

IM MEDICAL LIMITED

ACN 009 436 908

PROSPECTUS

For a non-renounceable pro rata offer of up to 498,237,396 Shares at an issue price of \$0.001 each on the basis of three (3) Shares for every eight (8) Shares held at the Record Date, together with one free Attaching Option for every Share subscribed for.

THIS OFFER CLOSSES AT 5.00PM AEDT ON 5 MAY 2017

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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 SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

THE COMPANY'S SECURITIES HAVE BEEN SUSPENDED FROM TRADING ON ASX SINCE 29 DECEMBER 2015. THE COMPANY WILL REMAIN SUSPENDED FROM TRADING UNTIL THE COMPANY HAS SATISFIED ASX THAT IT HAS RE-COMPLIED WITH CHAPTERS 1 AND 2 OF THE LISTING RULES AND COMPLIANCE WITH ANY FURTHER CONDITIONS ASX IMPOSES ON THE COMPANY'S REINSTATEMENT TO THE OFFICIAL LIST OF ASX. THE COMPANY NOTES THE ASX POLICY, WHICH PROVIDES THAT IF A COMPANY IS SUSPENDED FOR A PERIOD OF MORE THAN TWO YEARS THEN THE COMPANY WILL BE DELISTED FROM ASX.

FOR FURTHER INFORMATION, SEE THE KEY RISKS TABLE ON PAGE 4 AND THE RISK FACTORS SECTION IN SECTION 3 OF THIS PROSPECTUS

CORPORATE DIRECTORY

Directors Mr Nigel Blaze (Non Exec. Chairman) Mr Richard Wadley (Non Exec. Director) Mr Paul Burton (Non Exec. Director)
Company Secretary Mr Richard Wadley
Registered 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
Share Registry* Security Transfer Australia Pty Ltd Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000 Australia Telephone: 1300 992 916 International: +61 3 9628 2200 Facsimile: +61 (0)8 9315 2233
Lead Manager and Underwriter Patersons Securities Limited Level 23, Exchange Tower 2 The Esplanade Perth WA 6000
Solicitors to the Company GTP Legal 68 Aberdeen Street, Northbridge WA 6865, Australia

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*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.

IMPORTANT NOTICES

This Prospectus is dated 5 April 2017 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Securities 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 5.6).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks. The Company's securities are currently suspended from trading on ASX. As such, there is no market for the Securities and the Securities offered pursuant to this Prospectus are highly illiquid.

Acceptances for Securities by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholders' entitlement to participate in the Offer.

Applications for Shortfall Securities must also be made on the Entitlement and Acceptance Form or the Shortfall Offer Application Form. The issue of Shortfall Securities to Shareholders is in the absolute discretion of the Directors (in consultation with the Underwriter). More information on the Shortfall Offer is contained in Section 1.10.

No person is authorised to give any information or to make any representation in connection with the Offer and Shortfall 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 and the Shortfall Offer.

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

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 Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Company's securities have been suspended from trading since 29 December 2015 and remain suspended as at the date of this Prospectus. Although the Company's securities are currently suspended from ASX, the Company continues to be subject to the continuous disclosure regime provided for under the Corporations Act. This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known by investors and professional advisers whom potential investors may consult.

At the time of making this Offer the Company has entered into the Babylon Option Agreement to acquire Babylon. If, at the end of the due diligence period, the Babylon Option is exercised, the Company will issue 50,000,000 Shares and 25,000,000 Attaching Options (on a post-Consolidation basis) to Babylon as consideration for the Babylon Acquisition (assuming \$1,000,000 in equity is raised by Babylon prior to exercise of the Babylon Option) (see Section 1.3 for further details). This will result in dilution of existing Shareholders at the time of completion of the Babylon Acquisition if it proceeds. In addition, if the Babylon Option is exercised, the Company proposes issue 40,000,000 Performance Rights (on a post-Consolidation basis) to new key management joining the Company as part of the Babylon Acquisition. If the various revenue, profitability and share price milestones of the Performance Rights are met, additional Shares will be issued in satisfaction of the Performance Rights which will result in further dilution to existing Shareholders.

Following completion of the Offer, if the Babylon Option is exercised, the Company also intends to conduct the Consolidation (on a 1:20 basis) and to undertake the Capital Raising in conjunction with the Babylon Acquisition. Assuming \$3.8 million is raised under the Capital Raising and that amount is fully underwritten, this will result in the issue of 190,000,000 Shares and 190,000,000 Attaching Options (on a post-Consolidation basis). Existing Shareholders will be further diluted by the Capital Raising if they do not participate in the Capital Raising or if new investors participate in the Capital Raising.

KEY RISKS

Shareholders and prospective investors should be aware that subscribing for Securities under the Offer involves a number of risks and uncertainties. The risk factors set out in Section 3 and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. The table below summarises only some of the risks which apply to an investment in the Company and investors should refer to Section 3 or a more detailed summary of the risks.

Topic	Summary
Suspension and liquidity of Securities	<p>The Company's Securities have been suspended from trading on ASX since 29 December 2015. The Company will remain suspended from trading until the Company has satisfied ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on the Company's reinstatement to the Official List of ASX. The Company notes the ASX policy, which provides that if a company is suspended for a period of more than two years then the company will be delisted from ASX.</p> <p>The Company's Securities are likely to remain highly illiquid so long as the Company remains suspended, and the liquidity of the Company's Securities if the Company becomes delisted from ASX is likely to be very limited.</p>
Babylon Acquisition	<p>The Babylon Acquisition is highly conditional, and there is no guarantee that the Babylon Acquisition will proceed. No decision has been made to exercise the Babylon Option at this stage.</p> <p>The Babylon Option has a 6 month term, and is subject to further due diligence by IMI on the Babylon business. In particular, IMI will be closely reviewing the operational performance and growth of the Babylon business over the Babylon Option period to ensure it is an appropriate business for acquisition and listing prior to making an election to exercise the Babylon Option. The Company has not yet consulted with ASX regarding whether the Babylon business is an appropriate business for listing.</p> <p>As set out in Section 1.3, the completion of the Babylon Acquisition is conditional on a number of conditions being satisfied by both the Company and Babylon. There can be no guarantee that the Babylon Acquisition will be completed or will be successful.</p> <p>In the event that Babylon Acquisition is not completed, the Company will need to investigate other new investment opportunities (see Section 3.1(c)) which is likely to require the Company raise additional funds (see Section 3.1(f)).</p> <p>Furthermore, if the Babylon Acquisition is completed, 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.</p> <p>Babylon is essentially a start-up company with limited operating history and to date has generated very limited revenues, and as such carries the normal risks of a start-up business. There is also a risk that Babylon will not be able to raise sufficient capital prior to exercise of the Babylon Option to implement its business plan. Given the limited operating history of Babylon, no assurance can be given that Babylon will achieve commercial viability through the implementation of its business plan. Accordingly, the Company is not in a position to give any guidance around likely revenue or profitability.</p>

PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC and provision of copies to ASX	Wednesday 5 April 2017
Appendix 3B given to ASX	Wednesday 5 April 2017
Notice sent to security holders	Friday 7 April 2017
Existing Shares quoted on an "ex" basis	Monday 10 April 2017
Record Date	Tuesday 11 April 2017
Prospectus and Entitlement and Acceptance Form sent to Eligible Shareholders	Thursday 13 April 2017
Last Day to extend offer closing date	Thursday 2 May 2017
Closing Date*	Friday 5 May 2017
Securities quoted on a deferred basis**	Monday 8 May 2017
ASX notified of under subscriptions	Wednesday 10 May 2017
Anticipated date for the issue of the Securities***	Friday 12 May 2017

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Securities.

** The Company's Securities have been suspended from trading on ASX since 29 December 2015. The Company will remain suspended from trading until the Company has satisfied ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on the Company's reinstatement to the Official List of ASX. The Company notes the ASX policy, which provides that if a company is suspended for a period of more than two years then the company will be delisted from ASX.

*** Indicative date only.

1. Details of the Offer

1.1 The Offer

The Company is making a non-renounceable, pro rata offer of Shares at an issue price of \$0.001 each to Eligible Shareholders on the basis of three (3) Shares for every eight (8) Shares held at 5.00pm (AEDT) on the Record Date, together with one free Attaching Option for each Share subscribed for (**Offer**).

A maximum of 498,237,396 Shares and 498,237,396 Options will be issued pursuant to this Prospectus.

Where the determination of the entitlement of Eligible Shareholders results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

The issue price under the Offer of \$0.001 per Share is equal to the last market sale price of the Company's Shares immediately preceding suspension of the quotation of the Company's Shares on the ASX.

The Prospectus is also for the offer of the Shortfall Securities. Shareholders are entitled to participate in the offer of the Shortfall Securities by completing the relevant sections of the Entitlement and Acceptance Form. Refer to Section 1.10 for further information and details of the Shortfall Offer.

Refer to Section 5.1 for a summary of the rights attaching to the Shares, and to Section 5.2 for a summary of the rights attaching to the Attaching Options.

1.2 Purpose of the Offer

Completion of the issue of Securities offered by this Prospectus will result in an increase in the cash on hand of up to approximately \$500,000 (before payment of Offer costs). As at 28 February 2017 the Company had approximately \$240,000 in cash and receivables.

The funds raised under the Offer are proposed to primarily be expended for the payment of liabilities and existing creditors of the Company, and otherwise for general working capital purposes. A breakdown of the use of funds is as follows:

Description	A\$
Available cash (as at 28 February 2017)	240,000
Funds raised under the Offer (before payment of the costs of the Offer)	500,000
Total cash as at 28 February 2017 and funds raised under the Offer	740,000
Payment of liabilities and existing creditors*	494,000
Working Capital and Administration	166,000
Costs of Offer	80,000
Total use of funds	740,000

* Includes up to \$330,000 owing by the Company under converting loans which are repayable by 31 May 2017 and \$146,000 to be paid to the Directors for outstanding Directors fees.

Actual expenditure may differ significantly from the above estimates due to a number of factors including the Company's cash flow position, going concern risk, future capital requirements, regulatory requirements, market and general economic factors and other factors (including the risk factors outlined in Section 3).

Unallocated working capital may be utilised by the Company to pay for cost overruns in budgeted expenditures (if any) and in the administration of the Company.

1.3 Babylon Acquisition

As announced by the Company on the ASX on 4 April 2017, the Company has entered into a binding agreement which provides the Company with a 6 month option (**Babylon Option Agreement**) to acquire all of the issued capital of Babylon Operations Pty Ltd (**Babylon**) (**Babylon Acquisition**).

The Babylon Option has a 6 month term, and is subject to further due diligence by the Company on the Babylon business. In particular, the Company will be closely reviewing the operational performance and growth of the Babylon business over the Babylon Option period to ensure it is an appropriate business for acquisition and listing prior to making an election to exercise the Babylon Option. The Company has not yet consulted with ASX regarding whether the Babylon business is an appropriate business for listing.

The key terms of the Babylon Option Agreement are as follows:

- (a) the Company has an exclusive 6 month option to acquire all of the issued capital of Babylon (**Babylon Option**);
- (b) the Company may exercise the Babylon Option at any time up to and including the date 6 months from the date of grant of the Babylon Option;
- (c) during the Babylon Option period, the founder of Babylon must procure that the business of the Company is conducted in accordance with an agreed business plan in all material respects;
- (d) the proposed consideration for the Babylon Acquisition is to be satisfied by the issue of Shares and Options. The Company will issue Shares to a value equal to the value of capital raised by Babylon up to the date of completion, issued on a post-Consolidation basis at a deemed issue price equal to the Offer price, together with one Attaching Option for every two Shares issued (with an exercise price of \$0.002 (\$0.04 on a post-Consolidation basis) and expiry date of 31 March 2019 – the same terms as the existing listed IMIOA Options. Babylon is seeking to raise approximately \$1,000,000 in equity capital. Assuming \$1,000,000 in equity is raised by Babylon prior to exercise of the Babylon Option, the consideration payable for the Babylon Acquisition is the issue of 50,000,000 Shares at a deemed issue price of \$0.02 per Share (on a post-Consolidation basis) and 25,000,000 Attaching Options (reflecting a purchase price of \$1,000,000); and
- (e) completion of the sale of Babylon to the Company is subject to and conditional on the following key conditions precedent being satisfied:
 - (i) the Company obtaining all necessary Shareholder approvals required by the Corporations Act, the Listing Rules and any other applicable laws or regulations in relation to the Babylon Acquisition, including (if required):
 - (A) approval of the issue of the consideration securities to the shareholders of Babylon;
 - (B) approval of a change to the nature and scale of the Company's activities;
 - (C) approval of the Consolidation (refer to Section 1.6 for further details);
 - (D) approval of the issue of 40,000,000 Performance Rights to certain persons who will be appointed to key management roles in the Company (see below for further details);
 - (ii) the Company achieving firm commitments for at least \$2,000,000 under the Capital Raising (refer to Section 1.6 for further details);

- (iii) (if applicable) the Company receiving confirmation from the ASX that its Securities will be-requoted on the Official List on terms and conditions acceptable to the parties (refer to Section 1.5 for further details); and
- (iv) the Company and the Buyer obtaining any required third party or regulatory consents.

If the Company exercises the Babylon Option and proceeds with Babylon Acquisition, the Company also proposes to issue 40,000,000 Performance Rights to the senior management of Babylon who will be appointed to key management positions with the Company with effect from completion of the Babylon Acquisition. The proposed Performance Rights will convert into Shares on a one for one basis on the achievement of the following revenue, profitability and Share price milestones:

- (a) delivery of revenues of \$4,600,000 in the first full financial year and \$9,200,000 in the second full financial year (being 80% of budgeted revenue over 2 years) (2 tranches of 7,000,000 Performance Rights);
- (b) delivery of EBITDA of breakeven in the first full financial year 1 and \$2.6m in the second full financial year (being 80% of budgeted profit over 2 years) (2 tranches of 7,000,000 Performance Rights); and
- (c) the exercise of 80% of the IMIOA Options delivering circa \$8,500,000 of new capital, which will imply the new business strategy has been successful (12,000,000 Performance Rights).

Further details in relation to the Performance Rights to be issued to new key management joining the Company as part of the Babylon Acquisition are set out in Section 4.1.

1.4 Babylon background

Babylon was established in 2017 by Mr Michael Shelby, an experienced international oil and gas executive who most recently grew the oil and gas service business of Resource Equipment Ltd (**REL**) from inception to A\$12m revenue p/a whilst exceeding profit targets up until REL was acquired by Pump Services, LLC by way of cash on market takeover offer in 2015.

Babylon's business plan is to become a speciality equipment and service provider to the expanding resources maintenance sector with a focus on two niche areas:

- (a) *Specialised Equipment Rental* – Owning and renting specialised pumping equipment and providing operators and technicians for the oil and gas and mining sectors. Target applications for the rental fleet include process and pipeline maintenance, wellhead and well service work, decommissioning services and mine dewatering and water management.
- (b) *Diesel Services* – Repair and maintenance of client equipment with a specific emphasis on rebuilding and providing maintenance for large diesel engines similar to the Babylon rental fleet. The engine rebuild service is focussed on engines of 1000hp or greater. Points of differentiation include a focus on smaller underserved equipment owners, flexible parts and labour supply, in-house testing capability and an experienced and respected team.

If the Babylon Acquisition completes, it is expected that Mr Michael Shelby, Mr Patrick Mainguard and Mr Michael Kenyon will be appointed to the Board of the Company, and the existing Directors of the Company will resign from the Board. It is also intended that Mr Kenyon will be appointed as Company Secretary of the Company. Brief bios of Messrs Shelby, Mainguard and Kenyon are set out below:

Michael Shelby – Managing Director

- Senior Executive MBA to compliment technical degree in Chemical Engineering.

- Executive leader with almost 20 years international oil and gas experience
 - Most recently grew oil and gas service business of REL from inception to A\$12m revenue p/a whilst exceeding profit targets
 - Recruited key personnel and launched overseas branches to compliment Australian business activities
 - 10 years in Australia leading multifunction teams across mining and oil and gas during most recent market cycles

Patrick Maingard – Executive Director

- 30 years of consulting and management experience
- Strong SME background with Director and Managing Director portfolios
- MSc Management – Oxford University
- Director/Owner plastics manufacturing business for 14 years before negotiating sale to a European multinational

Michael Kenyon – Non-Executive Director and Company Secretary

- Chartered Accountant and strong tier 1 accounting firm experience before taking on CFO/Company Secretarial roles in industry
- Significant exposure to manufacturing, engineering and contracting sectors through roles at Forge Group / TL Engineering / Central Systems
- Two years as CFO/Company Secretary of Resource Equipment Ltd (“REL”) up until takeover

It is proposed that IMI will seek shareholder approval for the appointment of the directors of Babylon to the IMI Board on completion of Babylon Acquisition.

1.5 Re-compliance with Chapters 1 and 2 of the Listing Rules

If the Company exercises the Babylon Option, subject to completion of the Babylon Acquisition and the Capital Raising, the Company intends to apply for the reinstatement of trading of its securities on the ASX. The proposed Babylon Acquisition will constitute a significant change in nature and scale of the Company’s activities of the nature contemplated by Chapter 11 of the ASX Listing Rules. As a result of changing the nature of its activities to the resources sector, various aspects of the Babylon Acquisition will need to be approved by Shareholders and the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules.

At this time ASX has not considered the suitability of Babylon as an entity for listing on ASX. As part of its due diligence on Babylon before making a decision on whether to exercise the Babylon Option, the Company will consult with ASX on whether the Babylon business is an appropriate business for listing.

Subject to further due diligence on Babylon, the Company intends to convene a general meeting of Shareholders to approve all enabling resolutions, including in relation to the Babylon Acquisition, the Capital Raising, the Consolidation (if not implemented earlier), the appointment of Babylon’s directors to the IMI Board on completion of the acquisition on Babylon, and a change of company name to Babylon Pump and Power Limited.

While every endeavour will be made to comply with the requirements set down by the Listing Rules and ASX, there can be no guarantee that the Company will be reinstated to trading on the ASX. Further details will be provided in the Notice of Meeting which will be sent to all Shareholders, and in the Capital Raising prospectus. The Company’s securities will continue to be suspended from trading until the Company satisfies the requirements of Chapters 1 and 2

of the ASX Listing Rules. As noted above, ASX policy provides that if a company is suspended for a period of more than two years then the company will be delisted from ASX.

1.6 Capital Raising and Consolidation

As part of the Babylon Acquisition the Company proposes to:

- (a) conduct a consolidation on a 1:20 basis (**Consolidation**); and
- (b) raise between \$3.8 million and \$6.0 million as part of the re-compliance transaction, together with for one free Attaching Option for every two Shares subscribed (being the issue of 190,000,000 Shares and 95,000,000 Options where \$3.8 million is raised – all on a post consolidation basis) (**Capital Raising**).

The Capital Raising is proposed to be conducted at the same issue price as the Shares offered pursuant to the Offer on a post-consolidation basis.

The Capital Raising is proposed to be fully or partially underwritten and it is proposed to grant options to the underwriter on the same terms as the Attaching Options on the basis of one Attaching Option for every two Shares underwritten. It is proposed that the Underwriter will also act as Lead Manager and/or Underwriter to the Capital Raising at a later date following completion by the Company of due diligence on Babylon.

As outlined in Section 1.3, the Babylon Acquisition is conditional on the Company raising at least \$2 million under the Capital Raising.

The Company will remain suspended from trading until the Company has satisfied ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules any compliance with any further conditions ASX imposes on the Company's reinstatement to the Official List. The Company notes the ASX policy, which provides that if a company is suspended for a period of more than two years then the company will be delisted from the ASX.

1.7 Your entitlement and acceptance

Your entitlement to participate in the Offer will be determined on the Record Date, being 11 April 2017. The entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

You may accept all or only part of your Entitlement. If your acceptance exceeds your entitlement, for the excess will be deemed to be an application Shortfall Securities (refer to Section 1.10), and will be subject to availability of Shortfall Securities. In the event sufficient Shortfall Securities are not available, any surplus Application Monies will be returned (without interest).

1.8 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements, being 11 April 2017, until 5.00pm AEDT on the Closing Date, being 5 May 2017 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.9 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter on the terms and conditions of the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Company has given warranties and covenants to the Underwriter which are customary in an agreement of this nature. A summary of the Underwriting Agreement is set out in Section 5.3.

The Underwriter has advised that it has entered into a binding sub-underwriting commitment (as described in Section 5.4) with the Sub-Underwriter in respect of the entire Offer.

Shortfall Securities will be allocated in priority to Eligible Shareholders who apply for Shortfall Shares under the Shortfall Offer. Following the allocation of Shortfall Securities to any Eligible

Shareholder who applies for any shortfall, Shortfall Securities will be allocated in satisfaction of obligations pursuant to the Underwriting Agreement. The Sub-underwriter will be allocated the remaining Shortfall Securities.

1.10 Shortfall Offer

In the event that not all Eligible Shareholders accept their full entitlement pursuant to the Offer, the Company (in consultation with the Underwriter) is offering the Shortfall to Eligible Shareholders on the terms and conditions below (**Shortfall Offer**).

The Offer of any Shortfall Securities is a separate offer made pursuant to this Prospectus and will remain open until the Closing Date or such other date as the Directors determine in their absolute discretion subject to the requirements of the Listing Rules.

Eligible Shareholders who take up their Entitlement in full may apply for Shortfall Securities on the Entitlement and Acceptance Form enclosed with this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Shortfall Securities will be offered at an issue price of \$0.001 per Share (which is the issue price at which the Offer has been made to Eligible Shareholders), together with one free Attaching Options for each Share subscribed for.

As noted in Section 1.9 above, Shortfall Securities will be allocated in priority to Eligible Shareholders who apply for Shortfall Securities under the Shortfall Offer. The Shares and Options comprising the Shortfall Securities will have the same rights as the Shares and the Attaching Options as set out in Sections 5.1 and 5.2.

The Company reserves the right to issue to an applicant for Shortfall Securities a lesser number of Shortfall Securities than the number applied for. If the number of Shortfall Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on any Application Monies refunded.

If Shareholders wish to apply for Shortfall Securities, they should complete the relevant section of the Entitlement and Acceptance Form. Refer to Section 2.4 for instructions as to how to apply for Shortfall Securities.

1.11 No rights trading

The rights to Securities under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Securities to any other party. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse.

1.12 Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form or Shortfall Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted. Neither the Entitlement and Acceptance Form nor the Shortfall Application Form needs to be signed to be a binding acceptance of Securities.

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

1.13 No minimum subscription

There is no minimum subscription for the Offer.

1.14 Issue

All Securities offered by this Prospectus are expected to be issued, and security holder statements sent, on or before the date specified in the timetable. It is the responsibility of

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

The Company's Securities have been suspended from trading on ASX since 29 December 2015. The Company will remain suspended from trading until the Company has satisfied ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on the Company's reinstatement to the Official List of ASX. The Company notes the ASX policy, which provides that if a company is suspended for a period of more than two years then the company will be delisted from ASX.

1.15 Application Monies held on trust

All Application Monies received for the Securities 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 Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

1.16 CHESS

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

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

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

The CHESS statement will set out the number of Securities 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 Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be sent by Computershare Investor Services and will contain the number of Securities 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 Security holding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.17 Overseas Shareholders

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia or New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Securities to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia or New Zealand. The Company is not required to make offers under the Prospectus to Shareholders other than in Australia or New Zealand. Where the Prospectus has been sent to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the Offer contemplated by the Prospectus, the Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer

does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

The Offer is being made in New Zealand in reliance on the New Zealand Securities Act (Overseas Companies) Exemption Notice 2013. This document is not a prospectus or investment statement under New Zealand law and has not been registered or filed with, or approved by, any New Zealand regulatory authority under or in accordance with the New Zealand Securities Act 1978 or any other relevant law in New Zealand. This document may not contain all the information that an investment statement, or a prospectus under New Zealand law is required to contain.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain institutional or sophisticated shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

1.18 Risk factors

An investment in Securities 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 3.

1.19 Taxation implications

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

1.20 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 2016 is in the Annual Financial Report which was lodged with the ASX on 3 November 2016.

A summary of activities relating to the Company for the half year ended 31 December 2016 is in the Half Year Statutory Accounts, lodged with the ASX on 5 April 2017.

The Company's continuous disclosure notices (i.e. ASX announcements) since 3 November 2016 are listed in Section 5.6.

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

1.21 Privacy

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

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance 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 Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance.

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.

1.22 Effect on Control

The potential effect the Offer will have on each Shareholder's percentage interest in the total issued capital of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlement, each Eligible Shareholder's percentage in the total issued Shares of the Company will remain the same and will not be diluted; and
- (b) if some but not all Eligible Shareholders take up their entitlement, and the Shortfall is taken up under the Shortfall Offer and the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their Entitlement will remain the same.

The Underwriter has confirmed that the Sub-underwriter has committed to take the total underwritten amount.

As at the date of this Prospectus, the Sub-underwriter does not hold any Shares. The Sub-underwriter's relevant interest in Shares and voting power in the Company following completion of the Offer will vary depending upon the take-up under the Offer. If no Shareholders take up their entitlement under the Prospectus and the Sub-Underwriter takes up its full sub-underwriting commitment (being all of the Securities pursuant to the Offer), the Sub-underwriter's voting power in the Company will be 27.27% as a result of the Offer (assuming no Options are exercised prior to completion of the Offer).

As a result of the Offer, no other Shareholder will obtain a relevant interest in over 20% of the Shares on issue.

1.23 Potential Dilution

In addition, Shareholders should note that if they do not participate in the Offer their holdings are likely to be diluted by approximately 27.27% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

1.24 Suspension from ASX and Reinstatement to Quotation

The Company's securities have been suspended from trading since 29 December 2015 and remain suspended as at the date of this Prospectus.

As the Company's securities are currently suspended from trading on ASX, the Securities to be issued under this Prospectus will be suspended from the time of issue. As set out in Section 1.5, the Company intends to satisfy the requirement of ASX, including by undertaking the Capital Raising, and apply for the reinstatement of trading of its securities on ASX. While every endeavour will be made to comply with the requirements set down by the Listing Rules, there can be no guarantee that the Company will be reinstated to trading on the ASX. In the event the Company is unable to comply with the requirements of ASX, the Company's securities will remain suspended from trading on the ASX and there will be no market for the Securities.

Although the Company's securities are currently suspended the Company continues to be a disclosing entity for the purposes of the Corporations Act.

Due to the suspension the highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus is not available as there have been no sales. The last recorded closing sale price of the Shares on ASX prior to the Company's securities being suspended from trading on ASX and lodgement of this

prospectus with ASIC was \$0.001. This is not a reliable indicator as to the potential value of Shares after implementation of the Offer or reinstatement to trading on the ASX.

1.25 Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

While the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 3, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.26 Enquiries concerning Prospectus

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Security Transfer Australia Pty Ltd by telephone on 1300 992 916.

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

BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 4.00pm (AEDT) on the Closing Date. Please read the instructions carefully.

It is your responsibility to ensure that your BPAY® payment is received by the share registry no later than 4.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut off times with regards to electronic payments and you should therefore take this into consideration when making payment.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.3 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Securities you hold and the rights attaching to those Securities will not be affected should you choose not to accept any of your Entitlement.

2.4 Shortfall

If you wish to apply for Securities in excess of your Entitlement by applying for Shortfall Securities you may do so by completing the relevant sections of the Entitlement Acceptance Form or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully. Any Securities applied for in excess of your Entitlement will be made under the Shortfall Offer and will be issued in priority to the Sub-underwriter but at the complete discretion of the Directors. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "IM Medical Limited" and lodged at any time after the issue of this Prospectus and no later than 5.00pm (AEDT) on the Closing Date at the Company's share registry (by post) at the address listed in Section 2.1.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have applied for Shortfall under the Shortfall Offer upon receipt of a BPAY® payment by the Company of more than your Entitlement. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form for either the Offer or Shortfall Offer. If you elect to pay via BPAY® then your payment must be made before 4.00pm (AEDT) on the Closing Date. Please read the instructions carefully.

It is your responsibility to ensure that your BPAY® payment is received by the share registry no later than 4.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut off times with regards to electronic payments and you should therefore take this into consideration when making payment.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.5 Enquiries concerning your entitlement

If you have any queries concerning your Entitlement, please contact Security Transfer Australia Pty Ltd via telephone on 1300 992 916.

3. 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:

3.1 Specific Risks Associated with the Company

(a) Suspension and liquidity of Securities

The Company's securities have been suspended from trading on ASX since 29 December 2015. The Company will remain suspended from trading until the Company has satisfied ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on the Company's reinstatement to the Official List of ASX. The Company notes the ASX policy, which provides that if a company is suspended for a period of more than two years then the company will be delisted from ASX.

The Company's Securities are likely to remain highly illiquid so long as the Company remains suspended, and the liquidity of the Company's Securities if the Company becomes delisted from ASX is likely to be very limited.

(b) Babylon Acquisition

The Babylon Acquisition is highly conditional, and there is no guarantee that the Babylon Acquisition will proceed. No decision has been made to exercise the Babylon Option at this stage.

The Babylon Option has a 6 month term, and is subject to further due diligence by IMI on the Babylon business. In particular, IMI will be closely reviewing the operational performance and growth of the Babylon business over the Babylon Option period to ensure it is an appropriate business for acquisition and listing prior to making an election to exercise the Babylon Option. The Company has not yet consulted with ASX regarding whether the Babylon business is an appropriate business for listing.

As set out in Section 1.3, the completion of the Babylon Acquisition is conditional on a number of conditions being satisfied by both the Company and Babylon. There can be no guarantee that the Babylon Acquisition will be completed or will be successful.

In the event that Babylon Acquisition is not completed, the Company will need to investigate other new investment opportunities (see Section 3.1(c)) which is likely to require the Company raise additional funds (see Section 3.1(f)).

Furthermore, if the Babylon Acquisition is completed, 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.

Babylon is essentially a start-up company with limited operating history and to date has not generated any revenues, and as such carries the normal risks of a start-up business. There is also a risk that Babylon will not be able to raise sufficient capital prior to exercise of the Babylon Option to implement its business plan. Given the limited operating history of Babylon, no assurance can be given that Babylon will achieve commercial viability through the

implementation of its business plan. Accordingly, the Company is not in a position to give any guidance around likely revenue or profitability.

(c) Other New Business Opportunities

In the event that the Company is unable to complete the Babylon Acquisition, the Company will need to pursue 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) Going Concern Risk

The Company's Annual Financial Report lodged with the ASX on 3 November 2016 contain a 'going concern' note. For the financial year ended 30 June 2016, the Company incurred a net loss, incurred negative cash flows from operations and had an excess of current liabilities over current assets at 30 June 2016.

Based on the number of inherent uncertainties relating to the Company's future plans, including:

- (i) the Company's securities being suspended from trading on ASX;
- (ii) Company's ability to raise equity in the current market, including additional funding which may be needed for the continued assessment of suitable investment opportunities and ASX re-compliance; and
- (iii) cash outflows required for the maintenance of a corporate administration function,

there is material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the 'going concern' note in the Company's 2016 Annual Financial Report, the Director's believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern. However, in the event that the Offer, ASX re-compliance or the Babylon Acquisition is not completed successfully or is delayed, there is significant uncertainty as to whether the Company can meet its commitments to its creditors and continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

(e) 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 complete the Babylon Acquisition (refer to Section 3.1(b)) or identify new business opportunities (refer to Section 3.1(c)) or complete the Capital Raising and comply with the requirements of ASX (refer to Section 3.1(a)) 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.

(f) 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.

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.

(g) Trading Price of Securities and Liquidity

The Company's securities have been suspended since 29 December 2015. Following the lifting of the suspension if the Company is able to re-comply with the requirements of ASX, it is not possible to predict what the value of the Company's Securities will be. Accordingly, following the completion of the Offer being implemented the Directors do not make any representation as to the value of the Company or the Securities.

3.2 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 Securities 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 of the Company 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 Securities 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 Securities, regardless of the Company's operational performance.

(f) Share Market Conditions

Share market conditions may affect the value of Securities 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 Securities 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.

3.3 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 Securities offered under this Prospectus.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

4. Effect of the Offer

4.1 Capital Structure on completion of the Offer

Assuming all Securities offered under this Prospectus are issued and no Options are exercised prior to the Record Date, the effect of the Offer on the capital structure of the Company is set out below.

	Number of Shares	Number of Options ⁽¹⁾
Balance at the date of this Prospectus	1,328,633,057	495,064,755
To be issued under the Offer (including Attaching Options to be issued to the Underwriter)	498,237,396	498,237,396
Balance on completion of the Offer	1,826,870,453	993,302,151

(1) Each Option has an exercise price of \$0.002 and expires on 31 March 2019.

4.2 Capital Structure on Completion of the Babylon Acquisition and the Capital Raising

As set out in Sections 1.3 and 1.6, following completion of the Offer the Company intends to complete the Babylon Acquisition and undertake the Capital Raising. Assuming the Offer has been completed and the maximum amount under the Offer is raised, the effect of the Babylon Acquisition and the Capital Raising on the capital structure of the Company is set out below.

	Number of Shares	Number of Options ⁽¹⁾
Balance after the Offer	1,826,870,453	993,302,151
Consolidation (1:20 basis)	91,343,523	49,665,108
Babylon Acquisition ⁽²⁾	50,000,000	25,000,000
Capital Raising ⁽³⁾	190,000,000	95,000,000
Underwriter Options ⁽³⁾		95,000,000
Total	331,343,523	264,665,108
Performance Rights ⁽⁴⁾	40,000,000	
Total (including Performance Rights)	371,343,523	264,665,108

(1) Each Attaching Option has an exercise price of \$0.002 and expires on 31 March 2019.

(2) Assumes Babylon has raised \$1m in equity capital prior to completion of the Babylon Acquisition.

(3) Assumes \$3.8m is raised under the Capital Raising, and that amount is underwritten (refer to Section 1.6).

(4) Refer to Section 1.3 for details of the terms of the Performance Rights to be issued to the senior management of Babylon, who will be appointed to key management positions with the Company following completion of the Babylon Acquisition.

4.3 Pro Forma Statement of Financial Position

Basis of Preparation

The below 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 31 December 2016 is based on the audit reviewed Financial Statements for the half year ended 31 December 2016 and have 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 31 December 2016 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 audit reviewed statement of financial position as at 31 December 2016 and has then been adjusted to reflect the following material transactions, assuming Shareholder approval is obtained for the proposed transaction.

Consolidated \$000'S	Notes	Half-Yearly Financial Report (reviewed)	Pre- Offer Adjustments	Total pre- Offer	Pro-forma Adjustments	Pro-forma Post offer
Assets						
Current Assets						
Cash and cash equivalents		76	200	276	(112)	164
GST refundable		16		16		16
Sundry debtors		200	(200)	-		
		292	-	292	(112)	180
Total Assets		292		292		
Liabilities						
Converting Loan		330		330	(330)	-
Trade Creditors		375	-	375	(200)	175
Total Current Liabilities		705	-	705	(530)	175
Non-Current Liabilities						
Total Non-Current Liabilities		-	-	-		
Net Assets		(413)	-	(413)	418	5
Equity						
Shares Issued		25,973		25,973	498	26,471
Cost of Issue		(1,059)		(1,059)	(80)	(1,139)
In-specie Distribution		(2,306)	-	(2,306)		(2,306)
Accumulated losses		(23,021)	-	(23,021)		(23,021)
Total Equity		(413)	-	(413)	418	5

Pro Forma Adjustments

The pro forma information contains the following pro-forma adjustments:

- The issue of 498,237,396 Shares at \$0.001 to raise \$498,237 pursuant to the Equity Capital Raising.
- The payment of estimated transaction costs of \$80,000.
- The settlement of \$330,000 for the converting loans due to expire on 31 May 2017.

- (d) The settlement of \$200,000 creditors and accounts payable which includes \$146,000 to paid to the Directors for outstanding Directors' fees (refer to Section 5.9(c) for further details).
- (e) As no decision has been made to proceed with the Babylon Acquisition or the Capital Raising at this stage, the Company has determined that it is not appropriate to include pro forma adjustments for those transactions in this pro forma statement of financial positions.

The preliminary financial information has been prepared based on the information currently available.

The Company currently earns no revenue and has been operating at a loss. The Company does not expect to be in a position to earn revenue, other than interest income, following the Offer. Accordingly, it is expected that the operating losses will continue for the consolidated group in the near term post completion of the Offer.

4.4 Market price of Shares

The Company's Securities have been suspended from quotation on the ASX since 29 December 2015. The last market sale price of the Company's Shares on the ASX immediately preceding suspension of the quotation of the Company's Shares on the ASX was \$0.001 on 22 December 2015.

The issue price under the Offer of \$0.001 per Share is equal to the last market sale price of the Company's Shares immediately preceding suspension.

4.5 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.

5. Additional information

5.1 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 is available from 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 any specific circumstances, the Shareholder should seek legal advice.

The Shares to be issued under this Prospectus will rank equally with the existing Shares.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASTC Business Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) Partly paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and Share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

The Constitution states that the minimum number of Directors is 3 and the number of Directors shall not exceed 9.

(k) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

- (l) Share buy backs
Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by Directors.
- (m) Capitalisation of profits
The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.
- (n) Capital reduction
Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital in any way including, but not limited to, distributing to Shareholders securities of any other body corporate and for Shareholders to be bound by the constitution of that body corporate.
- (o) Preference Shares
Subject to the Corporations Act and Listing Rules, the Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

5.2 Rights attaching to Attaching Options

The Attaching Options are on the same terms as the existing IMIOA Options on issue, and entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Entitlement
Each Attaching Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) Exercise Price and Expiry Date
The Options have an exercise price of \$0.002 (being \$0.04 on a post-Consolidation basis) (**Exercise Price**) and an expiry date of 31 March 2019 (**Expiry Date**).
- (c) Exercise Period
The Options are exercisable at any time on or prior to the Expiry Date.
- (d) 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.
- (e) Shares issued on exercise
Shares issued on exercise of the Options will rank equally with the then shares of the Company.
- (f) 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.

(g) 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:

- (i) issue the Share; and
- (ii) 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.

(h) 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.

(i) 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):

- (i) 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
- (ii) no change will be made to the Exercise Price.

(j) 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.

(k) 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.

(l) Quotation of Options

The Options will be listed Options.

- (m) Options transferable
The Options are freely transferable.
- (n) 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.

5.3 Underwriting Agreement

The Company has entered into an underwriting agreement dated 4 April 2017 with the Underwriter (**Underwriting Agreement**) pursuant to which the Company has engaged the Underwriter to fully underwrite the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6.5% of the total amount raised under the Offer. The Underwriter is entitled to be reimbursed costs of, and incidental to, the Offer, provided that the Underwriter must obtain the Company's consent to specific individual items greater than \$2,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **Indices fall:** any of the All Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **Prospectus:** the Prospectus or the Offer is withdrawn by the Company;
- (c) **Copies of Prospectus:** the Company fails to provide the Underwriter with an electronic copy of the Prospectus within 2 days of lodgement of this Prospectus and such failure is not remedied within 2 days;
- (d) **Supplementary prospectus:**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in sub-paragraph (n)(vi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter otherwise than as permitted by the Underwriting Agreement;
- (e) **Non-compliance with disclosure requirements:** it transpires that the Prospectus does not contain all the information required by section 713 (or sections 710, 711 and 716 as applicable) of the Corporations Act;
- (f) **Misleading Prospectus:** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive in a material respect, or that there is an omission from the Prospectus (having regard to the provisions of section 713 (or sections 710, 711 and 716 as applicable) of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive in a material respect or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive in a material respect;

- (g) **Restriction on allotment:** the Company is prevented from allotting the Securities under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) **Withdrawal of consent to Prospectus:** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (i) **ASIC application:** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (j) **ASIC hearing:** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (k) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (l) **Authorisation:** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (m) **Indictable offence:** a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (n) **other termination events:** any of the following events occur which, in the reasonable opinion of the Underwriter reached in good faith, has, or is likely to have or two or more termination events together have or are likely to have: (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Securities under the Offer (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in those Securities), (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole, (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which existed at the date of the Underwriting Agreement, or (d) a material adverse effect on the tax position of either the Company and its subsidiaries either individually or taken as a whole, or an Australian resident Shareholder:
 - (i) **Default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **Contravention of constitution or Act:** a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

- (iv) **Adverse change:** an event occurs which gives rise to a material adverse effect (see (a) to (d) in paragraph (n) above) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **Error in Due Diligence Results:** it transpires that any of the due diligence results or any part of the verification material prepared in relation to the Offer was false, misleading or deceptive or that there was an omission from them;
- (vi) **Significant change:** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **Public statements:** without the prior approval of the Underwriter (such approval not to be unreasonably withheld) a public statement is made by the Company in relation to the Offer, the issue of the Securities offered under the Offer or the Prospectus unless such statement is required by law of the Listing Rules;
- (viii) **Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of the Securities offered under the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (x) **Prescribed Occurrence:** a Prescribed Occurrence occurs (see below) other than as disclosed in this Prospectus;
- (xi) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (xii) **Event of Insolvency:** an event of insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries;
- (xiii) **Judgment against the Company or any of its subsidiaries:** a judgment in an amount exceeding \$25,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xiv) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (xv) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the

Company before Completion without the prior written consent of the Underwriter;

- (xvi) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;
- (xvii) **Timetable:** there is a delay in any specified date in the Offer timetable which is greater than 3 Business Days and the delay has not been caused by the Underwriter or agreed to in writing by the Underwriter;
- (xviii) **Force Majeure:** any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the Company or the Underwriter affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **Certain resolutions passed:** the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **Capital Structure:** the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xxi) **Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of a the Company or any of its subsidiaries;
- (xxii) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, the European Union or other international financial markets; or
- (xxiii) **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

For the purposes of sub-paragraph (n)(x) above, **Prescribed Occurrence** means:

- (a) the Company or any of its subsidiaries converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company or any of its subsidiaries resolving to reduce its share capital in any way;
- (c) the Company or any of its subsidiaries:
 - (i) entering into a buy back agreement or;
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;

- (d) the Company or any of its subsidiaries making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (e) the Company or any of its subsidiaries issuing, or agreeing to issue, convertible notes;
- (f) the Company or any of its subsidiaries disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company or any of its subsidiaries charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company or any of its subsidiaries resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to the Company or any of its subsidiaries;
- (j) the making of an order by a court for the winding up of the Company or any of its subsidiaries;
- (k) an administrator of the Company or any of its subsidiaries, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company or any of its subsidiaries executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company or any of its subsidiaries.

The Underwriting Agreement also contains a number of undertakings, indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

5.4 Sub-underwriting Agreement

The Underwriter has entered into a sub-underwriting agreement with the Sub-underwriter pursuant to which the Sub-underwriter has agreed to subscribe for the entire Offer. All fees to be paid to the Sub-underwriter will be paid by the Underwriter.

Following the allocation of Shortfall Securities to any Eligible Shareholder who applies for shortfall, if a shortfall still exists, the remaining Shortfall Securities will be allocated to the Sub-underwriter.

5.5 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 5.6 below).

5.6 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 Financial Report of the Company for the financial year ended 30 June 2016, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus;

- (b) the half-year financial report for the half-year ended 31 December 2016 lodged by the Company with the ASX on 5 April 2017; and
- (c) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
05/04/2017	Investor Presentation
05/04/2017	Half Yearly Report and Accounts
04/04/2017	Non-Renounceable Issue
31/03/2017	Appendix 3Y
28/02/2017	Costs Reimbursement Rox Resources Limited
27/01/2017	Appendix 4C - quarterly
14/12/2016	Costs Reimbursement – Rox Resources
30/11/2016	Results of Meeting
30/11/2016	Chairman's Address 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:

- (i) this Prospectus;
- (ii) Constitution; and
- (iii) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.7 Information excluded from continuous disclosure notices

Other than as disclosed in this Prospectus, 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.

5.8 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 Securities under this Prospectus.

5.9 Directors' interests

- (a) Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director has an interest:

- (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' Holdings

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

Director	No. of Shares Held ⁽¹⁾	No. of Options Held	Entitlement to Subscribe for Shares ⁽²⁾
Nigel Blaze	1,650,000		618,750 ⁽³⁾
Richard Wadley	-	-	-
Paul Burton	-	-	-

(1) Held directly or indirectly by the Director or a related party of the Director.

(2) Entitlement to subscribe for Shares that will be held directly or indirectly.

(3) Mr Blaze has advised that he intends to take up all of his Entitlement under the Offer.

(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 is it 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.

The table below sets out the remuneration provided to (or owing to) the Directors, or their nominee companies, for the current financial year to date and the preceding two financial years prior to this Prospectus:

Directors	Year	Salary & Fees \$*	Super-annuation \$	Share Based Payments \$	Total \$
Nigel Blaze	2016/2017	12,500	-	-	12,500
	2015/2016	25,000	-	-	25,000
	2014/2015	33,956	-	-	33,956
Richard Wadley	2016/2017	22,983	-	-	22,983
	2015/2016	47,400	-	-	47,400
	2014/2015	74,200	-	-	74,200
Paul Burton	2016/2017	22,800	-	-	22,800
	2015/2016	34,900	-	-	34,900
	2014/2015	29,312	-	-	29,312

* The Directors are currently owed \$255,000 in aggregate in outstanding Directors Fees. The Company has agreed with the Directors that \$146,000 of this amount will be paid pro rata from the funds raised under the Offer and the balance of \$109,000 plus any subsequent Directors' fees will be paid on completion of the Capital Raising.

5.10 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 \$20,000 (plus GST) in relation to the preparation of this Prospectus and related matters regarding the capital raising. In the past two years, GTP Legal has received approximately \$235,672 (excluding GST) for the provision of legal services to the Company.

The Underwriter will be paid gross fees of approximately \$32,500 (excluding GST) in relation to its services as Underwriter to the Offer. In the past two years, the Underwriter has received approximately \$317,815 (excluding GST) for underwriting services provided to the Company in relation to capital raisings completed by the Company.

5.11 Expenses of issue

The estimated expenses of the issue are as follows:

Expenses	\$
ASIC lodgement fee	2,350
ASX quotation fee	9,810
Lead Manager & Underwriter fees	32,500
Legal expenses	20,000
Printing, mailing and other expenses	10,000
Share registry expenses	5,340
Total	80,000

5.12 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, their written consent to being named in this Prospectus as solicitors to the Company. GTP Legal has not authorised or caused the issue of this Prospectus or the making of the 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.

Patersons Securities Limited has given, and has not withdrawn, its written consent to being named in this Prospectus as the Underwriter to the Offer. Patersons Securities Limited has not authorised or caused the issue of this Prospectus or the making of the Offer under this Prospectus. Patersons Securities Limited 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.

Security Transfer Australia Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as share registry in the form and context in which it is named. Security Transfer Australia Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Security Transfer

Australia Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

6. Authorisation

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

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



Richard Wadley

Director

Dated: 5 April 2017

7. Glossary of Terms

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

Acceptance means a valid application for Securities made pursuant to this Prospectus on an Entitlement and Acceptance Form.

AEDT means Australian Eastern Daylight Time.

Annual Financial Report means the financial report lodged by the Company with ASIC in respect to the financial year ended 30 June 2016 and includes the corporate directory, Shareholder information, Directors' declaration, financial statements and the notes thereto, of the Company and its controlled entities for the period ended 30 June 2016, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Entitlement and Acceptance Form or Shortfall Application Form.

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

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 624 691.

Attaching Option means a listed Option with an exercise price of \$0.002 (\$0.04 on a post-Consolidation basis) and expiry date of 31 March 2019 – the same terms as the existing listed IMIOA Options.

Babylon means Babylon Operations Pty Ltd ACN 617 350 731.

Babylon Acquisition has the meaning in Section 1.3.

Babylon Option has the meaning in Section 1.3.

Babylon Option Agreement has the meaning in Section 1.3.

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.

Capital Raising has the meaning in Section 1.6.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date identified as such in the proposed timetable or such later date as the Directors may determine.

Company means IM Medical Limited ACN 009 436 908.

Consolidation has the meaning in Section 1.6.

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

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

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

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means an Eligible Shareholder's entitlement to Securities under the Offer as determined on the Record Date.

Entitlement and Acceptance Form or **Form** means the entitlement and acceptance form attached to this Prospectus that sets out the entitlement of Shareholders to subscribe for Securities pursuant to the Offer.

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 CHESS.

Listing Rules means the Listing Rules of the ASX.

Offer has the meaning in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Option means an option to acquire a Share.

Prospectus means this prospectus dated 5 April 2017.

Record Date means the date specified as such in the proposed timetable.

Section means a section of this Prospectus.

Security means a Share or an Option.

Shareholder means a holder of Shares.

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

Shortfall Application Form means the personalised application form enclosed with this Prospectus to subscribe for Shortfall Securities.

Shortfall Notice Deadline Date means the date specified in the Underwriting Agreement by which the Company must give each Underwriter written notice of the Shortfall Securities, being the Business Day after the Closing Date (or such other date as determined by the Underwriter).

Shortfall Offer means as defined in Section 1.10.

Shortfall Securities means that number of the Securities that have not validly been applied for under the Offer by the Closing Date.

Sub-underwriter means Chesapeake Capital Limited (ACN 106 213 772).

Underwriter means Patersons Securities Limited (ACN 008 896 311).

Underwriting Agreement means as defined in Section 5.3.

\$ means Australian dollars.