3.1 The Offer

The Company is offering pursuant to this Prospectus 2,000 Shares each at an issue price of \$0.00075 (**Offer**).

Refer to Section 6.1 for a summary of the rights attaching to the Shares.

3.2 Purpose of the Offer

On 18 December 2015, the Company announced it is proposing to raise up to approximately \$1,000,000 (before costs) to provide the Company with general working capital through a placement to sophisticated and professional investors of 1,336,367,182 Shares (**Placement Shares**) each at an issue price of \$0.00075, together with 1 free attaching New Option for every 3 Shares subscribed for (**Placement Options**) (the **Placement**). The free attaching New Options to be issued as part of the Placement will have the same terms as the Company's existing listed Options IMIOA.

The Company is proposing to issue the Placement Shares in two tranches:

- (a) 174,544,920 Shares (the **Tranche 1 Placement Shares**) issued on 21 December 2015 under the Company's available placement capacity (the **Tranche 1 Placement**); and
- (b) 1,161,822,262 Shares (the **Tranche 2 Placement Shares**) to be issued to sophisticated and professional investors (subject to Shareholder approval) (the **Tranche 2 Placement**).

All of the Placement Options will be granted on completion of the Tranche 2 Placement (subject to Shareholder approval).

In conjunction with the Placement the Company has agreed (subject to Shareholder approval) to grant Cicero Advisory Services Pty Ltd (and/or its nominees) 371,479,517 New Options in the same class as the ASX quoted options IMIOA (**Cicero Options**). These New Options will be issued for a price of \$0.000001 per New Option.

This Prospectus has been issued to facilitate secondary trading of the Tranche 1 Placement Shares as they were issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Placement Shares to on-sell those Shares within 12 months of their issue. The Company did not issue the Placement Shares with the purpose of the persons to whom they were issued selling or transferring their Shares or granting, issuing or transferring interests in those Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Tranche 1 Placement Shares does not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

3.3 Opening and Closing Dates

The Company will accept Application Forms until 5.00pm WST on the Closing Date, being 21 December 2015, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

3.4 Minimum subscription

There is no minimum amount sought to be raised by the Offer.

There is no provision for oversubscriptions.

3.5 Shareholder Approval

The Offer is conditional upon Shareholders approving the issue of the Shares at a General Meeting of the Company. In the event that Shareholder approval is not obtained the Company will not proceed with the Offer and will repay all application monies.

3.6 Application Form

If you wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm WST on the Closing Date. Cheques must be made payable to "IM Medical Limited – Share Placement Account" and crossed "Not Negotiable". All cheques must be in Australian currency. Application Forms should be mailed or delivered to IM Medical Limited, Level 40, 140 William Street, Melbourne VIC 3000, Australia.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final.

3.7 Issue

The Company intends to issue the Shares progressively as Applications are received and in any event, will issue all Shares as soon as possible after the Closing Date.

Security holder statements will be dispatched, as soon as possible after the issue of the Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

3.8 Application Monies

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

3.9 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

3.10 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Security Transfer Registrars and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.11 Residents outside Australia

This Prospectus, and an accompanying Application Form, do not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3.12 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are in Section 4.

3.13 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

3.14 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2015 is in the Company's Annual Report which was lodged with ASX on 30 October 2015 and is available at www.asx.com.au.

The Company's continuous disclosure notices (i.e. ASX announcements) since 30 October 2015 are listed in Section 6.3.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

3.15 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (03) 9607 8280.

3.16 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

4. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Specific risks associated with the Company

(a) ASX Listing

The ASX has certain requirements, including the level of the operations that listed companies must meet in order to remain listed. If these requirements in the discretion of the ASX are not met, the ASX has the ability to suspend a company until such time as the requirements are met. The Company has in the recent past had a limited level of business operations and consequently there is a risk that the ASX may exercise its discretion that these requirements are not met and suspend the Company.

The Company has been and still is actively investigating the investment in or acquisition of business operations, and is thereby actively seeking to satisfy the ASX requirements.

(b) Negative Cash Operating Position

As at the date of this Prospectus the Company is operating on a negative cash operating basis, that is, its operating expenses exceed its revenues. The Company may be unable to enter into new contracts (and meet the requisite deliverables under such contracts) or identify new business opportunities (refer to Section 4.1(c) below) whilst still operating the cash flow negative operating business. As such it is possible that the Company's cash flow position will remain negative and its financial position may thus worsen. A failure by the Company to successfully mitigate the risk of this occurring may cause the Company's financial position to deteriorate and affect the Company's ability to operate as a going concern.

(c) New Business Opportunities

The Company is currently pursuing new business opportunities. Should a suitable new business opportunity be identified, it will then need to be assessed for its technical, legal and commercial suitability.

There can be no guarantee that any proposed acquisition of a new business or project will be completed or will be successful. The acquisition of new business opportunities (whether completed or not) may also require payment of monies (as a deposit or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence.

If any proposed acquisition is not completed, monies already advanced may not be recoverable. Furthermore, notwithstanding that an acquisition may proceed upon the

completion of due diligence, the risks associated with operating a new business or project will also apply. Any such new business or project will also be subject to the risks associated with the industry in which they operate.

(d) Future Capital Requirements

The Company may have a need to raise funds in the future (whether by way of debt or equity). The ability of the Company to meet this future requirement, should it arise, will be dependent on the Company's continued access to credit markets, funding sources and financing facilities.

Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact the Company's access to financing facilities should the need arise, and may have a material adverse effect on the Company's future financial performance and position.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

(e) Liquidity

The Shares and options in the Company that are listed on the ASX have only limited liquidity.

There can be no certainty that there will be a liquid market for the Company's Shares and options on completion of the Offers.

4.2 General Risks

(a) General Economic Conditions

The operating and financial performance of the Company may be influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, access to debt and capital markets, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic condition, including a decrease in commodity demand, may have an adverse impact on the Company's business or financial condition. No guarantee can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factor.

(b) Global Credit and Investment Markets

In recent years global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(c) **Securityholders' Margin Lending arrangements**

Securityholders may, from time to time, enter into margin lending arrangements for the purchase of Securities in the Company on terms and conditions not known to the Company.

The Company is unable to predict the risk of financial failure or default by a Securityholder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Securityholder. Such an event may lead to parcels of Securities being made available for sale which may impact negatively on the price of the Securities.

(d) **Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of the Company.

(e) **Securities Investment**

Applicants should be aware that there are risks associated with any securities investment. The prices at which Shares trade may be above or below the issue or acquisition price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(f) **Share market conditions**

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

4.3 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

5. Effect of the Offer

5.1 Capital structure on completion of the Offer

	Number of Shares	Number of Options IMIO ⁽²⁾	Number of Options IMIOA ⁽³⁾
Balance at the date of this Prospectus	1,338,177,977 ⁽¹⁾	358,856,509	495,064,755
15% Tranche 1 Placement Options ⁽⁴⁾	-	-	58,181,640
Tranche 2 Placement ⁽⁴⁾	1,161,822,262	-	387,274,088
Cicero Options ⁽⁴⁾	-	-	371,479,517
Offer ⁽⁴⁾	2,000	-	-
Balance after the Offer (if fully subscribed)	2,500,002,239	358,856,509	1,312,000,000

(1) This number includes the 174,544,920 Tranche 1 Placement Shares issued on 21 December 2015.

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

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

(4) Subject to Shareholder approval at a General Meeting of the Company.

5.2 Pro forma statement of financial position

1) Pro-forma Statement of Financial Position as at 30 September 2015

Consolidated \$000's	Notes	IM Medical Ltd (Unaudited) \$'000	Pro-forma Adjustments \$'000	Pro-forma post offer \$'000
Assets				
Current Assets				
Cash at Bank	1	146	818	964
Debtors		33		33
Total current assets		<u>179</u>	<u>818</u>	<u>997</u>
Non-current assets				
Total Non-current assets		-	-	-
Total Assets		<u>179</u>	<u>818</u>	<u>997</u>
Liabilities				
Trade Creditors	2	267	104	163
Total Current Liabilities		<u>267</u>		<u>163</u>
Non-Current liabilities				
Total Non Current Liabilities		-	-	-
Net Assets /(deficiency)		<u>(88)</u>	<u>922</u>	<u>834</u>
Equity				
Shares Issued	3	24,915	1,002	25,917
Cost of Issue		-	(80)	(80)
In-specie Distribution		(2,307)	-	(2,307)
Accumulated losses		(22,696)		(22,696)
Total Equity		<u>(88)</u>	<u>922</u>	<u>834</u>

2) Basis of Preparation

The above Pro-forma Statement of financial position has been prepared in accordance with the ASIC Guide to Disclosing Pro Forma Financial Information.

The consolidated statement of financial position as at 30 September 2015 is based on the unaudited management reports and has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The statements of financial position as at 30 September 2015 have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro forma statement of financial position is based on the unaudited statement of financial position as at 30 September 2015 and has then been adjusted to reflect the following material transactions, assuming Shareholder approval is obtained for the proposed transaction.

Pro-forma Adjustments

Notes 1 and 3 - Receipt of proceeds of the Placements net of capital raising costs of \$922,000 (after gross proceeds amounting to \$1,002,000 and capital raising costs associated with both Placements are expected to be \$80,000), on the assumption that the Placements are fully taken up.

Note 2 - Settlement of legal expenses amounting to \$104,000 (incl. GST).

5.3 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.001 per Share on 20 November 2015.

Lowest: \$0.001 per Share on 20 November 2015.

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.001 per share on 21 December 2015.

5.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6. Additional Information

6.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the Share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **General Meetings**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(c) **Dividends**

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number of, and the amount paid on (no credited), the Shares held.

(d) **Transfer of Shares**

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASX Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Operating Rules.

(e) **Variation of Rights**

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the shareholders of the shares of that class, or with the written consent of the holders of at least three-quarters of the issued shares of that class.

(f) **Directors**

The minimum number of Directors is three. Currently, there are three Directors. Directors, other than the managing Director, must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. No Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next general meeting.

(g) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) **Issue of Further Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(j) **ASX Listing Rules Prevail**

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

6.2 **Company is a disclosing entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.3 below).

6.3 **Copies of documents**

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report for the financial year ended 30 June 2015 lodged by the Company with ASX on 30 October 2015; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

<u>Date Lodged</u>	<u>Subject of Announcement</u>
18/12/2015	Placement
11/12/2015	Market update
30/11/2015	Results of Meeting
30/11/2015	Chairman's Address to Shareholders
30/10/2015	Notice of Annual General Meeting/Proxy Form
30/10/2015	Annual Report to shareholders

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 40, 140 William Street, Melbourne VIC 3000, Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.9 and the consents provided by the Directors and Proposed Directors to the issue of this Prospectus.

6.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.6 Directors' and Proposed Directors' interests

(a) Interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director:

- (i) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

(b) Directors' and Proposed Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the Shares and Options of the Company at the date of this Prospectus:

Director	No. of Shares Held	No. of Options Held
Nigel Blaze	Nil	Nil
Richard Wadley	Nil	Nil
Paul Burton	Nil	Nil
Sonu Cheema	Nil	Nil
Josh Puckridge	Nil	Nil
Darren Wates	Nil	Nil

(c) Remuneration of Directors

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$250,000 per annum to be paid as non-executive Directors' fees.

The amount of aggregate remuneration approved by Shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. Each Director receives a fee for being a Director of the Company and is entitled to be paid an additional fee for each Board Committee on which the Director sits. The entitlement to the additional fees for serving on a committee recognizes the additional time commitment required by Directors in discharging their responsibilities to the Board.

Directors, or their nominee companies, received the following remuneration for the current financial year to date, and the preceding two financial years:

Directors	Year	Salary & Fees \$	Superannuation \$	Share Based Payments \$	Total \$
Nigel Blaze	2015/2016	11,458	-	-	11,458
	2014/2015	33,956	-	-	33,956
	2013/2014	32,560	-	-	32,560
Richard Wadley	2015/2016	26,639	-	-	26,639
	2014/2015	74,200	-	-	74,200
	2013/2014	77,800	-	-	77,800
Paul Burton	2015/2016	12,604	-	-	12,604
	2014/2015	29,312	-	-	29,312
	2013/2014	33,225	-	-	33,225

6.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

GTP Legal will be paid fees of approximately \$2,000 (plus GST) in relation to the preparation of this Prospectus. In the past two years, GTP Legal has received \$163,687.00 for the provision of legal services to the Company.

6.8 Expenses of issue

The estimated expenses of the issue are as follows:

Costs of the Offer	\$
ASIC lodgement fee	2,320
Legal expenses	2,000
Total	4,320

6.9 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

GTP Legal has given, and has not withdrawn, its written consent to being named in this Prospectus as solicitors to the Company. GTP Legal have not authorised or caused the issue of this Prospectus or the making of Offer under this Prospectus. GTP Legal makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

7. Authorisation

This Prospectus is authorised by each of the Directors and Proposed Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

Richard Wadley
Director

Dated: 21 December 2015

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the financial report lodged by the Company with ASIC and includes the corporate directory, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made pursuant to this Prospectus on an Application Form.

Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHES means ASX Clearing House Electronic Subregister System.

Closing Date means 21 December 2015.

Company or **IM Medical** means IM Medical Limited (ACN 009 436 908).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the Listing Rules of ASX.

New Options means an Option exercisable at \$0.002 on or before 31 March 2019 and otherwise with the same terms and conditions as the Company's IMIOA Options currently on issue.

Offer has the meaning in Section 3.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means the right to acquire one Share.

Placement has the meaning in Section 3.2.

Placement Shares has the meaning in Section 3.2.

Proposed Directors means the persons identified as proposed directors in the Corporate Directory.

Prospectus means this prospectus dated 21 December 2015.

Section means a section of this Prospectus.

Securities means Shares and Options.

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

Shareholder means a holder of Shares.

WST means Western Standard Time, being the time in Perth, Western Australia.