
IM MEDICAL LIMITED

ACN 009 436 908

(to be renamed Babylon Pump & Power Limited)

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at
Level 15, 333 Collins Street, Melbourne, Victoria on Wednesday, 1 November 2017
at 11:00am (AEDT).**

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of IM Medical Limited (**Company**) will be held at Level 15, 333 Collins Street, Melbourne on Wednesday, 1 November 2017 at 11.00am (AEDT) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 30 October 2017 at 7pm (AEDT).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 19.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding ordinary resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or

- (b) the person is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.
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2. Resolution 2 – Re-election of Mr Nigel Blaze

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

"That Mr Nigel Blaze, who retires in accordance with clause 13.2 of the Constitution, being eligible and offering himself for re-election, be re-elected as a director of the Company with immediate effect."

3. Resolution 3 – Approval of change to nature and scale of activities

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change to the nature and scale of the Company's activities resulting from the Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

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

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of issue of Consideration Shares and Consideration Options to Vendors for the acquisition of Babylon Operations Pty Ltd

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to:

(a) 55,750,000 Shares (**Consideration Shares**); and

(b) 27,875,000 IMIOA Options (**Consideration Options**),

(on a post-Consolidation basis) to the Vendors as consideration for the acquisition of their Babylon Shares, under the Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

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

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval to issue Capital Raising Shares and Attaching Options

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rules 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 300,000,000 Shares (**Capital Raising Shares**) each at an issue price of \$0.02, and up to 150,000,000 IMIOA Options (**Attaching Options**) each exercisable at \$0.04 on or before 31 March 2019, (all on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum (**Capital Raising**)."*

Voting Exclusion

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

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Authority for Mr Richard Wadley to participate in the Capital Raising

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

"That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Richard Wadley (and/or his nominee/s) to participate in the Capital Raising to the extent of up to 500,000 of the Capital Raising Shares each at an issue price of \$0.02, and up to 250,000 of the Attaching Options each exercisable at \$0.04 on or before 31 March 2019, (all on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Richard Wadley and his nominee/s and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Authority for Mr Nigel Blaze to participate in the Capital Raising

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

"That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Nigel Blaze (and/or his nominee/s) to participate in the Capital Raising to the extent of up to 500,000 of the Capital Raising Shares each at an issue price of \$0.02, and up to 250,000 of the Attaching Options each exercisable at \$0.04 on or before 31 March 2019, (all on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Nigel Blaze and his nominee/s and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 – Authority for Mr Patrick Maingard to participate in the Capital Raising

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

"That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Proposed Director Mr Patrick Maingard (and/or his nominee/s) to participate in the Capital Raising to the extent of up to 1,000,000 of the Capital Raising Shares each at an issue price of \$0.02, and up to 500,000 of the Attaching Options each exercisable at \$0.04 on or before 31 March 2019, (all on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Proposed Director Mr Patrick Maingard and his nominee/s and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 9 – Approval to grant Sub-Underwriter Options

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 100,000,000 IMIOA Options (**Sub-Underwriter Options**) each exercisable at \$0.04 on or before 31 March 2019 (on a post-Consolidation basis) to the Sub-Underwriters on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the grant of the Sub-Underwriter Options and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 10 – Approval of Share Consolidation

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Directors to consolidate the issued capital of the Company on the basis that every 20 Shares on issue be consolidated into one Share (**Consolidation**)."*

11. Resolution 11 – Appointment of Mr Michael Shelby as a Director

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

"That, in accordance with clause 13.3 of the Constitution, and with effect from Completion, Mr Michael Shelby be appointed as a Director."

12. Resolution 12 – Appointment of Mr Patrick Maingard as a Director

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

"That, in accordance with clause 13.3 of the Constitution, and with effect from Completion, Mr Patrick Maingard be appointed as a Director."

13. Resolution 13 – Appointment of Mr Michael Kenyon as a Director

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

"That, in accordance with clause 13.3 of the Constitution, and with effect from Completion, Mr Michael Kenyon be appointed as a Director."

14. Resolution 14 – Change of Company Name

To consider, and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

"That, subject to each of the Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Babylon Pump & Power Limited."

15. Resolution 15 – Approval of grant of Performance Rights to Mr Michael Shelby

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to grant 20,000,000 Performance Rights (comprising 3,500,000 Class A Performance Rights, 3,500,000 Class B Performance Rights, 3,500,000 Class C Performance Rights, 3,500,000 Class D Performance Rights and 6,000,000 Class E Performance Rights) (and issue 20,000,000 Shares on conversion of such Performance Rights) (on a post-Consolidation basis) to Mr Michael Shelby (or his nominee/s) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Michael Shelby and his nominee/s and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

16. Resolution 16 – Approval of grant of Performance Rights to Mr Patrick Maingard

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to grant 8,000,000 Performance Rights (comprising 1,400,000 Class A Performance Rights, 1,400,000 Class B Performance Rights, 1,400,000 Class C Performance Rights, 1,400,000 Class D Performance Rights and 2,400,000 Class E Performance Rights) (and issue 8,000,000 Shares on conversion of such Performance Rights) (on a post-Consolidation basis) to Mr Michael Shelby (or his nominee/s) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Patrick Maingard and his nominee/s and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

17. Resolution 17 – Approval of grant of Performance Rights to Mr Mark Lagemann

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant 12,000,000 Performance Rights (comprising 2,100,000 Class A Performance Rights, 2,100,000 Class B Performance Rights, 2,100,000 Class C Performance Rights, 2,100,000 Class D Performance Rights and 3,600,000 Class E Performance Rights) (and issue 12,000,000 Shares on conversion of such Performance Rights) (on a post-Consolidation basis) to Mr Mark Lagemann (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

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

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

18. Resolution 18 – Appointment of Auditor

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company.”

19. Resolution 19 – Adoption of new constitution

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, in accordance with section 136 of the Corporations Act, and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair for identification purposes.”

20. Resolution 20 – Approval of proportional takeover provisions in new constitution

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, subject to Resolution 19 being passed, the proportional takeover provisions in the form of clause 14 of the new constitution be included in the new constitution for a period of three years commencing from the date of this Meeting.”

Dated 26 September 2017 _____

BY ORDER OF THE BOARD



Richard Wadley _____

Director and Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 15, 333 Collins Street, Melbourne, Victoria on Wednesday, 1 November 2017 at 11.00am (AEDT).

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

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

2. Action to be taken by Shareholders

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

2.1 Proxies

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

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1 and 15 to 17 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1 and 15 to 17.

However, the prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if Resolutions 1 and 15 to 17 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.immedical.com.au or by contacting the Company on (03) 9607 8280.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2017;
- (b) ask questions or make comment on the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;

- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, sections 250U and 250Y of the Corporations Act give Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's 2016 Annual General Meeting the remuneration report was approved by over 75% of Shareholders present and voting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote

on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

5. Resolution 2 – Re-election of Mr Nigel Blaze

Resolution 2 seeks approval for the re-election of Mr Nigel Blaze.

Clause 13.2 of the Company's Constitution provides that, at every Annual General Meeting, one third of the Directors for the time being (rounded up to the nearest whole number but not exceeding one third of the Directors) must retire from office and are eligible for re-election. Accordingly, Mr Blaze retires and being eligible for re-election, offers himself for re-election at the Meeting.

Mr Blaze was appointed as a Director of the Company on 22 March 2011 in accordance with clause 13.4 of the Constitution.

Mr Blaze is a Fellow of the Institute of Chartered Accountants and has practiced as a Chartered Accountant for approximately 25 years. Mr Blaze commenced his professional accounting career with Ernst & Young and worked firstly in the Business Services area subsequently moving in a management role in their Specialist Taxation Advisory division. Since leaving Ernst & Young, Mr Blaze has acted as a director of the Chartered accounting firms Griffiths and Co and McLean Manuell before establishing his own firm in January 2000.

Mr Blaze is currently the managing director of Blaze BMD Pty Ltd, Accountants and Business Advisors and has extensive commercial advisory experience including specialization in the medical services sector, property sector, agribusiness sector and the retail and manufacturing sectors.

Mr Blaze was, until June 2003, a director of Blaxland Rural Investments Ltd, a company that successfully raised capital and managed a number of agribusiness projects prior to the sale of its operations to a predecessor of Seven Fields Management Limited. He has also acted and continues to act as a director on many private company boards and has successfully managed a number of investment projects.

Mr Blaze has acted as Chairman of the Company since 22 March 2011.

Mr Blaze holds a Bachelor of Business (Accounting) degree, a Diploma of Taxation Law from Monash University, and a Certified Financial Planning qualification.

The Board unanimously supports the re-election of Mr Blaze.

6. Summary of the Acquisition

6.1 Introduction

The Company was incorporated on 23 January 1990 and listed on the ASX on 6 February 1997.

The Company's most recent business was operating Melbourne Specialist Imaging, a provider of radiology services in Melbourne, Victoria. These operations were sold to Capitol Health Limited in 2011 in exchange for shares in Capitol Health Limited, which were distributed to Shareholders in April 2012.

Since 2012, the Company has considered a number of other opportunities, primarily for operating businesses.

The Company's Securities have been suspended from trading on ASX since 29 December 2015 and will remain suspended until it re-compiles with Chapters 1 and 2 of the Listing Rules.

The Company announced on 4 April 2017 that it had entered into a binding agreement (**Option and Share Purchase Deed**) which provided the Company with a 6 month option to acquire all of the issued capital of Babylon Operations Pty Ltd (**Babylon**) (**Acquisition**). Babylon provide specialised equipment rental and diesel maintenance services to the expanding resource maintenance sector (see Section 6.2 for further details of Babylon and its operations).

The Company exercised the Babylon Option on 26 September 2017, as announced to the market on that date). Completion of the Acquisition (**Completion**) remains subject to certain conditions, including the Company achieving firm commitments for the Minimum Subscription under the Capital Raising, the Company receiving confirmation from the ASX that its Shares will be re-quoted on the Official List on terms and conditions acceptable to the parties, Shareholders approving the Acquisition Resolutions and Resolutions 11, 12 and 13 (refer to Section 6.4(c) for further details).

6.2 Babylon

Overview

Babylon was established in February 2017 by Mr Michael Shelby, an oil & gas executive with international experience, who most recently had management responsibility for growing the oil & gas service business of Resource Equipment Ltd (ASX:RQL) from inception until RQL was acquired by Pump Services, LLC by way of cash on market takeover offer completed in 2015.

Babylon is a new speciality equipment and service provider to the expanding resources maintenance sector. Babylon specialises or intends to specialise in two niche areas:

- (a) **Specialised Equipment Rental** – Owning and renting specialised pumping equipment and providing operators and technicians for the oil & gas and mining sectors. Target applications for the rental fleet currently owned or to be acquired by Babylon include process and pipeline maintenance, wellhead and well service work, decommissioning services and mine dewatering and water management.
- (b) **Diesel Engine Services** – Repair and maintenance of customer 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 focused on engines of 1000hp or greater. Points of differentiation include a focus on smaller underserviced equipment owners, flexible parts and labour supply, in-house testing capability and an experienced and respected team.

Babylon's initial focus has been on diesel engine services and work has commenced on contracts with companies in the oil & gas and mining sectors for pump, engine and component rebuilds. This will continue to be the short term focus while Babylon builds up its rental fleet. Babylon has commenced rental operations using cross-hired equipment. This will continue until Babylon is able to acquire rental assets.

Current Operations

Since commencing operations in May 2017, Babylon has:

- secured a leased operations facility, strategically located in Forrestfield, Western Australia, near the Perth Airport and spent over \$100,000 in workshop set up;
- assembled an experienced operations team with 3 full-time and 4 casual staff as at 31 August 2017;
- achieved ISO 9001:2015, OHSAS 18001:2007 and ISO 14001:2015 certifications for its quality, safety and environmental systems;
- begun acquiring high horsepower diesel engines, high pressure and large volume centrifugal pumps to be utilized in oil & gas and mine dewatering applications; and
- secured first customer purchase orders for both rental and diesel maintenance.

The current operations are at an early stage of commercial development. Diesel engine service work has begun for several resource sector customers and Babylon has generated gross revenue of approximately \$330,000 for this work in the period since commencing operations in May 2017 and the end of August 2017.

Equipment was mobilised in July 2017 for an onshore oil & gas maintenance project which is expected to provide regular ongoing revenues for the remainder of the 2017 calendar year. Ongoing maintenance and testing work commenced in June 2017 for a major international oil & gas service company utilizing Babylon's Forrestfield facility and in addition to working on the customer's site.

Babylon has a pipeline of potential business opportunities, including outstanding quotes and proposals for rental of power generation equipment in excess of one year, diesel engine rebuild work, and for the supply of pumps for multiple sites including specialty pumps for offshore oil & gas projects. While there is no certainty that any of the quotes or proposals will be successful, the market response gives the directors of Babylon confidence regarding the opportunity to grow the Babylon business

Operating Assets

Assets valued at approximately \$250,000 have been purchased to support the business.

Employees

Babylon has initiated a recruitment strategy to secure a core staff of skilled and experienced tradesmen. At 31 August 2017, Babylon has assembled an experienced operations team with 3 full time staff and 4 casual staff. Employees have been taken on in a mix of full time and casual roles to give the company flexibility in early start-up stages.

Quality Assurance

In August 2017 Babylon achieved ISO 9001:2015, and ISO 14001:2015 certifications for its quality and environmental systems. These certifications confirm Babylon's systems meet recognized international standards which may assist in sales and marketing efforts as well as general business efficiency.

Occupational Health and Safety

In August 2017 Babylon achieved OHSAS 18001:2007 certification for its safety systems. This certification confirms Babylon's system meets a recognized international standard which may assist in prequalification with vendors.

Business Model and Strategy

On completion of the Acquisition, Babylon plans to expand the rental fleet and increase sales & marketing activity in the specialty equipment rental market focusing on pumping and power. Babylon plans to acquire quality pre-owned equipment on the second hand market and use in house experience to rebuild and improve these rental assets to meet market demands in a cost efficient manner.

Babylon will also invest in plant & equipment to increase capability and throughput of its diesel engine services business. Babylon will continue to use a mixture of full time and casual employees to execute the works to give maximum flexibility to the business.

Key Operating Costs and Capital Expenditure Items

The most significant expenditure will be on the acquisition and improvement of rental assets. Secondary will be costs associated with sales & marketing and plant & equipment to improve diesel engine services business capabilities.

Growth Strategy

Babylon management has developed a strategic plan to pursue growth opportunities and expand its market presence.

Key elements of the plan include:

- acquiring rental fleet in order to have fleet ready for hire to meet market opportunities;
- leveraging existing customers and historical business networks to expand services as new rental assets are acquired;
- further developing marketing tools and expanding sales and business development beyond first order from existing networks; and
- commencing sales activities outside the Western Australian market for both diesel maintenance and rental opportunities.

6.3 Industry Overview

Introduction

Babylon operates in the expanding resources maintenance sector of the Australian resources industry.

The services and equipment provided by Babylon are diversified across a broad range of mining commodities and service sectors including dewatering, power generation, earthmoving, process and pipeline construction and maintenance, drilling and haulage. The industries served are closely linked to mining and oil & gas exploration and production activity.

The resources boom in the early to mid-2000s in Australia led to an increase both in exploration and in the level of investment expenditure to boost resource production output and satisfy international demand. This increased investment over the past decade has led to a

significant increase in the requirement for maintenance of resource sector assets and equipment as these assets mature through their lifecycle.

Key Drivers for Demand for the Provision of Specialised Equipment Hire and Diesel Maintenance Services to the Resources Sector

The key driver of demand for mining and oil & gas services is overall level of investment in plant and equipment for production, new exploration and sustaining works all of which are ultimately driven by commodity pricing. The demand for services is also linked to operators' decision to undertake maintenance works in-house or to outsource to contractors. The decision to outsource is influenced by factors such as financial, technical and operational capability of the operator. Outsourcing services allows realization of benefits of flexibility, economy of scale and access to capital equipment and skilled labour.

Market for the Provision of Specialised Equipment Hire and Diesel Maintenance Services to the Resources Sector

The Australian Department of Industry Innovation and Science in its Resources and Energy Quarterly June 2017 estimates that resources and energy accounted for 6% of GDP in 2015-2016. Global growth underpinning commodity prices is forecast to reach 3.5% in 2017 and 3.6% in 2018, up from 3.1% in 2016. The Australian oil & gas services sector is expected to grow at an annualized 4.6% to \$8.0 billion in 2018. Contract mining services is expected to grow over the next five years at an annualized 2.9% to \$12.2 billion in 2022. With strong demand for these services in Western Australia, the Directors believe Babylon is well positioned to benefit from industry expenditure.

Annual maintenance expenditure in Australia's resources industry is forecast to grow from \$6.6 billion in 2016 to \$10 billion within five years, according to research group BIS Shrapnel's report Maintenance in Australia 2016-2031. A substantial increase in maintenance activity is expected across Australian industries over the next five years, according to BIS's Maintenance in Australia 2016 – 2031 report. It found the resources sector would be the key driver, with a 52 per cent increase in expenditure to fiscal 2021 expected, driven by oil & gas.

Competition in the Market for the Provision of Specialised Equipment Hire and Diesel Maintenance Services to the Resources Sector

The market for provision of equipment hire and maintenance services is broad with international corporations, large local operators and smaller specialised operators competing for business. Competition also exists between service providers and the customer itself who has the alternative of purchasing rather than hiring equipment and maintaining equipment themselves.

Competition for services is driven by pricing, the quality of services and equipment provided, and the track record and reputation of the service provider.

Key barriers to entry in the sector are the capital requirements to build and maintain a suitable equipment fleet, establish operating bases and facilities, and the ability to offer technically capable and skilled technicians to meet customer maintenance needs.

The Babylon business is at an early stage of development, although it has had early success in building its business, there is no certainty that Babylon will be able to compete successfully with existing and new potential competitors.

6.4 Terms of the Acquisition

The principal terms of the Option and Share Purchase Deed are as follows:

- (a) The Company had an exclusive 6 month option to acquire all of the issued capital of Babylon (**Babylon Option**) (the Company exercised the Babylon Option on 26 September 2017, as announced to the market on that date).
- (b) 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 Option for every two Shares issued with an exercise price of \$0.04 on a post-Consolidation basis and expiry date of 31 March 2019 – the same terms as the existing listed IMIOA Options. Babylon has raised \$1,115,000, meaning that the consideration payable is:
 - (i) 55,750,000 Shares; and
 - (ii) 27,875,000 IMIOA Options,(on a post-Consolidation basis) to be issued to the Vendors for 100% of the Babylon Shares on issue. These are the Consideration Shares and the Consideration Options referred to in Resolution 4.
- (c) Completion of the sale of Babylon to the Company is subject to and conditional on the following key conditions precedent being satisfied:
 - (i) Shareholders approving the Acquisition Resolutions and Resolutions 11, 12 and 13;
 - (ii) the Company achieving firm commitments for the Minimum Subscription under the Capital Raising (refer to Section 6.6 for further details);
 - (iii) 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 to the Option and Share Purchase Deed (being the Company and Mr Michael Shelby) (refer to Section 6.5 for further details);
 - (iv) the parties obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the transactions contemplated by the Option and Share Purchase Deed, including re-compliance with chapters 1 and 2 of the Listing Rules; and
 - (v) the parties obtaining any necessary third party consents to give effect to the Acquisition, the Vendors and the recipients of the Performance Rights referred to in Resolutions 15 to 17 entering into restriction agreements in relation to their Consideration Shares and Consideration Options to the extent required by ASX.
- (d) Under the terms of the Option and Share Purchase Deed, in connection with the Acquisition, the Company will grant 40,000,000 Performance Rights to some of the Proposed Directors and management of Babylon. Refer to Section 15 for further details. Under the terms of the Option and Share Purchase Deed, the founder of Babylon, Mr Michael Shelby, has acknowledged that the Performance Rights to be

issued to the Proposed Directors may be escrowed in accordance with the requirements of ASX and will use all reasonable endeavours to procure the execution of such form of escrow agreement as required by the ASX.

- (e) With effect from Completion, the Board of the Company will be reconstituted so that:
 - (i) the following Proposed Directors will join the Board:
 - (A) Mr Michael Shelby (Executive Chairman);
 - (B) Mr Patrick Maingard (Executive Director); and
 - (C) Mr Michael Kenyon (Non-Executive Director and Company Secretary).
 - (ii) all existing Directors will resign. Section 6.8 for further details.

6.5 Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The proposed Acquisition of Babylon and its business constitutes a significant change in the nature and scale of the Company's activities of the nature contemplated by Chapter 11 of the Listing Rules. The Company seeks Shareholder approval to changing the nature of its activities to the resources sector in Resolution 3 (see Section 7 for further details).

Shareholder approval for the issue of the Consideration Securities is sought in Resolution 4 (see Section 8 for further details).

The Company will also issue a prospectus for the Capital Raising to enable the Company to complete the Acquisition and support its intended development strategy.

Shareholder approval for the Capital Raising is sought in Resolution 5 (see Section 9 for further details).

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.

6.6 Capital Raising and Consolidation

Pursuant to the terms of the Option and Share Purchase Deed, the Company is seeking Shareholder approval to undertake a Consolidation of the number of Shares on issue on the basis that every 20 Shares held will be consolidated into 1 Share. Resolution 10 seeks Shareholder approval for the Consolidation (refer to Section 12 for further details).

The Company will seek to raise a minimum of \$4,000,000 and a maximum of \$6,000,000, by way of a Share placement to the general public via a prospectus, at an issue price of \$0.02 per Share (on a post-Consolidation basis), together with 1 free attaching IMIOA Option for every 2 Shares subscribed for (**Attaching Options**). The Attaching Options will be exercisable at \$0.04 per Option (on a post-Consolidation basis) on or before 31 March 2019, and will otherwise be on the terms and conditions set out in Schedule 3. The Company intends to apply for official quotation of the Attaching Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Attaching Options will be listed Options ranking equally with the existing IMIOA Options on issue at the date of this Notice.

The Capital Raising is expected to include a priority offer to eligible Shareholders.

Resolution 5 seeks Shareholder approval for the Capital Raising (refer to Section 9 for further details).

The Company has executed a mandate for Patersons Securities Limited (AFSL: 239 052) to act as lead manager of the Capital Raising, and corporate adviser to the Capital Raising. Subject to execution of a formal underwriting agreement, Patersons will underwrite the Minimum Subscription of \$4,000,000 under the Capital Raising.

The Company has agreed to issue the Sub-Underwriters 1 IMIOA Option for every two Shares sub-underwritten (**Sub-Underwriter Options**). The Sub-Underwriter Options will be exercisable at \$0.04 per Option (on a post-Consolidation basis) on or before 31 March 2019, and will otherwise be on the terms and conditions set out in Schedule 3.

As the proposed underwriting arrangements will only relate to the Minimum Subscription of \$4,000,000 under the Capital Raising, a maximum of 100,000,000 Sub-Underwriter Options will be issued (on a post-Consolidation basis). Shareholder approval for the grant of these Sub-Underwriter Options is being sought in Resolution 9. Refer to Section 11 for further details. The Company intends to apply for official quotation of the Sub-Underwriter Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Sub-Underwriter Options will be listed Options.

6.7 Use of funds

Following completion of the Acquisition and the Capital Raising, the Company intends to apply funds as follows:

PROPOSED USE OF FUNDS	\$4,000,000 Minimum Capital Raising	\$6,000,000 Maximum Capital Raising
IM Medical Cash on hand (30 June 2017) ²	\$126,822	\$126,822
Babylon Cash on hand (30 June 2017) ³	\$299,346	\$299,346
Babylon share placements since 30 June 2017	\$184,500	\$184,500
Proceeds from Capital Raising (before costs)	\$4,000,000	\$6,000,000
Total cash on completion of re-compliance	\$4,610,668	\$6,610,668
USE OF FUNDS ¹		
Purchase of Equipment for Rental	\$2,801,000	\$4,594,000
Repay existing director debts ⁴	\$200,000	\$200,000
Business Development & Marketing	\$140,000	\$190,000
Corporate & Admin Costs	\$300,000	\$300,000
Working Capital	\$622,268	\$645,268
Costs of the Capital Raising	\$547,400	\$681,400
Total	\$4,610,668	\$6,610,668

Notes:

1. If more than the \$4,000,000 minimum but less than the \$6,000,000 maximum is raised, the funds will be applied towards the purchase of equipment for rental, and to business development and marketing costs.
2. Between 30 June 2017 and the date of this Notice, the Company's cash position reduced by approximately \$90,000.
3. Between 30 June 2017 and the date of this Notice, Babylon's cash position reduced by approximately \$230,000 (excluding the effect of the Babylon share placements since 30 June 2017 which raised \$184,500 after costs).
4. Directors' debt includes \$27,000 accrued since 30 June 2017.

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any expenditure allocation, the funds set out in the above table may change depending on a number of factors, including the outcome of business development and marketing activities, and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

It should be noted that the Company may not be self-funding through its own operational cash flow following the expenditure in the table above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

6.8 Board and management changes

With effect from Completion, the Company will seek changes to its Board of Directors, with all of the existing Directors stepping down from their positions.

The outgoing Directors will be replaced on the Board by:

- (a) Mr Michael Shelby (Executive Chairman);
- (b) Mr Patrick Maingard (Executive Director); and
- (c) Mr Michael Kenyon (Non-Executive Director and Company Secretary).

Shareholder approval for these appointments is being sought pursuant to Resolutions 11 to 13. Refer to Section 13 for more information on the qualifications of each of these nominees.

If the appointment of the Proposed Directors as Directors is not approved by Shareholders, then they will be appointed by the Directors and will need to meet the good fame and character requirements of the ASX. In order for the ASX to assess whether the director is of good fame and character, the director must provide to the ASX a criminal history check, a bankruptcy check and a statutory declaration providing specific confirmations relating to the director's history.

The principal proposed terms of the executive services agreement with Mr Shelby for the position of Executive Chairman of the Company are as follows:

- (a) annual salary of \$240,000 (excluding superannuation);
- (b) Mr Shelby may terminate the agreement by giving 3 months' notice in writing to the Company;
- (c) the Company may terminate the agreement (without cause) by giving 12 months' notice in writing to Mr Shelby (or make payment in lieu of notice), unless the Company is terminating as a result of serious misconduct (or on other similar grounds) by Mr Shelby, in which case no notice is required;

- (d) non-compete restrictions during employment and for a maximum period of 12 months following termination of employment; and
- (e) other industry standard provisions for a senior executive of a public listed company.

As noted in Section 6.4, Mr Shelby will also receive Performance Rights as a long term equity incentive in connection with his appointment as Managing Director. Refer to Section 15 for further details.

The principal proposed terms of the executive services agreement with Mr Maingard for the position of Executive Director of the Company are as follows:

- (a) annual salary of \$150,000 (excluding superannuation);
- (b) Mr Maingard may terminate the agreement by giving 1 months' notice in writing to the Company;
- (c) the Company may terminate the agreement (without cause) by giving 1 months' notice in writing to Mr Maingard (or make payment in lieu of notice), unless the Company is terminating as a result of serious misconduct (or on other similar grounds) by Mr Maingard, in which case no notice is required;
- (d) non-compete restrictions during employment and for a maximum period of 3 months following termination of employment; and
- (e) other industry standard provisions for a senior executive of a public listed company.

As noted in Section 6.4, Mr Maingard will also receive Performance Rights as a long term equity incentive in connection with his appointment as an Executive Director. Refer to Section 15 for further details.

6.9 Effect of the Acquisition on the Company

(a) Capital Structure

Below is a table showing the Company's current capital structure and the capital structure on completion of the Capital Raising (assuming the minimum of \$4,000,000 is raised) and issue of the Consideration Shares and other Securities contemplated by this Notice.

	Shares	IMIOA Options	Performance Rights
Existing (pre-Consolidation)	1,826,870,453	993,302,151 ¹	-
Consolidation (20:1)	91,343,523	49,665,108²	-
Acquisition of Babylon	55,750,000	27,875,000 ³	-
Capital Raising	200,000,000 ⁴	100,000,000 ^{3,5}	-
Sub-Underwriter Options	-	100,000,000 ³	-
Performance Rights	-	-	40,000,000 ⁶
Total on re-listing	347,093,523	277,540,108	40,000,000
Fully diluted (assuming conversion of all convertible Securities)	664,633,630		

Notes:

1. Existing listed IMIOA Options (pre-Consolidation) exercisable at \$0.002 on or before 31 March 2019. This is the current pre-Consolidation exercise price for the existing listed IMIOA Options. The exercise price of the existing IMIOA Options post-Consolidation will be multiplied by the consolidation ratio of 20:1.
2. Existing listed IMIOA Options on issue (post-Consolidation) Options exercisable at \$0.04 on or before 31 March 2019.
3. IMIOA Options each exercisable at \$0.04 on or before 31 March 2019 (post-Consolidation).
4. Assumes the minimum of \$4,000,000 is raised under the Capital Raising. Will include an additional 100,000,000 Shares if the maximum of \$6,000,000 is raised under the Capital Raising.
5. Assumes the minimum of \$4,000,000 is raised under the Capital Raising. Will include an additional 50,000,000 IMIOA Options if the maximum of \$6,000,000 is raised under the Capital Raising.
6. Performance Rights to be granted under Resolutions 15 to 17 (see Section 15 for details of their terms including vesting conditions and expiry dates).

6.10 Substantial Shareholders

(a) Current

At the date of this Notice, the following Shareholders have a voting power of 5% or more in Company (on a pre-Consolidation basis):

Shareholder	Number of Shares Held	Voting power %
Chesapeake Capital Limited	196,068,830	10.73%
Mr Mark John Bahen & Mrs Margaret Patricia Bahen	127,470,237	6.97%
Total Shares on issue	1,826,870,453	

(b) On completion of the Acquisition and the Capital Raising

Based on information known to the Company as at the date of this Notice, no person will have a voting power of 5% or more in the Company following completion of the Acquisition and the Capital Raising (assuming no Options are exercised and none of the Performance Rights have been converted). This assumes that none of the current substantial Shareholders in the Company will participate in the Capital Raising. If any of those Shareholders do participate in the Capital Raising, such participation may result in them having a voting power of 5% or more in the Company following completion of the Acquisition and the Capital Raising.

(c) Following conversion of all convertible securities of the Company

Based on information known to the Company as at the date of this Notice, no person will have a voting power of 5% or more in the Company following conversion of all of the convertible securities of the Company (assuming no other new capital is raised and no further Securities are issued). This assumes that none of the current substantial Shareholders in the Company will participate in the Capital Raising. If any of those Shareholders do participate in the Capital Raising, such participation may result in them having a voting power of 5% or more in the Company following conversion of all of the convertible securities of the Company.

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Acquisition and the Capital Raising) prior to the Shares commencing trading on ASX.

6.11 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company on completion of the Acquisition and the Capital Raising is set out in Schedule 2. The pro-forma balance sheet is based on audited accounts for the Company, and audited accounts for Babylon, as at 30 June 2017.

6.12 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) The Company will be exposed to the growing specialised resource maintenance sector and Shareholders can share in the future prospects of Babylon and its business. Following the recent resources sector construction boom, BIS Schrapnel's *Maintenance in Australia 2016-2031* report estimates the annual maintenance expenditure in Australia's resources industry will swell to \$10 billion within five years. This expected surge in maintenance has been described as the next phase of the mining boom.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.
- (d) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition.
- (e) The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

6.13 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) Babylon and its business, and the resources services sector generally, have different risk and reward profiles to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (b) Should the Acquisition be completed, the Company's Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly.
- (c) The Company will be exposed to the risks associated with Babylon and its business (refer to Section 6.15 for further information).

6.14 Timetable

An indicative timetable for the completion of the Acquisition and Capital Raising, and re-compliance with Chapters 1 and 2 of the Listing Rules is set out in the table below.

Event	Date
Prospectus offer opens	4 October 2017
Date of Meeting	1 November 2017
Prospectus Offer period closes	6 November 2017
ASX approvals, complete acquisition	10 November 2017
Reconstructed and new securities re-quoted on ASX	14 November 2017

*Dates in the above table other than the Shareholder Meeting are indicative only.

6.15 Risk Factors

The Company has undertaken a due diligence process prior to the date of this Notice and will conduct further due diligence on Babylon and its business pending Completion. While this process is undertaken to identify any material risks specific to Babylon and its business, it should be noted that the usual risks associated with a company with a small market capitalization undertaking business in any industries, including the resource industry, are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition is conditional on a number of events (refer to Section 6.4 above). Accordingly, there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and Babylon and its business are outlined in Schedule 1.

6.16 Plans for the Company if the Acquisition is not completed

If the Company does not complete the Acquisition, the Company will continue with its current activities and continue to seek, and undertake due diligence on, new opportunities for growth.

7. Resolution 3 – Approval of change to nature and scale of activities

7.1 General

Resolution 3 seeks Shareholder approval under Listing Rule 11.1.2 for the significant change to the nature and scale of the Company's activities resulting from the Acquisition.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of each of the other Acquisition Resolutions.

7.2 Listing Rule 11.1 Requirements

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change to the nature or scale of a company's activities. The acquisition of Babylon by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 3 seeks Shareholder approval to allow the Company to complete the Acquisition thereby increasing the scale and changing the nature of its activities. The Company previously operated in the health services sector, but has had very little activity in this sector for the last 5 years. As previously announced, the Company has continued to review potential acquisitions and business opportunities in other business sectors. The acquisition of Babylon will move the Company into the resources services sector and increase the scale and nature of the Company's activities. Accordingly the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Capital Raising pursuant to Resolution 5 to meet the requirements of re-compliance.

See Section 6 for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the Notice.

7.3 Waiver of 20 cent rule as part of re-compliance

As set out in Section 6.5, the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The terms of the proposed Capital Raising pursuant to Resolution 5 will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Capital Raising is proposed to be completed at an issue price of \$0.02 per Share (on a post-Consolidation basis), being an issue price of less than 20 cents.

Following completion of the Capital Raising, the Company will have IMIOA Options on issue (including the Consideration Options, the Attaching Options and the Sub-Underwriter Options) with an exercise price of \$0.04 (post-Consolidation). This exercise price is less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

ASX has agreed to grant the Company a waiver of ASX Listing Rule 2.1 Condition 2 together with a waiver from ASX Listing Rule 1.1 Condition 11 to allow the Company to issue the Capital

Raising Shares at \$0.02 per Share and to have the Consideration Options, the Attaching Options and the Sub-Underwriter Options on issue with exercise prices less than 20 cents.

8. Resolution 4 – Approval of issue of Consideration Shares and Consideration Options to Vendors for the acquisition of Babylon Operations Pty Ltd

8.1 General

As outlined in Section 6.1 of this Explanatory Memorandum, the Company is proposing to acquire all of the Babylon Shares from the Vendors.

The Acquisition is subject to the conditions set out in Section 6.4 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and Babylon's business is outlined in Section 6 above.

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

Given the Consideration Shares and Consideration Options to be issued under Resolution 4 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Securities to the Vendors as consideration for the Acquisition.

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of each of the other Acquisition Resolutions.

8.2 Specific Information required by Listing Rule 7.3

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

- (a) The maximum number of Securities the Company will issue under Resolution 4 is:
 - (i) 55,750,000 Shares (on a post-Consolidation basis); and
 - (ii) 27,875,000 IMIOA Options (on a post-Consolidation basis).
- (b) The Consideration Securities will be issued to the Vendors (or their nominee/s).
- (c) The Consideration Securities will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Consideration Securities will be issued on the same date, being the date of completion of the Acquisition.
- (d) The Consideration Securities will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Securities.

- (e) The Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) The Consideration Options will be issued on the same terms and conditions as the Company's existing IMIOA Options, with an exercise price of \$0.04 per Option (on a post-Consolidation basis) and an expiry date of 31 March 2019. The full terms and conditions of the Consideration Options are set out in Schedule 3. The Company intends to apply for official quotation of the Consideration Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Consideration Options will be listed Options ranking equally with the existing IMIOA Options on issue at the date of this Notice.
- (g) Shares issued on exercise of the Consideration Options will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (h) A voting exclusion statement is included in the Notice.

9. Resolution 5 – Approval to issue Capital Raising Shares and Attaching Options

9.1 General

The Company will seek to raise a minimum of \$4,000,000 and up to \$6,000,000 (before costs) by way of an issue of Shares at \$0.02 per Share (on a post-Consolidation basis), together with 1 free attaching IMIOA Option for every 2 Shares subscribed for (**Attaching Options**).

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 300,000,000 Shares each at an issue price of \$0.02 (on a post-Consolidation basis) to raise up to \$6,000,000 (before costs), together with up to 150,000,000 Attaching Options.

The funds raised from the Capital Raising will be used as detailed in Section 6.7. The Capital Raising is expected to include a priority offer to eligible Shareholders.

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

Given the Capital Raising Shares and Attaching Options to be issued under Resolution 5 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 5 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

9.2 Specific information required by Listing Rule 7.3

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

- (a) The maximum number of Securities the Company may issue under the Capital Raising is 300,000,000 Shares and 150,000,000 IMIOA Options.

- (b) The Company will issue the Capital Raising Shares and the Attaching Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Capital Raising Shares and the Attaching Options will be issued on the same date, being the date of completion of the Acquisition.
- (c) The Capital Raising Shares will be issued at an issue price of \$0.02 per Share and the Attaching Options will be granted as free attaching Options on the basis of 1 Option for every 2 Shares subscribed for.
- (d) The Capital Raising Shares will be issued to the general public which will exclude related parties of the Company (other than as provided for in Resolutions 6, 7 and 8. The Capital Raising is expected to include a priority offer to eligible Shareholders.
- (e) The Capital Raising Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The Attaching Options will be issued on the same terms and conditions as the Company's existing IMIOA Options, with an exercise price of \$0.04 per Option (on a post-Consolidation basis) and an expiry date of 31 March 2019. The full terms and conditions of the Attaching Options are set out in Schedule 3. The Company intends to apply for official quotation of the Attaching Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Attaching Options will be listed Options ranking equally with the existing IMIOA Options on issue at the date of this Notice.
- (g) Shares issued on exercise of the Attaching Options will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (h) The funds raised from the issue of the Capital Raising Shares will be used as detailed in the use of funds table in Section 6.7 for further details. The Attaching Options will be issued as free attaching Options. Accordingly, no funds will be raised from the grant of the Attaching Options.
- (i) A voting exclusion statement is included in the Notice.

10. Resolutions 6, 7 and 8 – Authority for Director Participation in the Capital Raising

10.1 Background

It is proposed that current Directors Mr Richard Wadley and Mr Nigel Blaze, and Proposed Director Mr Patrick Maingard, and/or their nominees (together the **Participating Directors**), participate in the Capital Raising. Further details of the Capital Raising are set out in Sections 6.6 and 9. Mr Wadley, Mr Blaze and Mr Maingard wish to obtain Shareholder approval to subscribe (either personally or through their nominee/s) for the following Securities:

- (a) Mr Wadley: up to 500,000 of the Capital Raising Shares and up to 250,000 of the Attaching Options;
- (b) Mr Blaze: up to 500,000 of the Capital Raising Shares and up to 250,000 of the Attaching Options; and

- (c) Mr Maingard: up to 1,000,000 of the Capital Raising Shares and up to 500,000 of the Attaching Options,

respectively (together the **Participating Directors Capital Raising Securities**).

The Participating Directors have offered to participate in the Capital Raising to assist the Company to raise sufficient funds to meet the Company's proposed use of funds in the table in Section 6.7.

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Messrs Wadley, Blaze and Maingard are related parties of the Company by virtue of being Directors or proposed Directors. Therefore approval is required under Listing Rule 10.11 for the issue of the Participating Directors Capital Raising Securities to them (or their nominee/s).

The Company considers that the Participating Directors' participation in the Capital Raising is on arm's length terms because they are participating in the Capital Raising on the same terms as the general public and the terms of the Capital Raising, and in particular the issue price, were determined in consultation with the lead manager, Patersons. Accordingly, the Company has determined that it is not necessary to seek Shareholder approval for the issue of the Participating Directors Capital Raising Securities to the Participating Directors pursuant to Chapter 2E of the Corporations Act.

Resolutions 6, 7 and 8 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Participating Directors Capital Raising Securities to the Participating Directors. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Furthermore, Shareholder approval of the issue of the Participating Directors Capital Raising Securities means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 6, 7 and 8 are ordinary resolutions and are subject to approval of Resolution 5.

10.2 Specific information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Participating Directors Capital Raising Securities is provided as follows:

- (a) The maximum number of Securities to be issued to the Participating Directors (and/or their nominee/s) is:
- (i) Mr Richard Wadley (and/or his nominee/s) – up to 500,000 Shares and up to 250,000 IMIOA Options;
 - (ii) Mr Nigel Blaze (and/or his nominee/s) – up to 500,000 Shares and up to 250,000 IMIOA Options; and
 - (iii) Mr Patrick Maingard (and/or his nominee/s) – up to 1,000,000 Shares and up to 500,000 IMIOA Options.
- (b) The Company will issue the Participating Directors Capital Raising Securities no later than three months after the date of the Meeting (or such longer period as ASX may in its discretion allow), and it is intended that the Participating Directors Capital Raising Securities will be issued on completion of the Capital Raising, which will be on or about the date of completion of the Acquisition.

- (c) Messrs Wadley, Blaze and Maingard are related parties of the Company by virtue of being Directors or proposed Directors.
- (d) The Capital Raising Shares forming part of the Participating Directors Capital Raising Securities will be issued at an issue price of \$0.02 per Share. The Attaching Options forming part of the Participating Directors Capital Raising Securities will be granted as free attaching Options on the basis of 1 Option for every 2 Shares subscribed for.
- (e) The Capital Raising Shares forming part of the Participating Directors Capital Raising Securities will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (j) The Attaching Options forming part of the Participating Directors Capital Raising Securities will be issued on the same terms and conditions as the Company's existing IMIOA Options, with an exercise price of \$0.04 per Option (on a post-Consolidation basis) and an expiry date of 31 March 2019. The full terms and conditions of the Attaching Options are set out in Schedule 3. The Company intends to apply for official quotation of the Attaching Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Attaching Options will be listed Options ranking equally with the existing IMIOA Options on issue at the date of this Notice.
- (k) Shares issued on exercise of the Attaching Options forming part of the Participating Directors Capital Raising Securities will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (f) The funds raised from the issue of the Capital Raising Shares forming part of the Participating Directors Capital Raising Securities will be aggregated with and used for the same purpose as the funds raised from the Capital Raising. See Section 6.7 for further details. The Attaching Options forming part of the Participating Directors Capital Raising Securities will be issued as free attaching Options. Accordingly, no funds will be raised from the grant of the Attaching Options.
- (g) A voting exclusion statement is included in the Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Participating Directors Capital Raising Securities as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Participating Directors Capital Raising Securities to the Participating Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

11. Resolution 9 – Approval to grant Sub-Underwriter Options

11.1 General

The Company has executed a mandate for Patersons to act as lead manager of the Capital Raising, and corporate adviser to the Acquisition. Subject to execution of a formal underwriting agreement, Patersons will underwrite the Minimum Subscription of \$4,000,000 under the Capital Raising.

The Company has agreed to issue the Sub-Underwriters 1 IMIOA Option for every 2 Shares sub-underwritten (**Sub-Underwriter Options**). The Sub-Underwriter Options will be exercisable at \$0.04 per Option (on a post-Consolidation basis) on or before 31 March 2019, and will otherwise be on the terms and conditions set out in Schedule 3.

The Company intends to apply for official quotation of the Sub-Underwriter Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Sub-Underwriter Options will be listed Options.

As the proposed underwriting arrangements will only relate to the Minimum Subscription of \$4,000,000 under the Capital Raising, a maximum of 100,000,000 Sub-Underwriter Options will be issued.

None of the Sub-Underwriters are related parties of the Company.

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of up to 100,000,000 Sub-Underwriter Options to the Sub-Underwriters.

A summary of Listing Rule 7.1 is provided in Section 9.1. Given the Sub-Underwriter Options to be issued under Resolution 9 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 9 is an ordinary resolution and subject to the passing of each of the other Acquisition Resolutions.

11.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3 in relation to Resolution 9:

- (a) The maximum number of Sub-Underwriter Options to be granted under Resolution 9 is 100,000,000.
- (b) The Company will grant the Sub-Underwriter Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Sub-Underwriter Options will be granted on the same date, being the date of completion of the Acquisition.
- (c) The Sub-Underwriter Options will be issued to the Sub-Underwriters as a fee in consideration for them agreeing to sub-underwrite part of the underwritten component of the Capital Raising. Accordingly no funds will be raised from the grant of the Sub-Underwriter Options.
- (d) The Sub-Underwriter Options will be granted to the Sub-Underwriters (or their nominees), who will be sophisticated and professional investors, who are not related parties of the Company.
- (l) The Sub-Underwriter Options will be issued on the same terms and conditions as the Company's existing IMIOA Options, with an exercise price of \$0.04 per Option (on a post-Consolidation basis) and an expiry date of 31 March 2019. The full terms and conditions of the Sub-Underwriter Options are set out in Schedule 3. The Company intends to apply for official quotation of the Sub-Underwriter Options (and all other IMIOA Options to be issued under this Notice) by ASX so that the Sub-Underwriter Options will be listed Options ranking equally with the existing IMIOA Options on issue at the date of this Notice.

- (e) Shares issued on exercise of the Sub-Underwriter Options will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

12. Resolution 10 – Approval of Share Consolidation

Resolution 10 seeks Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every 20 Shares held be consolidated into 1 Share. In accordance with their terms, the Options on issue will be consolidated on the basis that every 20 Options held will be consolidated into 1 Option, and the exercise price of such Options will increase according to the Consolidation ratio.

The Consolidation will not affect the Consideration Shares, the Capital Raising Shares or the IMIOA Options, which will be issued after the Consolidation has taken place.

The result of the Consolidation is that each Share holding will be reduced by 20 times its current level. Each Shareholder's proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation. Any fractional entitlements of Shareholders as a consequence of the Consolidation will be rounded up.

The change in capital structure of the Company following the Consolidation, which is subject to adjustments for rounding, is as follows:

Class of Security	Number on issue (pre consolidation)	Number on issue (post consolidation)
Shares ⁽¹⁾	1,826,870,453	91,343,523
Options	993,302,151 ⁽²⁾	49,665,108 ⁽³⁾

Notes:

- 1 Does not include the Consideration Shares to be issued under Resolution 4 or the Capital Raising Shares to be issued under Resolution 5, all of which will be issued post-Consolidation.
- 2 Existing listed IMIOA Options (pre-Consolidation) exercisable at \$0.002 on or before 31 March 2019. This number does not include the Attaching Options to be issued under Resolution 5, the Sub-Underwriter Options to be issued under Resolution 9 or the Performance Rights to be issued under Resolutions 15 to 17, all of which will be issued post-Consolidation.
- 3 Existing listed IMIOA Options (post-Consolidation) exercisable at \$0.04 on or before 31 March 2019. This number does not include the Attaching Options to be issued under Resolution 5, the Sub-Underwriter Options to be issued under Resolution 9 or the Performance Rights to be issued under Resolutions 15 to 17, all of which will be issued post-Consolidation.

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

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

Uncertificated security holding statements or certificates (as applicable) for the Securities will be sent to Security holders not earlier than the second Business Day after (but not including)

the Effective Date and not later than the sixth Business Day after (but not including) the Effective Date.

Trading in the Company's Securities on ASX is currently suspended, and will remain suspended until Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition.

Resolution 10 is an ordinary resolution. Resolution 10 is subject to the passing of each of the Acquisition Resolutions.

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

Date	Event
1 November 2017	Following shareholder approval Company announces shareholder approval of the Consolidation.
2 November 2017	Last day for trading pre-Consolidation securities.*
3 November 2017	Effective Date Trading in post-Consolidation securities commences on a deferred settlement basis.*
6 November 2017	Last day to register transfers on a pre-Consolidation basis.*
7 November 2017	First day to register transfers on a post-Consolidation basis.*
13 November 2017	Latest date for Company to send notice to each security holder of pre and post Consolidation holdings.

* These items have been included in the timetable for consistency with the standard ASX mandated timetable to effect a capital restructure. However, as noted above, trading in the Company's Securities on ASX is currently suspended, and will remain suspended until Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition.

13. Resolutions 11 to 13 – Appointment of Directors

13.1 General

In connection with the Acquisition, the Board of the Company is to be reconstituted as set out in Section 6.8.

Clause 13.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of Messrs Shelby, Maingard and Kenyon, having consented to act, seek approval to be appointed as Directors with effect from Completion of the Acquisition.

13.2 Candidate Director's Profile – Mr Michael Shelby (Resolution 11)

Michael has over two decades of experience in oil & gas, mining and specialty rental markets spanning roles commercial, technical and project management. He obtained a Bachelor of Science in Chemical Engineering from Louisiana State University and began work for major oil

service companies in his native United States. In 2007 he moved his family to Perth where he has spent another decade in various management positions at international oil service and specialty rental companies. Michael has an extensive network across Australian, Asian and Middle Eastern markets.

Whilst General Manager Oil & Gas at Resource Equipment Ltd (ASX:RQL) he grew the oil & gas service business of RQL from inception until until RQL was acquired by Pump Services, LLC by way of cash on market takeover offer completed in 2015, recruited key personnel and launched overseas branches to complement Australian business activities. Michael has 10 years' experience in Australia leading multifunction teams across mining and oil & gas during most recent market cycles.

Michael has completed the Senior Executive MBA program at Melbourne Business School, and the AICD Foundations of Directorship Course.

13.3 Candidate Director's Profile – Mr Patrick Maingard (Resolution 12)

A graduate member of the Australian Institute of Company Directors (GAICD), Patrick has 30 years of management experience with a strong SME background with Director and Managing Director portfolios.

Director/owner of plastics manufacturing business Omni Manufacturing Pty Ltd, (acquired April 1998). Key milestones included increasing profitability via organic growth and acquisitions, overhaul of manufacturing plant and equipment, achieving ISO certification and Australian Standards accreditation and assisting in establishing and managing relationships with Bunnings, Reece Plumbing, Masters, Australian Defence Force, Constellation Wines, Matrix and other clients. The business was sold to a European multinational, with Patrick retained on contract as Managing Director until December 2015.

Patrick holds a MSc Management – Oxford University.

13.4 Candidate Director's Profile – Mr Michael Kenyon (Resolution 13)

Michael has extensive experience in senior finance executive roles in Australian listed companies, holding Chief Financial Officer and Company Secretarial roles in a number of public companies over the past 15 years. Mr Kenyon holds a Bachelor of Business degree from the Edith Cowan University, is a Chartered Accountant, graduate member of the Australian Institute of Company Directors, and a certificated member of the Governance Institute.

He has had significant exposure to manufacturing, engineering and contracting sectors through roles in ASX listed corporations. Michael was CFO & Company Secretary of Resource Equipment Ltd (ASX:RQL) for 2 years prior to its takeover.

14. Resolution 14 – Change of Company Name

The Directors have determined to change the Company name to Babylon Pump & Power Limited to better reflect the nature of the Company after completion of the Acquisition. Resolution 14 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 14 is a special resolution. Resolution 14 is subject to the approval of each of the other Acquisition Resolutions.

The change of name of the Company will take effect from when ASIC alters the details of the Company's registration.

15. Resolutions 15 to 17 – Approval of grant of Performance Rights

15.1 General

As outlined in Section 6.4, the Company intends to grant a total of 40,000,000 Performance Rights (comprising 7,000,000 Class A Performance Rights, 7,000,000 Class B Performance Rights, 7,000,000 Class C Performance Rights, 7,000,000 Class D Performance Rights and 12,000,000 Class E Performance Rights) (on a post-Consolidation basis) to members of the incoming management of the Company as follows:

	Performance Rights					
	Class A	Class B	Class C	Class D	Class E	Total
Proposed Director Mr Michael Shelby	3,500,000	3,500,000	3,500,000	3,500,000	6,000,000	20,000,000
Proposed Director Mr Patrick Maingard	1,400,000	1,400,000	1,400,000	1,400,000	2,400,000	8,000,000
Mr Mark Lagemann	2,100,000	2,100,000	2,100,000	2,100,000	3,600,000	12,000,000
Total	7,000,000	7,000,000	7,000,000	7,000,000	12,000,000	40,000,000

The above Performance Rights will be granted as a term of the Acquisition as long term incentives in connection with the appointment of the above members of incoming management from Completion.

The Performance Rights will each automatically convert into a Share for no consideration once vested. The Performance Rights will vest on satisfaction of the following Performance Conditions:

Performance Rights	Performance Condition	Period
Class A	The Company achieving operating revenue of at least \$4.6 million in the first full financial year following issue.	3 months from the end of the first full financial year following issue.
Class B	The Company achieving operating revenue of at least \$9.2 million in the second full financial year following issue.	3 months from the end of the second full financial year following issue.
Class C	The Company achieving earnings before interest, tax, depreciation and amortisation of at least \$0 (ie, breakeven) in the first full financial year following issue.	3 months from the end of the first full financial year following issue.
Class D	The Company achieving earnings before interest, tax, depreciation and amortisation of at least \$2.6 million in the second full financial year following issue.	3 months from the end of the second full financial year following

Performance Rights	Performance Condition	Period
		issue.
Class E	The exercise of 80% of the IMIOA on issue immediately following Completion (delivering ~ \$8.5m of new capital).	24 months from issue

If a Performance Condition of a Performance Right is not achieved by the end date of the specified Period, then the Performance Right will lapse. A Performance Right will vest immediately on a Change of Control (as that term is defined in Schedule 4) that occurs at an average price per Share greater than \$0.025 prior to the relevant expiry date. The Performance Rights will otherwise have the terms and conditions set out in Schedule 4.

15.2 Listing Rule 10.11

Resolutions 15 and 16 seek Shareholder approval pursuant to Listing Rule 10.11 to grant Performance Rights to Proposed Directors Messrs Shelby and Maingard.

A summary of Listing Rule 10.11 is provided in Section 10.1. Messrs Shelby and Maingard are related parties of the Company by virtue of being Proposed Directors. Therefore, approval is required under Listing Rule 10.11 for the grant of Performance Rights to them (or their nominee/s).

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. The Company has also determined that it is not necessary to seek Shareholder approval for the grant of Performance Rights to Messrs Shelby and Maingard pursuant to Chapter 2E of the Corporations Act (refer to Section 15.3 for further details).

Furthermore, Shareholder approval of the grant of Performance Rights to Messrs Shelby and Maingard means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 15 and 16 are ordinary resolutions and are subject to the approval of each of the other Acquisition Resolutions.

15.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Performance Rights constitutes giving a financial benefit and Mr Michael Shelby and Mr Patrick Maingard are related parties of the Company by virtue of being Proposed Directors.

After a review of publicly available information relating to the remuneration structures of several of its ASX listed peer companies, the Directors consider that Shareholder approval

pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights to Proposed Directors Messrs Shelby and Maingard because the grant of the Performance Rights is considered reasonable remuneration in the circumstances.

15.4 Listing Rule 7.1

Resolution 17 seeks Shareholder approval pursuant to Listing Rule 7.1 to grant Performance Rights to Mr Mark Lagemann.

A summary of Listing Rule 7.1 is provided in Section 6.1.

Given that none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is being sought under Listing Rule 7.1 for Resolution 17 to preserve the Company's 15% capacity under Listing Rule 7.1.

Resolution 17 is an ordinary resolution and is subject to the approval of each of the other Acquisition Resolutions.

15.5 Specific information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13 in relation to the grant of Performance Rights to Proposed Directors Messrs Shelby and Maingard under Resolutions 15 and 16:

- (a) As noted above, the maximum number of Securities the Company may grant under Resolutions 15 and 16 is 28,000,000 Performance Rights (comprising 4,900,000 Class A Performance Rights, 4,900,000 Class B Performance Rights, 4,900,000 Class C Performance Rights, 4,900,000 Class D Performance Rights and 8,400,000 Class E Performance Rights) (on a post-Consolidation basis), comprising:
 - (i) 20,000,000 Performance Rights to be granted to Mr Michael Shelby (or his nominee/s) (comprising 3,500,000 Class A Performance Rights, 3,500,000 Class B Performance Rights, 3,500,000 Class C Performance Rights, 3,500,000 Class D Performance Rights and 6,000,000 Class E Performance Rights; and
 - (ii) 8,000,000 Performance Rights to be granted to Mr Patrick Maingard (or his nominee/s) (comprising 1,400,000 Class A Performance Rights, 1,400,000 Class B Performance Rights, 1,400,000 Class C Performance Rights, 1,400,000 Class D Performance Rights and 2,400,000 Class E Performance Rights).
- (b) The Company will grant the Performance Rights no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Performance Rights will be granted on the same date, being the date of Completion.
- (c) Messrs Shelby and Maingard are related parties of the Company by virtue of being Proposed Directors.
- (d) The vesting conditions and expiry dates of the Performance Rights to be granted pursuant to Resolution 15 are set out in Section 15.1. The full terms and conditions of the Performance Rights are set out in Schedule 4.

- (e) The Performance Rights will be granted for nil consideration under the terms of the Acquisition as long term incentives in connection with the appointments of Proposed Directors Messrs Shelby and Maingard from Completion. Accordingly, no funds will be raised from the grant of the Performance Rights.
- (f) Shares issued on conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (g) A voting exclusion statement is included in the Notice.

15.6 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3 in relation to the grant of Performance Rights to Mr Mark Lagemann under Resolution 17:

- (a) As noted above, the maximum number of Securities the Company may grant under Resolution 17 is 20,000,000 Performance Rights to be granted to Mr Michael Shelby (or his nominee/s) (comprising 3,500,000 Class A Performance Rights, 3,500,000 Class B Performance Rights, 3,500,000 Class C Performance Rights, 3,500,000 Class D Performance Rights and 6,000,000 Class E Performance Rights).
- (b) The Company will grant the Performance Rights no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Performance Rights will be granted on the same date, being the date of Completion.
- (c) The vesting conditions and expiry dates of the Performance Rights to be granted pursuant to Resolution 15 are set out in Section 15.1. The full terms and conditions of the Performance Rights are set out in Schedule 4.
- (d) The Performance Rights will be granted for nil consideration under the terms of the Acquisition as long term incentives in connection with the appointment of Mr Lagemann as part of the incoming management of the Company from Completion. Accordingly, no funds will be raised from the grant of the Performance Rights.
- (e) Shares issued on conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

16. Resolution 18 – Appointment of Auditor

McLean Delmo Bentleys Audit Pty Ltd, which is the Company's current auditor, is expected, by the date of the Meeting, to have given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, McLean Delmo Bentleys Audit Pty Ltd is expected to advise that it will submit a notice of resignation to the Company in accordance

with sections 329(5) of the Corporations Act, with such resignation to take effect from the date of the Annual General Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for BDO Audit (WA) Pty Ltd to be appointed as the Company's auditor. Under section 328B(3) of the Corporations Act, a copy of this nomination:

- (a) has been sent to BDO Audit (WA) Pty Ltd; and
- (b) is attached to this notice as Schedule 5.

BDO Audit (WA) Pty Ltd has given its written consent to act as the Company's auditor subject to shareholder approval of this Resolution 18 and the resignation of McLean Delmo Bentleys Audit Pty Ltd.

If Resolution 18 is passed, the appointment of BDO Audit (WA) Pty Ltd as the Company's auditor will take effect at the close of this Annual General Meeting.

If McLean Delmo Bentleys Audit Pty Ltd does not obtain ASIC approval and resign by the date of the Meeting, the Company will not put Resolution 18 to Shareholders but instead intends to appoint BDO Audit (WA) Pty Ltd as its auditor under section 327C(1) of the Corporations Act once ASIC approval is obtained and McLean Delmo Bentleys Audit Pty Ltd has resigned. The Company will then seek Shareholder approval for the re-appointment of BDO Audit (WA) Pty Ltd as its auditor at its next Annual General Meeting.

17. Resolution 19 – Adoption of new constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 19 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and the Listing Rules.

This will incorporate amendments to the Corporations Act and the Listing Rules since the current Constitution was adopted in 2003.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the proposed constitution in its entirety rather than to amend a multitude of specific provisions in the existing Constitution.

It is not practicable to list all of the changes to the Constitution in this Explanatory Memorandum and shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, shareholders wishing to obtain a copy of the proposed constitution should contact the Company.

Resolution 19 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

18. Resolution 20 – Approval of proportional takeover provisions in new constitution

The new constitution, the subject Resolution 19 contains proportional takeover provisions which are set out in clause 14.

Resolution 20 seeks Shareholder approval for the proportional takeover provisions to be included in the new constitution with effect from the close of the Meeting, and is a special resolution, requiring approval of 75% of the votes cast by Shareholders entitled to vote on the resolution in order to be passed. Resolution 20 is subject to Shareholders approving the adoption of the new Constitution under Resolution 19.

If Resolution 20 is passed, then clause 14 of the Constitution will have effect as and from the close of the Meeting for a period of three years. After a period of three years, clause 14 would cease to apply unless renewed by a further special resolution of Shareholders.

Section 648G(5) of the Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its members to adopt proportional takeover provisions. This information is set out below.

18.1 Proportional takeover bid

A proportional takeover bid is a takeover offer sent to all shareholders of a company, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion of shares and retains the balance.

18.2 Effects of the proposed proportional takeover provisions

The effects of the proposed proportional takeover provisions in the Company's new Constitution are that:

- (a) if a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a general meeting of members of that class is convened where a resolution to approve the bid is voted upon. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- (b) the resolution will be required to be passed in a general meeting before the time stated in section 648D of the Corporations Act, being the 14th day before the last day of the bid period ("approving resolution deadline"); and
- (c) if the approving resolution is:
 - (i) not voted on at the end of the day before the approving resolution deadline, the bid will be taken to have been approved;
 - (ii) put to members and rejected before the approving resolution deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded; or

- (iii) passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's Constitution).

The proportional takeover provisions do not apply to full takeover bids.

18.3 Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all of their Shares. By making a proportional bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority shareholder in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The proportional takeover provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced. To assess the merits of the proportional takeover provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of the proposed provisions.

18.4 Advantages and disadvantages

The Corporations Act requires this Explanatory Memorandum to discuss the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions which are proposed to be inserted in the new Constitution.

The potential advantages for Shareholders of the proportional takeover provisions include the following:

- (a) Shareholders have the right to decide, by majority vote, whether an offer under a proportional takeover bid should proceed. The proposal would enable Shareholders to act in a cohesive manner and thereby avoid the coercion of Shareholders that arises where they believe the offer to be inadequate, but nevertheless accept through fear that other Shareholders will accept;
- (b) the provisions may assist Shareholders and protect them from being locked in as a minority;
- (c) the existence of the approval machinery in the Company's new Constitution may make it more probable that any takeover bid will be a full bid for the whole shareholding of each Shareholder, so that Shareholders may have the opportunity of disposing of all their shares rather than of a proportion only;
- (d) the provisions may increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders include the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;

- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) it is possible that the existence of the provisions might have an adverse effect on the market value of the Company's Shares by making a proportional takeover bid less likely and thereby reducing any takeover speculation element in the Share price;
- (d) individual Shareholders may consider that the proportional takeover provisions would restrict their ability to deal with their Shares as they see fit; and
- (e) the likelihood of a proportional takeover bid succeeding may be reduced.

18.5 Knowledge of any acquisition proposal

At the date of this Notice of Meeting, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of a substantial interest in the Company.

18.6 Right to set aside Resolution

If Resolution 20 is passed, then within 21 days after the meeting, the holders of at least 10% of the Company's Shares have the right to apply to the court to have the Resolution set aside. The court may set aside the Resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

18.7 Directors' recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provisions in the new constitution are in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 20.

19. Definitions

\$ means Australian Dollars.

Acquisition has the meaning in Section 6.1.

Acquisition Resolutions means Resolutions 3 to 5 (inclusive), and Resolutions 9, 10 and 15.

AEDT means Australian Eastern Daylight Time, being the time in Melbourne, Victoria.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2017.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

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

Attaching Options has the meaning in Resolution 5.

Auditor's Report means the auditor's report on the Financial Report.

Babylon means Babylon Operations Pty Ltd (ACN 617 350 731).

Babylon Share means a fully paid ordinary shares in Babylon.

Board means the board of Directors.

Capital Raising has the meaning in Resolution 5.

Capital Raising Shares has the meaning in Resolution 5

Chairman means the chairman of this Meeting.

Class A Performance Right, Class B Performance Right, Class C Performance Right, Class D Performance Right and Class E Performance Right have the meaning in Schedule 4.

Closely Related Party has the meaning in section 9 of the Corporations Act.

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

Completion means completion of the Acquisition.

Consideration Options has the meaning given in Resolution 4.

Consideration Securities means the Consideration Options and the Consideration Shares.

Consideration Shares has the meaning given in Resolution 4.

Constitution means the current constitution of the Company.

Consolidation has the meaning in Resolution 10.

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

Director means a director of the Company.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

IMIOA Option means an Option exercisable at \$0.04 per Option (on a post-Consolidation basis) on or before 31 March 2019, and otherwise on the terms and conditions set out in Schedule 3.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Maximum Subscription means the minimum subscription of \$6,000,000 under the Capital Raising.

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

Minimum Subscription means the minimum subscription of \$4,000,000 under the Capital Raising.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Option and Share Purchase Deed has the meaning in Section 6.1.

Patersons means Patersons Securities Limited.

Performance Right means a performance right on the terms and conditions in Schedule 4.

Proposed Directors means Mr Michael Shelby, Mr Patrick Maingard and Mr Michael Kenyon.

Proxy Form means the proxy form attached to the Notice.

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution contained in this Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Security means a Share, an Option or a Performance Right.

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

Shareholder means a shareholder of the Company.

Sub-Underwriters means sophisticated and professional investors, who are not related parties of the Company, who agree to sub-underwrite part of the underwritten portion of the Capital Raising.

Sub-Underwriter Options has the meaning in Resolution 9.

Vendor means the holder of one or more Babylon Shares.

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

Schedule 1 Risk Factors of the Acquisition

1. Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

2. Company Specific Risks

(a) Conditional acquisition

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. A Prospectus will be issued to assist the Company to re-comply with these requirements. The Company's Securities are currently suspended from trading, and it is anticipated that the Securities will remain suspended until completion of the Acquisition, the Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Securities will consequently remain suspended from quotation.

(b) Dependence on key personnel

The success of Babylon, including its ability to effectively execute its business strategy, depends to a significant extent on its key personnel, in particular the senior management team, comprising Michael Shelby, Patrick Maingard and Mark Lagemann. These individuals have extensive experience in, and knowledge of, the resources services sector. Changes that adversely affect Babylon's ability to retain key personnel or an inability to recruit or retain suitable replacement or additional senior personnel could materially affect the Company's business, operational performance and financial results. The loss of key personnel could cause a significant disruption to Babylon's business and could adversely affect its operations.

(c) Limited trading history

Babylon was established in 2017 and whilst its management have significant experience in the resources services sector, Babylon has a limited trading history. In its first few months of operations, Babylon has generated revenue from a targeted pool of customers. Given this limited trading history, there is inherent uncertainty in relation to Babylon's business, and investors should consider Babylon's prospects in light of its limited trading history. There is a risk that that Babylon's business strategy may not be successful or it may diverge from the strategy. For example, potential customers may require goods and services which do not currently form part of

Babylon's business strategy or potential customers may acquire their own products and/or develop their own expertise such that Babylon's services are not required.

There can be no guarantee that Babylon's business development and marketing activities will be successful, or even if they are successful, to be able to generate commercially viable levels of revenue. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Acquisition.

(d) Availability of equipment

Babylon operates in the expanding resources maintenance sector providing specialist equipment to customers on demand. .

Babylon's initial focus has been on diesel engine services and work has commenced on contracts with companies in the oil & gas and mining sectors for pump, engine and component rebuilds. This will continue to be the short term focus while Babylon builds up its rental fleet. Babylon has commenced rental operations using cross-hired equipment. This will continue until Babylon is able to acquire rental assets. There is the risk that such specific equipment may be in short supply, thereby limiting the ability to meet customer needs, generate new revenue and/or attract new customers.

(e) Failure to retain and attract customers

There can be no guarantee that Babylon's business development and marketing activities will be successful in attracting new customers to Babylon's business. There is a risk that Babylon may not be successful in winning all or any of the current pipeline of prospective customer work. Further, Babylon's existing customers may terminate their relationship with Babylon, for example if any existing or new competitor offers more attractive pricing or services. There is also the risk that as Babylon grows its business it may fail to maintain its customer service standards or may not develop service offerings that meet its customers' future requirements. A failure by Babylon to retain and attract customers will have an adverse impact on Babylon's business, operations and financial performance.

(f) Additional funds

The funds raised under the Capital Raising are considered sufficient to meet the growth strategy objectives of Babylon as disclosed in Section 6.2. Additional funding may be required by Babylon to implement or continue its growth strategy activities. In particular, additional funding may be required by Babylon in the event new equipment costs exceed Babylon's estimates and will be required once those funds are depleted. To effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions or other business opportunities, and to meet any unanticipated liabilities or expenses which Babylon may incur, additional equity or other finance will be required.

The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for Babylon's activities may result in delay and indefinite postponement of new equipment acquisitions and other aspects of Babylon's growth strategy.

There can be no assurance that the Company will be able to obtain further financing on a timely basis, on favourable terms or that such further funding will be sufficient

to enable the Company to implement its planned commercial strategy. These factors may adversely affect the financial performance of the Company. Further, if additional funds are raised by issuing equity securities, this may result in dilution for some or all of the Shareholders.

(g) **Management of growth**

There is a risk that the Company will not be able to manage rapid growth of the Babylon business, for example, due to Babylon's small management team or if the cost of the equipment required for such growth exceeds management's expectations or available working capital. The capacity of the Company to properly implement and manage business growth including cash flow management may affect its operations and prospects.

(h) **Competition**

Babylon operates in a competitive market. The market for provision of equipment hire and maintenance services is broad with international corporations, large local operators and smaller specialised operators competing for business. Competition also exists between service providers and the customer itself who has the alternative of purchasing rather than hiring equipment and maintaining equipment themselves.

The factors that may affect the competitive advantage of Babylon include awareness of its brand, the loyalty of and its relationship with its customers, the scope, pricing and features of its service offerings and its level of service innovation, as well as the quality of its services and equipment provided, and its track record and reputation.

The Babylon business is at an early stage of development, although it has had early success in building its business, there is no certainty that Babylon will be able to compete successfully with existing and new potential competitors.

Further, there is a risk that existing or new competitors could gain market share through product innovation, price discounting or aggressive marketing campaigns. Competition may also come from providers of complementary products or services offering services similar to those of Babylon. In addition, Babylon could lose customers and market share if it fails to adapt to technological and regulatory changes or customer expectations at the same rate as its competitors.

(i) **Revenue risks**

Babylon charges service charges and hire fees to its customers for its specialised equipment hire and diesel engine services. There is a risk that Babylon may not be able to maintain its anticipated revenue per customer. This may occur, for example, due to price discounting by competitors or if customers do not perceive value in Babylon's services or purchase rather than hire equipment and maintain equipment themselves.

To date Babylon's customers are on short term purchase order contracts. The lack of long term contracted revenues creates uncertainty of future revenues.

Babylon may also need to reduce the level of its fees, for example, as a result of its strategy to grow market share.

(j) **Maintenance and repair of equipment for hire**

The retention and growth by Babylon of its customer base is dependent on continued availability of its equipment for hire, and the ability of Babylon to deliver a high level of maintenance and customer support. Babylon may need to invest more on these matters than anticipated due to unanticipated wear and tear or damage to its equipment for hire.

This increased investment could lead to reduced return on its products as well as delays in delivering equipment for hire to customers. This may impact on Babylon's brand and reputation, business and financial performance.

In addition, if there is a decline in customer service delivery, this may also adversely impact on Babylon's brand and reputation.

(k) **Insurance**

The Company intends to insure its assets and operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be available or of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

(l) **Contractual Disputes**

There is a risk that Babylon's business could be disrupted in situations where there is a disagreement or dispute in relation to a term of a contract. Should such a disagreement or dispute occur, this may have an adverse impact on Babylon's operations, cashflow and performance generally. It is not possible for Babylon to predict or protect itself against all such risks.

(m) **Health Safety and Environment**

As a company with industrial services operations, there are risks of accidents or incidents that may occur with regard to health, safety or the environment. The key risks include injury to personnel and discharge of hydro carbons into the environment, despite Babylon's internal controls to mitigate these risks. The possibility exists that this may lead to environmental/property damage or injury that may result in losses due to compensation, litigation or reputational damage for the Company.

(n) **Third Party Risk**

The operations of Babylon require the involvement of a number of third parties, including suppliers, contractors and customers.

Financial failure, insolvency, default or contractual non-compliance on the part of such third parties may have a material impact on Babylon's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

Third party risks include, but are not limited to:

- (i) the possibility that some of the Company's customers may pose a future credit risk by defaulting on their payment obligations to the Company; and
- (ii) the possibility that some of the Company's customers may become insolvent, potentially placing assets of the Company hired to such a customer at risk,

in either case, despite the best endeavours of management to mitigate these risks.

(o) **Compliance with regulation**

Babylon is subject to regulation concerning how its business is conducted, including occupational health, safety and environmental regulation.

A failure to comply with all relevant regulation may result in Babylon incurring a penalty (such as a fine), censure which restricts the normal conduct of business, an obligation to pay compensation, the need to give a written undertaking to comply or receiving a direction to comply. In some cases, a regulator may cancel or suspend the relevant licence or registration or undertake proceedings against Babylon.

A significant failure to comply with regulatory requirements, including in relation to data and information privacy, may also give rise to reputational damage, and adversely affect the Company's business and financial performance.

(p) **Commodity prices**

The key driver of demand for mining and oil & gas services is overall level of investment in plant and equipment for production, new exploration and sustaining works all of which are ultimately driven by commodity pricing. Accordingly, the Company's future ability to generate revenue or attract funding will be related to the price of commodities. Commodity prices fluctuate and are affected by a range of factors outside of the Company's control, including the relationship between global supply and demand for such commodities, forward selling by producers, the cost of production and general global economic conditions.

3. **General Risks**

(a) **Securities investments**

Shareholders should be aware that there are risks associated with any securities investment.

As the Company's Shares have been suspended for an extended period, there is currently no public market for Shares. There is no guarantee that an active trading market in the Shares will develop or that the price of the Shares will increase following completion of the Acquisition and the Capital Raising. The prices at which the Shares trade may be above or below the Capital Raising price and may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

(b) Potential Acquisitions

As part of its business strategy, the Company may make future acquisitions of, or significant investments in, complementary companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(c) Economic risk and government risk

Changes in the general economic climate in which Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, include, but not are but not limited to:

- (i) general economic conditions;
- (ii) changes in government policies, taxation and other laws;
- (iii) the strength of the equity and share markets in Australia and throughout the world;
- (iv) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (v) industrial disputes in Australia and overseas;
- (vi) changes in investor sentiment toward particular market sectors;
- (vii) failure or IT systems or penetration of IT systems by unauthorised users;
- (viii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (ix) natural disasters, social upheaval or war.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

(d) Dilution

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of Shareholders may be reduced and diluted.

(e) Force majeure events

Events such as acts of terrorism; an outbreak of international hostilities or natural disasters may occur within or outside Australia that have an impact on Babylon's business. Any such force majeure events may have a negative impact on the value of an investment in Shares in the Company.

(f) Taxation

There is the potential for changes to Australia's tax laws. Any current rates of taxes imposed on Babylon is likely to affect returns to Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to Babylon's view of those laws may increase the amount of tax to be paid. Babylon obtains external expert advice on the application of tax laws to its operations.

In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Investors are encouraged to obtain professional tax advice in connection with any investment in the Company.

(g) Risk of litigation, claims and disputes

Babylon may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes with suppliers or customers, employment disputes, indemnity claims, and occupational and other claims.

There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of settling such claims, and affect the Company's reputation.

(h) No guarantee of dividends

There is no guarantee that dividends will be paid on Shares in the future as this is a matter that depends on the financial performance of the Company.

(i) Share market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Securities may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

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

There is also no guarantee that an active market in the Securities will develop or that the price of the Securities will increase. There may be relatively few buyers or sellers of Securities on the ASX at any particular time.

(j) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(k) Accounting standards

Changes to any applicable accounting standards or to any assumptions, estimates or judgments applied by management in connection with complex accounting matters may adversely impact the Company's financial statements, results or condition.

(I) Investment highly 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 Company's securities. Therefore, the Company's Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

Schedule 2 Pro-Forma Balance Sheet

	IM Medical	Babylon		Pro forma adjustments		Pro forma after offer	
	Audited as at 30-Jun-17	Audited as at 30-Jun-17	Subsequent events	\$4 million	\$6 million	\$4 million	\$6 million
	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS							
Cash and cash equivalents	126,822	299,346	184,500	3,252,600	5,118,600	3,863,268	5,729,268
Trade and other receivables	-	88,244	-	-	-	88,244	88,244
TOTAL CURRENT ASSETS	126,822	387,590	184,500	3,252,600	5,118,600	3,951,512	5,817,512
NON CURRENT ASSETS							
Goodwill	-	-	-	370,979	370,979	370,979	370,979
Plant and equipment	-	335,160	-	-	-	335,160	335,160
TOTAL NON CURRENT ASSETS	-	335,160	-	370,979	370,979	706,139	706,139
TOTAL ASSETS	126,822	722,750	184,500	3,623,579	5,489,579	4,657,651	6,523,651
CURRENT LIABILITIES							
Trade and other payables	255,678	51,729	27,089	(200,000)	(200,000)	134,496	134,496
TOTAL CURRENT LIABILITIES	255,678	51,729	27,089	(200,000)	(200,000)	134,496	134,496
TOTAL LIABILITIES	255,678	51,729	27,089	(200,000)	(200,000)	134,496	134,496
NET ASSETS	(128,856)	671,021	157,411	3,823,579	5,689,579	4,523,155	6,389,155
EQUITY							
Issued capital	23,041,122	920,000	184,500	3,770,500	5,650,500	27,916,122	29,796,122
Reserves	-	-	-	511,500	511,500	511,500	511,500
Accumulated losses	(23,169,978)	(248,979)	(27,089)	(458,421)	(472,421)	(23,904,467)	(23,918,467)
TOTAL EQUITY	(128,856)	671,021	157,411	3,823,579	5,689,579	4,523,155	6,389,155

NOTES

The unaudited pro forma balance sheet includes the following pro forma adjustments:

1. The issue of 55,750,000 Shares at a deemed issue price of \$0.02 per Share, and 27,875,000 IMIOA Options, issued to the Vendors for a total value of \$1,115,000 for the Acquisition of Babylon.
2. Babylon raised \$184,500 after fees through placements since 30 June 2017, and has incurred accrued Directors fees of \$27,089 since 30 June 2017.
2. A Capital Raising of:
 - \$4,000,000 under the Minimum Subscription, being 200,000,000 new Shares and 100,000,000 attaching IMIOA Options (less costs of the offer of \$547,400 under the Minimum Subscription); and
 - \$6,000,000 under the Maximum Subscription, being 300,000,000 new Shares and 150,000,000 Attaching IMIOA Options (less costs of the offer of \$681,400 under the Maximum Subscription).
3. IMI has executed a mandate for Patersons Securities Limited to act as lead manager of the capital raising and corporate adviser. Subject to execution of a formal underwriting agreement, Patersons will underwrite the Minimum Subscription of \$4,000,000 under the Capital Raising. IMI has agreed to issue sub-underwriters 1 IMIOA Option for every two Shares sub-underwritten.
4. No adjustment has been made to account for the Performance Rights to be issued to incoming management in connection with their ongoing management roles with the Company post-completion of the Acquisition as they are subject to vesting conditions and the vesting period has not yet commenced.
5. In connection with the Acquisition and the Capital Raising, the Company is proposing to consolidate its share capital on a 1:20 basis. All references to Securities above are on a post-Consolidation basis.

Schedule 3 Terms and Conditions of IMIOA Options

The Consideration Options, the Attaching Options and the Sub-Underwriter Options are on the same terms as the existing IMIOA Options on issue, which terms and conditions are as follows:

(a) Entitlement

Each IMIOA Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option. The Options are not subject to any vesting conditions.

(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 issue 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) Adjustment 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 the Options

The Options will be listed Options. Application will be made to ASX within seven days after the date of the Prospectus for Official Quotation of the 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.

Schedule 4 Terms and Conditions of the Performance Rights

The Performance Rights will be granted in five milestone based classes as follows:

Number*	Class	Performance Condition	Period
7,000,000	Class A Performance Rights	The Company achieving operating revenue of at least \$4.6 million in the first full financial year following issue.	3 months from the end of the first full financial year following issue.
7,000,000	Class B Performance Rights	The Company achieving operating revenue of at least \$9.2 million in the second full financial year following issue.	3 months from the end of the second full financial year following issue.
7,000,000	Class C Performance Rights	The Company achieving earnings before interest, tax, depreciation and amortisation of at least \$0 (ie, breakeven) in the first full financial year following issue.	3 months from the end of the first full financial year following issue.
7,000,000	Class D Performance Rights	The Company achieving earnings before interest, tax, depreciation and amortisation of at least \$2.6 million in the second full financial year following issue.	3 months from the end of the second full financial year following issue.
12,000,000	Class E Performance Rights	The exercise of 80% of IMIOA Options on issue immediately following Completion (delivering ~ \$8.5m of new capital).	24 months from issue

* All on a post-Consolidation basis.

On achievement of the applicable Performance Condition, each Performance Right will convert into a Share.

If a Performance Condition of a Performance Right is not achieved by the end date of the specified Period, then the Performance Right will lapse.

The achievement of a Performance Condition is to be determined by the Board from time to time (by reference to the Company's audited accounts for the relevant period if applicable). Performance Rights will convert as soon as the achievement of a relevant Performance Condition has been determined. For the avoidance of doubt, this may occur before the end date of the specified Period.

Other terms

(No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of the Company's Shareholders.

(No dividend rights) A Performance Right does not entitle a holder to any dividends.

(Rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(Not transferable) A Performance Right is not transferable.

(Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

(Quotation of shares on conversion) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules.

(Participation in entitlements and bonus issues) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

(Vesting on Change of Control) A Performance Right that has not yet vested will automatically vest upon a Change of Control that occurs at an average price greater than \$0.025 per Share. For these purposes, "Change of Control" means one or more of the following events occurring (subject to the applicable Performance Condition being satisfied up until the date of the relevant event):

- (i) the bidder under a takeover bid in respect of all Shares has achieved acceptances in respect of more than 50.01% of Shares and that takeover bid has become unconditional;
- (ii) the announcement by the Company that its Shareholders have, at a court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of the Company are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party,and the court, by order, approves the proposed scheme of arrangement; or
- (iii) any person, individually or together with their associates, acquires a relevant interest in 50.01% or more of the total number of Shares on issue by any other means.

(No other rights) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

The Performance Rights are subject to deferred taxation under Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth).

Schedule 5 Nomination of Audit Letter

26 September 2017

Mr Richard Wadley
The Company Secretary
IM Medical Limited
Level 40, 140 William Street
Melbourne Vic 3000

Dear Sir

NOMINATION OF AUDITOR

I, Timothy Hosking, being a member of IM Medical Limited (Company), nominate BDO Audit (WA) Pty Ltd in accordance with section 328B(1) of the Corporations Act 2001 (Cth) (Act) to fill the office of auditor of the Company.

Please distribute copies of this notice of nomination as required by Section 328B(3) of the Act.

A handwritten signature in black ink, appearing to read 'T Hosking', followed by a period.

Timothy Hosking

+

IM MEDICAL LTD

ACN: 009 436 908

REGISTERED OFFICE:

LEVEL 40
140 WILLIAM STREET
MELBOURNE VIC 3000

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«EFT_REFERENCE_NUMBER»

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

SHARE REGISTRY:

Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

IMI

Holder Number:

«HOLDER_NUM

PROXY FORM

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

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

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

«ONLINE

SECTION A: Appointment of Proxy

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

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am (AEDT) on Wednesday 1 November 2017 at Level 15, 333 Collins Street, Melbourne, Victoria and at any adjournment of that meeting.

SECTION B: Voting Directions

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

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Appointment of Mr Michael Shelby as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr Nigel Blaze	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Appointment of Mr Patrick Maingard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Appointment of Mr Michael Kenyon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of issue of Consideration Shares and Consideration Options to Vendors for the acquisition of Babylon Operations Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue Capital Raising Shares and Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Approval of grant of Performance Rights to Mr Michael Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Authority for Mr Richard Wadley to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Approval of grant of Performance Rights to Mr Patrick Maingard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Authority for Mr Nigel Blaze to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. Approval of grant of Performance Rights to Mr Mark Lagemann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Authority for Mr Patrick Maingard to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval to grant Sub-Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Adoption of new constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Approval of Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Approval of proportional takeover provisions in new constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SECTION C: Signature of Security Holder(s)

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am (AEDT) on Monday 30 October 2017.

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