



G Medical Innovations Holdings Ltd
ARBN 617 204 743

12 December 2018

CLEANSING NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

This cleansing notice (**Cleansing Notice**) is given by G Medical Innovations Holdings Ltd (ASX: GMV) (**Company**) under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company advises that in relation to the convertible note issue first announced on 31 October 2018, it has issued 196,944 fully paid ordinary shares (**Shares**) and 1,161,804 options (exercisable at A\$0.391 each, options expiration date is October 31, 2023).

Separate to the convertible note issue, the Company has issued 73,816 shares on the conversion of unlisted options, allotted an additional 113,750 options under its 2016 Global Equity Incentive Plan, and in respect of the Controlled Placement Agreement (CPA) with Acuity Capital as announced on 5 September 2018, issued 3,325,000 shares at \$0.3263 per share to raise \$1,085,000 (after costs) under its Listing Rule 7.1 capacity. The issue price of \$0.3263 to Acuity Capital represents a 16.5% premium to the closing price on 11 December 2018 of \$0.28.

Pursuant to section 708A(5)(e) of the Corporations Act, the Company gives notice that:

- the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- as at the date of this notice, the Company has complied with:
 - the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
 - section 674 of the Corporations Act; and
- as at the date of this notice there is no information that is 'excluded information' within the meanings of section 708A(7) and 708A(8) of the Corporations Act that is required to be set out in this Cleansing Notice under section 708A(6)(e) of the Corporations Act.

A separate cleansing notice under section 708A(12C)(e) of the Corporations Act in respect of the issue of convertible notes by the Company is also being released by the Company to ASX today.

Yours faithfully

Steven Wood
Company Secretary
G Medical Innovations Holdings Ltd



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CLEANSING NOTICE UNDER SECTION 708A(12C)(e) OF THE CORPORATIONS ACT

This cleansing notice (**Cleansing Notice**) is given by G Medical Innovations Holdings Ltd (ASX:GMV) (**Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82).

The Company advises that it has issued 800,000 convertible notes (**Notes**) to a number of United States and Israel based investors (**Noteholders**). The Notes were issued without disclosure to investors under Part 6D.2 of the Corporations Act.

The purpose of this Cleansing Notice is to enable the fully paid ordinary shares in the capital of the Company (**Shares**) that may be issued on any future conversion of the Notes to be on-sold to retail investors without further disclosure.

This Cleansing Notice is an important document and should be read in its entirety. Neither ASIC nor ASX takes any responsibility for the contents of this Cleansing Notice.

1. Background

On 31 October 2018, the Company announced that it was proposing to undertake a capital raising by the issue of convertible notes to raise up to US\$5,000,000. The issue of 800,000 Notes today completes the capital raising, having raised an aggregate of US\$4,050,000 (before costs).

The terms of the Notes are set out in the Convertible Securities Agreement and related Collateral Agency Deed and General Security Deed (together, **Transaction Documents**) executed by the Company in favour of the Noteholders. The Transaction Documents are on materially the same terms as those disclosed in the Company's announcements of 31 October 2018, in relation to the convertible notes subscribed for by MEF I, L.P..

The Directors of the Company (**Directors**) consider that the entry into the Transaction Documents and the issue of the Notes is in the best interests of Shareholders as it provides funding for the Company's near term general corporate and working capital purposes, including but not limited to acquisitions financing and repayment of certain existing debt to third parties as per existing loan agreements.

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Notes:

- (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (C) other information relating to the Company's status as a disclosing entity.

3. The effect of the issue on the Company

3.1 Effect of the issue on the Company

The principal effect of the issue of the Notes on the Company will be to:

- (a) increase the Company's cash reserves by up to US\$800,000 (before costs associated with the Notes issue);
- (b) increase the number of unquoted convertible notes on issue from 3,250,000 to 4,050,000;
- (c) give rise to the Company having a liability for the aggregate amount of the Face Value of the Notes; and
- (d) if the Notes are converted, either wholly or in part to Shares, increase the number of Shares on issue as a consequence of the issue of Shares on such conversion.

In addition to the above, as partial consideration for the investment, the Company has issued the following securities to the Noteholders:



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- (a) 919,902 options, exercisable at A\$0.391 each on or before 31 October 2023; and
- (b) 196,944 Shares.

3.2 Pro-forma consolidated statement of financial position

- (a) Set out in Annexure A is a pro forma consolidated Statement of Financial Position as at 30 June 2018 for the Company based on the 30 June 2018 reviewed accounts adjusted to reflect the Notes issue and has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by the International Accounting Standards applicable to the Company's annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Notes may change in the future.

3.3 Potential effect on capital structure

The capital structure of the Company as at the date of this Cleansing Notice, before the issue of the securities pursuant to the Transaction Documents but including the other securities issued today, separately to the Transaction Documents, is set out below:

Type of security	Number
Shares	360,835,322 ¹
Options	35,903,412 ²
Performance rights	120,000,000 ³
Notes	3,250,000 ⁴

¹ Includes 233,898,001 Shares escrowed until 10 May 2019.

² Comprised of the following unquoted options, with each option exercisable into Shares on a 1:1 basis:

- 20,315,170 options exercisable at \$0.30 each expiring 1 May 2020 (escrowed until 10 May 2019);
- 595,163 options exercisable at US\$0.00001 each expiring 5 years from the date of issue;
- 87,198 options exercisable at \$0.20 each expiring 5 years from date of issue;
- 5,240,386 options exercisable at \$0.30 each expiring 1 May 2020;
- 2,000,000 options exercisable at \$0.52 each expiring 21 November 2020;
- 2,426,471 options exercisable at US\$0.242 each expiring 3 March 2023;
- 411,765 options exercisable at US\$0.219 each expiring 14 May 2023; and



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- 4,713,509 options exercisable at \$0.3910 each expiring 31 October 2023.
- 113,750 options exercisable at US\$0.165 each expiring 26 July 2023.

³ Comprised of the following unquoted performance rights, with each performance rights convertible into Shares on a 1:1 basis:

- 60,000,000 class B performance rights subject to a milestone requiring rolling 12 months revenues of at least \$30,000 and an expiry date of 2 years from the date of issue, and subject to escrow until 10 May 2019; and
- 60,000,000 class C performance rights subject to a milestone requiring cumulative EBITDA of at least \$250,000 and an expiry date of 3 years from the date of issue, and subject to escrow until 10 May 2019.

⁴ Comprised of convertible notes with a face value of US\$1.10 each and a maturity date of 29 April 2020.

The Notes are convertible into Shares based on the conversion formula set out in Section 4 below. The number of Shares issued to the Noteholders will therefore depend on a number of factors, including whether the Noteholders elect to convert the Notes, or the Company elects to convert the Notes in lieu of making a cash amortisation payment, and the USD/AUD exchange rate.

The table below shows the potential effect of the conversion of all Convertible Notes, based on the Fixed Conversion Price (as described below) of A\$0.3362 and an exchange rate of \$0.7034. The below table also assumes that no additional Shares are issued prior to conversion of the Notes. Fractions have been rounded up to the nearest Share.

The Noteholders did not hold any Shares prior to the date of this Cleansing Notice. In addition to the Notes, the Company has issued the following Securities to the Noteholders under the terms of the Transaction Documents:

- (a) 919,902 options, exercisable at A\$0.391 each on or before the date that is 5 years after the date of issue; and
- (b) 196,944 Shares.

Shareholder	Number of Shares (assuming all Notes are converted on the assumptions outlined above)	Percentage interest
All Shareholders other than the Noteholders	360,835,322	98.93%
Noteholders	3,918,139	1.07%
Total	364,753,461	100%

In addition to the above, and on the same assumptions, the maximum number of Shares that would be held by the Noteholders if the Noteholders also exercised the 919,902 options, would be 4,838,041 which would comprise approximately 1.32% of the enlarged Shares on issue.

4. Rights and liabilities attaching to the Notes

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Notes.

The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholders.

Face Value	US\$1.10 per Note
Purchase Date	11 December 2018
Conversion	- Subject to the below, the Noteholders may, at their election, convert one or more of the Convertible Securities into Shares. - The conversion price will be a fixed conversion price of A\$0.3362 (Fixed Conversion Price). - If a Convertible Security is or becomes incapable of being converted into Shares, or conversion of a Convertible Security would result in a breach of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), any foreign investment policy, other law or the Listing Rules, the company can refuse to convert the Convertible Security such that the Convertible Security is a debt instrument with no right of conversion into Shares.
Maturity	- The maturity date is 18 months after the Purchase Date. - The Company must redeem the outstanding convertible securities on the Maturity Date by paying 115% of the Face Value of those outstanding convertible securities in cash.
Early redemption	The Company may at any time, but no more frequently than once in every 45 days, redeem some or all of the outstanding convertible securities, provided there is no Event of Default subsisting. The redemption amount will be either: - if redemption occurs within 180 days of the Purchase Date: 110% of the Face Value of the Convertible Securities being redeemed; - or

	if redemption occurs after 180 days of the Purchase Date: 115% of the Face Value of the Convertible Securities being redeemed.
Mandatory redemption	If the Company raises more than \$4,000,000 by way of debt or equity (or a combination), then the Noteholders may require the Company to redeem the outstanding convertible securities, with an aggregate Face Value of up to 50% of the amount raised in excess of the \$4,000,000 amount raised. The redemption amount payable will be calculated on the same basis as an early redemption as described above. The maximum amount that will be payable will be on a pro-rata basis amongst the Noteholders such that the maximum aggregate amount the Company is required to redeem is convertible securities with an aggregate Face Value of up to 50% of the amount by which the funds raised exceed \$4,000,000.
Amortisation payments	- On 25 January 2019 and the corresponding day of each month afterwards (each an Amortisation Payment Date), the Company must redeem Convertible Securities with an aggregate Face Value equal to US\$58,667 if either (or both): - the average daily VWAP for that month is less than 110% of the Fixed Conversion Price; or - the average daily dollar trading volume over that month is less than A\$90,000. - The redemption must occur by the Company either, at its election: - in cash, in which case, the redemption amount payable will be calculated on the same basis as an early redemption as described above; or - in shares (subject to the receipt of prior shareholder approval and any necessary waivers of the ASX Listing Rules), with a deemed equal price equal to the lesser of: - the Fixed Conversion Price; or 90% of the lowest daily VWAP over the 10 trading days immediately prior to the Amortisation Payment Date, but not less than A\$0.20. - The Company may only elect to redeem the Convertible Securities if, amongst other things:

	○ the average dollar trading volume over any 10 trading days between the execution date and the Amortisation Payment Date is at least A\$90,000; ○ the average daily VWAP during any 5 trading days between the execution date and the Amortisation Payment Date is at least A\$0.225; and ○ no event of default or material adverse effect has occurred. ● The Noteholders may elect to waive the payment of a monthly amortisation payment in accordance with this clause. In return for such waiver, and subject to the receipt of shareholder approval, the Company must issue the Investor 183,978 additional options. The maximum number of additional options that may be issued in the event that the Investor waived its entitlement to all 15 monthly amortisation payments is 2,759,707.
Security	The convertible securities are secured.
Interest	● There is no interest payable on the Convertible Securities. However, the Convertible Securities are issued at a 10% discount to their Face Value. ● If an event of default occurs, an interest rate of 3% will apply and the Face Value will be increased by an additional 10%.
Representations and warranties	The Company has provided the Noteholders with customary representations and warranties.
Events of default	The Convertible Note Agreement includes typical events of default, including, amongst other things, the following (in summary): ● the Company fails to comply in a material respect with any of its material obligations under any transaction document; ● a representation or warranty of the Company being untrue or misleading in any material respect; ● the Company or any of its subsidiaries are served with a statutory demand or a foreign equivalent that is not set aside within 10 business days; ● an insolvency event occurs in respect of the Company or any of its subsidiaries; ● the Company fails to comply with the Listing Rules in any material respect resulting in removal from the ASX Official List, or the

	Company is suspended for greater than five trading days in a rolling 12-month period; • the Company claims, or a Court finds on application of a third party that the agreement or a transaction under the agreement is wholly or partly void, voidable or unenforceable; • on application by a person other than the Noteholders or any of affiliates, a Court of competent jurisdiction holds that a Transaction Document or a Contemplated Transaction is or has become wholly or partly void, voidable or unenforceable; • any third person commences any action, investigation or proceeding against any person or otherwise asserts any claim which seeks to restrain, challenge, limit, modify or delay the right of the Noteholders or the Company to enter into any Transaction Documents or to undertake any of the Contemplated Transactions (other than in a vexatious or frivolous proceeding); • a security interest over an asset of the Company or any of its subsidiaries is enforced; • any present or future liabilities, including contingent liabilities, of any the Company or any of its subsidiaries for an amount or amounts totalling more than A\$500,000 are not satisfied on time, or become prematurely payable. • the Company or any of its subsidiaries is in default under a document or agreement (including a Governmental authorisation) binding on it or its assets which relates to material financial indebtedness or is otherwise material; • a material adverse effect occurs; • the Company does not obtain a shareholder approval to the extent required; • there is any change in control of the Company or any of its subsidiaries; • any action is initiated by any competent authority with a view to striking the Company's name off any register of companies. • the Company or any person on behalf of the Company materially breaches any undertaking at any time given to the Noteholders or its solicitors or any condition imposed by the Noteholders in agreeing to anything.
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	- the Company changes its constitution in a manner that materially and adversely varies the rights of the Noteholders without the Noteholder's prior written consent; - the Company is found by a court of competent authority to have committed an offence under the <i>Corporations Act 2001</i>; - the "Secured Property" under the general security agreement forming part of the transaction documents suffers a material diminution in value or utility or a material part of the "Secured Property" suffers total loss or destruction or damage beyond repair or damage to an extent which in the opinion of the Noteholders renders repair impractical or uneconomical; - if any of the investment amount is used for an illegal or improper purpose or to finance an illegal improper or terrorism activity; - if any of the "Secured Property" under the general security agreement forming part of the transaction documents is taken out of the effective management and control of the Company (except upon a permitted dealing with that property). In an event of default occurs, and either: - is not capable of being remedied; or - is capable of being remedied but has not been remedied to the satisfaction of the Noteholders within ten business days of the Noteholders notifying the Company of its occurrence; or - there have been two or more previous events of default; and the Event of Default has not been expressly waived by the Noteholders in writing, then the Face Value of each Convertible Security will automatically increase by 10% and the Noteholders may require the amount outstanding to be redeemed, terminate the agreement, and exercise any other rights it may have under the agreements or at law. Interest will also be payable at a rate of 3% per annum in the event of an event of default occurring.
Company Covenants	The agreement includes typical covenants from the Company including the Company and its subsidiaries (without the prior consent of the Noteholder): not disposing of any assets unless it is in the ordinary course of business, if it has a value of greater than A\$1,000,000, at least 50% of the net proceeds are applied towards repayment of the Amount Outstanding;

	• reduce its issued share capital or any uncalled liability in respect of its issued capital, except by means of a purchase or redemption of the share capital that is permitted under Australian Law, unless such reduction is required in connection with a proposed listing of the Company on the NASDAQ Stock Exchange; • not issuing any debt, equity or equity-linked securities with a variable interest rate, or convertible into securities at a rate which is variable based on the Share price or subject to other potential reset pricing; • undertake a share consolidation, unless such consolidation is required in connection with a proposed listing of the Company on the NASDAQ Stock Exchange; • change the nature of its business; • make an application under section 411 of the Corporations Act; • grant or allow any security interest over any of its assets; • make any payment to any party in reduction of the amount owing by the Company to them, other than as specifically permitted under the agreement; • list the Company on the NASDAQ Stock Exchange and on the initial public offering offer shares or depository interests at a per unit price less than A\$0.20 per share; • draw down on its facility with Acuity Capital Investment Management Pty Ltd as trustee for the Acuity Capital Holdings Trust, other than a draws of up to a total of \$500,000 at a per share price which is at least the Fixed Conversion Price; or • transfer the jurisdiction of its incorporation.
Noteholder covenants	The Noteholders must not engage in any short selling of shares, and to not sell more than the greater of A\$35,000 of shares or 15% of the market traded volume of shares on the ASX and Chi-X on the relevant trading day. However, these covenants cease to apply if the daily VWAP of the Company's shares falls below A\$0.10 for any 5 consecutive trading days or there is an event of default.
Quotation	The Convertible Notes will not be quoted on the ASX. However, the Company will apply for the Commitment Shares and the new shares issued on the conversion of the Convertible Notes to be quoted on the ASX.

Transferability	The Noteholders may transfer the Convertible Securities subject to the assignee executing a deed of covenant in favour of the Company.
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5. Rights and liabilities attaching to the Shares issued on conversion of the Notes

The Shares issued to the Noteholders on the conversion of the Convertible Notes under the Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares.

The rights attaching to the Shares, including new Shares to be issued to the Noteholders on the conversion of the Convertible Notes, are set out in the Company's memorandum and articles of association (**Articles**), and, in certain circumstances, regulated by the Companies Law (as revised) of the Cayman Islands (**Cayman Islands Companies Law**) ASX Listing Rules, and the general law.

The Company intends to apply to ASX for quotation of the Shares issued on conversion of any Convertible Notes.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

General	The Articles permit the Company: - to increase its authorised share capital by the creation of additional authorised but unissued shares, or to reduce its authorised share capital by the cancellation of authorised but unissued shares, by way of ordinary resolution (with an ordinary resolution requiring the affirmative vote of 50% of eligible votes cast); - to consolidate the shares forming the share capital of the Company into a lower number of shares of a proportionally larger par value, or subdivide the shares forming the share capital of the Company into a larger number of shares of a proportionally lower par value, by way of ordinary resolution; and - to reduce its share capital in any way, including by reducing the par value of its issued share capital, cancelling any paid-up share capital which is lost or unrepresented by available assets, and extinguishing or reducing the liability of any of its shares, by way of special resolution (with a special resolution requiring the affirmative vote of 75% of the eligible votes cast) and an order
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	from the Grand Court of the Cayman Islands confirming such reduction.
Powers of directors generally, and with respect to share capital	• Under the Articles, the Board may exercise all the powers of the Company except any powers that the Cayman Islands Companies Law or the Articles require the Company to exercise by way of ordinary resolution or special resolution. • The Board may issue additional Shares in the capital of the Company from time to time as they may determine, to the extent of the authorised but unissued Shares. • Subject to the ASX Listing Rules, the Cayman Islands Companies Law and the Articles, the Board may offer, issue, allot or otherwise dispose of Shares in the capital of the Company to such persons, in such manner, on such terms and having such rights and being subject to such restrictions, as they may from time to time determine (to the extent of available authorised but unissued Shares), and may divide the Share capital of the Company into any number of separate classes of shares having different rights (including, without limitation, voting, dividend, return of capital, conversion and redemption rights), restrictions, preferences and privileges. • Subject to the ASX Listing Rules, the Cayman Islands Companies Law, the Articles and any rights conferred on the holders of any shares or attaching to any class of shares, the Board may cause the Company to repurchase or otherwise acquire Shares in such manner, upon such terms and subject to such conditions as they think fit. Pursuant to the Cayman Islands Companies Law, the repurchase of any Share may be paid out of the Company's profits, out of the share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of such repurchase, or out of capital if the Company is able to, immediately following such repurchase, pay its debts as they fall due in the ordinary course of business.
General meetings and voting	Requirement to hold meetings Under Cayman Islands Companies Law, the Company is not required to hold annual general meetings, but the Articles provide that the Company shall in each calendar year hold an annual general meeting, and that the maximum period between annual general meetings shall not exceed 15 months. Notice of meetings

	At least 28 clear days' notice must be given of any annual general meeting or other general meeting of the Company, save that a general meeting (including an annual general meeting) shall be capable of being held on shorter notice if it is so agreed by 90% of the holders of shares in the capital of the Company entitled to attend and vote at such meeting. Quorum requirements A quorum for a general meeting is two shareholders present in person, by proxy or (in the case of a Shareholder that is a non-natural person) by a duly authorised representative and entitled to vote on the business to be transacted. If a quorum is not present within 30 minutes after the time set for a general meeting, the meeting: (A) if called on a requisition of Shareholders, is cancelled; and (B) in any other case, is adjourned to the same time and place in seven days, or to such other day, time and place as determined by the Board (and if no quorum is present at the resumed meeting within 30 minutes after the time set for the meeting, the Shareholder present shall constitute quorum). Manner of voting The Articles provide that, at any general meeting, a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is demanded. On a show of hands, each Shareholder present in person or represented by proxy or (in the case of a Shareholder that is a non-natural person) by authorised representative shall have one vote. A poll may instead be demanded by the chairman of the meeting, at least five (5) Shareholders entitled to vote at the meeting, and/or a Shareholder or Shareholders holding not less than ten per cent (10%) of the total voting rights of all Shareholders having the right to vote at the relevant general meeting. In the event that a poll is demanded, each Shareholder present in person or represented by proxy or (in the case of a Shareholder that is a non-natural person) by authorised representative has one vote for each Share held by that Shareholder. Voting thresholds Generally, all matters to be transacted at a general meeting are passed as ordinary resolutions, save for certain matters specified under the Articles, Cayman Islands Companies Law or ASX Listing Rules as requiring a special resolution. To be passed at a general meeting: • Ordinary resolutions require the affirmative vote of a simple majority of the votes cast by such Shareholders as, being entitled
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	to do so, attend and vote at the general meeting in person, by proxy, or (in the case of a shareholder that is a non-natural person) by authorised representative; and special resolutions require the affirmative vote of a two-thirds majority of the votes cast by such Shareholders as, being entitled to do so, attend and vote at the general meeting in person, by proxy, or (in the case of a shareholder that is a non-natural person) by authorised representative. Special resolutions and ordinary resolutions may also be passed by a unanimous written resolution of all the shareholders having the right to attend and vote at the general meeting.
Shareholder right to call Shareholder meeting	The Articles do not contain any specific rights for shareholders to require matters or proposals to be put to vote at any annual or other general meeting, save that: - Shareholders have the ability to nominate a person to be put forward for election as a Director at a general meeting; and - Shareholders holding Shares which at the relevant date represent in aggregate not less than one-tenth of the paid up Share capital of the issued Shares carrying the right of voting at general meetings of the Company have the right, by written requisition to the Company, to require a general meeting to be called by the Board for the transaction of any business specified in such requisition. The Board must call a general meeting when so requisitioned within 21 days of the receipt of such requisition. If the Board do not proceed to so convene a general meeting within 21 days of the receipt of the requisition, any of the requisitionists representing a majority of the total voting rights of all of them may themselves convene a general meeting to be held within three months following the expiry of such 21 day period.
Dividends	Under the Cayman Islands Companies Law and the Articles, the Board may declare and authorise the payment of dividends and distributions out of the realised or unrealised profits of the Company, out of the share premium account (provided that the Company will, immediately following that dividend or distribution, be able to pay its debts as they fall due in the ordinary course of business), or as otherwise permitted by the Cayman Islands Companies Law. Except as provided by the Articles or the rights attached to any Shares, dividends shall be declared and paid according to the amounts paid up on the nominal value of the Shares on which the dividend is paid. Dividends may be declared and paid in cash or in

	kind (including paid up share capital or securities in another body corporate). Any dividend unclaimed after a period of three (3) years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.
Variation of Rights attaching to Shares	The Shares have the rights and privileges and are subject to the restrictions set out in the Articles. For so long as the Shares constitute the only class of shares in the capital of the Company, the rights attaching to the Shares may be amended by way of special resolution. Under the Articles, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares may be varied, modified or abrogated in such manner as those rights and/or the Articles may provide or, if no such specific provision is made, either: • with the consent in writing of holders of not less than two-thirds of the issued shares of that class; or • with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by not less than a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy). For the purposes of the foregoing, the Board may treat two or more or all of the classes of shares as forming one class of shares if the Board consider that such classes of shares would be affected by the proposed variation in the same way. Rights attaching to a class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares with rights that are equal to the rights of such existing class of shares.
Takeover provisions	As a foreign company registered in Australia, the Company is not subject to Chapters 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (i.e. substantial holders and takeovers). Further, the takeovers provisions under Cayman Islands Companies Law is not applicable to the Company. The Company has, however, incorporated into its Articles shareholder protection provisions that are similar to the provisions of the Corporations Act. The key differences between the takeovers provisions under the Corporations Act and those set out in the Company's Articles are as follows: • any requirement for a document to be lodged with ASIC will be taken to be satisfied if the document is given to the ASX instead;

	• any references to ASIC in Chapters 6A, 6B and 6C of the Corporations Act, other than those relating to lodgement of documents, will be taken to be references to the board of Directors; • references to the Takeovers Panel will be taken to be references to the Supreme Court of Western Australia and any courts of appeal therefrom; and • any takeover bid must be made in compliance with the provisions of Chapter 6 of the Corporations Act and Australian policy as they apply to the Company, except to the extent any non-compliance is approved in writing by the Board of Directors. As a result of the above, the Board is responsible for regulating the takeovers provisions as they apply to the Company and applications can be made to the Supreme Court of Western Australia by aggrieved parties rather than to the Australian Takeovers Panel. These provisions seek to protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company. The Articles prohibit a person from acquiring an interest in issued voting shares of the Company if any person's voting power in the Company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Exceptions to the prohibition apply (for example, acquisitions with Shareholder approval, 3% creep over 6 months and rights issues that satisfy prescribed conditions). Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in the Company. The Articles require every person who is a substantial holder (that is, they and their associates hold 5% or more in the voting power of the Company) to notify the Company and ASX that they are a substantial holder and to give prescribed information in relation to their holding if: • the person begins to have, or ceases to have, a substantial holding in the Company; • the person has a substantial holding in the Company and there is a movement of at least 1% in their holding; or • the person makes a takeover bid for securities of the Company. A person has a substantial holding if the total votes attached to voting shares in the Company in which they or their associates have relevant interests is 5% or more of the total number of votes
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	attached to voting shares in the Company, or the person has made a takeover bid for voting shares in the Company and the bid period has started and not yet ended.
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6. Compliance with disclosure obligations

The Company is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

Broadly, these obligations require:

- (a) the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from ASX; and
- (b) the preparation of yearly and half-yearly financial statements and a report of the Company’s operations during the relevant account period, together with an audit or review report prepared by the Company’s auditor. These documents are lodged with ASIC and ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2017; and
- (b) any of the other continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to above and before the date of the lodgement of this Cleansing Notice with ASX.

A list of those continuous disclosure documents is on the following page:

Date	Announcement
2/11/2018	Acquisition of Telerhythmics LLC
31/10/2018	Appendix 4C - quarterly

Date	Announcement
31/10/2018	CEO Yacov Geva provides additional unsecured loan
31/10/2018	Cleansing notices, pro forma balance sheet and Appendix 3B
31/10/2018	US\$3.25m convertible security agreement
30/10/2018	CE, FDA and CFDA Approval - Guangzhou Production Facility
29/10/2018	Trading Halt
02/10/2018	Underwriter engaged to manage dual-listing on Nasdaq
28/09/2018	Change of Registry Address: Automic P/L - Sydney Office
05/09/2018	Cleansing Notice and Appendix 3B
05/09/2018	September Update
30/08/2018	Half Yearly Report and Accounts
28/08/2018	Response to ASX Price Query
08/08/2018	Proposed IPO of China Subsidiary in Hong Kong
07/08/2018	Trading Halt
07/08/2018	Pause in trading
31/07/2018	Appendix 4C - quarterly
17/07/2018	Company Presentation
02/07/2018	Appointment and Resignation of Company Secretary
19/06/2018	Appendix 3B
04/06/2018	Appendix 3B
21/05/2018	Misleading Statement by Stockhead in Article
17/05/2018	CEO Yacov Geva Provides Unsecured Loan of up to US\$3M
14/05/2018	Release of Securities from Escrow



G Medical Innovations Holdings Ltd
ARBN 617 204 743

Date	Announcement
11/05/2018	Section 708A Notice
11/05/2018	President and Chief Executive Officer's Update
09/05/2018	Appendix 3B
03/05/2018	GMV Receives Conditional Purchase Order From Zingmobile
03/05/2018	Results of Annual General Meeting
02/05/2018	G Medical Launches Global Online Store
30/04/2018	Appendix 4C – quarterly
24/04/2018	G Medical Issued Further European CE Certifications
24/04/2018	Appendix 3Z - Ashley Krongold
24/04/2018	Resignation of Director and Withdrawal of AGM Resolution
17/04/2018	TMT Analytics - The Strong Pulse of mHealth
11/04/2018	Response to TMT Analytics Report
10/04/2018	Trading Halt
09/04/2018	Release of Securities from Escrow
09/04/2018	Appendix 3Y - Yacov Geva
04/04/2018	Company Presentation
04/04/2018	President and Chief Executive Officer's Update
29/03/2018	Appendix 4G
29/03/2018	Annual Report to Shareholders



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7. Information excluded from continuous disclosure notices

As at the date of this Cleansing Notice, other than as set out in this Cleansing Notice and the cleansing notice attached to this Cleansing Notice, in respect of the Shares issued, the Company advises that there is no information that:

- (a) the Company has excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities of the Notes (and the underlying Shares) offered by the Company.

Yours faithfully

Steven Wood
Company Secretary
G Medical Innovations Holdings Ltd

G MEDICAL INNOVATIONS HOLDINGS LTD.

Pro Forma Consolidated Statement of Financial Position

As of June 30, 2018

(Unaudited)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2018 Unaudited US\$ in thousands	Pro forma adjustments US\$ in thousands	Pro Forma Consolidated US\$ in thousands
CURRENT ASSETS			
Cash and cash equivalents	3,204	3,787	6,243
Restricted cash	715		715
Inventories	1,284		1,284
Trade receivables, net	547		547
Other accounts receivable	889		889
Intangible assets, net	809		809
Total current assets	7,448	3,787	11,235
NON-CURRENT ASSETS			
Other assets	94		94
Goodwill	2,950		2,950
Property, plant and equipment, net	3,354		3,354
Total non-current assets	6,398		6,398
TOTAL ASSETS	13,846	3,787	17,633
CURRENT LIABILITIES			
Short term bank credit and current portion of long term bank loans	1,453		1,453
Trade payables	2,260		2,260
Loan from shareholder	2,011		2,011
Other accounts payable	1,084		1,084
Total current liabilities	6,808		6,808
NON-CURRENT LIABILITIES			
Convertible security		2,912	2,912
Derivative liability - warrants	241		241
Deferred taxes, net	170		170
Long term bank loans	2,052		2,052
Total non-current liabilities	2,463	2,912	5,375
SHAREHOLDERS' EQUITY			
Share capital	340	1	341
Other reserve	1,500		1,500
Additional paid in capital	38,861	874	39,735
Accumulated losses	(40,574)		(40,574)
<i>G Medical Innovations Holdings Ltd. Shareholder's equity</i>	<i>127</i>	<i>875</i>	<i>1,002</i>
Non-controlling interest	4,448		4,448
Total Equity	4,575	875	5,450
TOTAL LIABILITIES AND EQUITY	13,846	3,787	17,633

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position of G Medical Innovations Ltd (the “**Company**”) has been prepared by management to reflect the issue of convertible securities, shares and options by the Company.

The unaudited pro forma statement of financial position has been prepared from information derived from and should be read in conjunction with the financial statements of the Company as at and for the six-month period ended June 30, 2018.

The unaudited pro-forma consolidated statement of financial position of the Company has been presented assuming the the issue of convertible securities shares and options completed on June 30, 2018.

The unaudited pro-forma consolidated statement of financial position has been prepared by management for illustration purposes only and, in the opinion of management, include all adjustments necessary for fair presentation.

The classification of the allocations between debt and equity for the convertible securities and options may change in the future.

2. Pro forma assumptions

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments:

Convertible securities -

Raising of US\$ 4.05 million via an issue of convertible securities based on:

Maturity date is 18 months

Conversion price - the lowest daily VWAP during the 5 trading days prior to 29 October 2018

Exchange rate to the US\$ of 0.7034

Transaction Fee: 5% of the amount which was raised, paid by shares.

The fair value of the shares was amounted to US\$ \$ 202,500.

In addition, 5,875,313 options to purchase one share each with an exercise price amounted to 115% of the closing price of the shares on ASX on the trading day prior to 29 October 2018 for 5 years.

The options were valued to US\$ 0.67 million based on B&S model under the following assumptions:

Risk-free rate: 2.9%

Dividend yield: Nil

Volatility factor: 60%

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

G Medical Innovations Holdings Limited

ARBN

617 204 743

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

1. Shares
2. Options
3. Convertible notes
4. Shares
5. Shares
6. Options

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

1. 196,944 shares
2. 1,161,804 options
3. 800,000 convertible notes
4. 73,816 shares
5. 3,325,000 shares
6. 113,750 Options

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | |
|--|---|
| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <ol style="list-style-type: none">1. Fully paid ordinary shares2. Options exercisable at A\$0.3910 each, expiring 31 October 20233. Convertible notes with a face value of US\$1.10 each and convertible at the holder's election at a fixed conversion price of A\$0.3362 each or a variable conversion price at the Company's election, subject to the receipt of shareholder approval.4. Fully paid ordinary shares5. Fully paid ordinary shares6. Options exercisable at US\$0.165 each, expiring 26 July 2023 |
|--|---|

+ See chapter 19 for defined terms.

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Shares – Yes. Options and convertible notes – No. They will rank equally from exercise/conversion. There is no entitlement to participate in the next dividend. The convertible notes only attract an interest payment upon an event of default occurring.
5 Issue price or consideration	1. Shares: Issue price of nil, as issued as a commitment fee for the subscription for the convertible notes. 2. 919,902 options: Issue price of nil, as issued as partial consideration for the subscription for the convertible notes. 241,902 options: Issue price of nil, as issued as partial consideration for the placement agent services provided. 3. Convertible notes: US\$800,000 4. US\$0.00001 5. \$0.3263 6. Nil

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1. Component of capital raising by the issue of convertible notes 2. Component of capital raising by the issue of convertible notes 3. Component of capital raising by the issue of convertible notes 4. Issued upon exercise of unlisted options. 5. Shares issued pursuant to controlled placement facility with Acuity capital 6. Issue of unlisted options subject to the terms of the Company's 2016 Global Equity Incentive Plan to employees of the Company, its subsidiaries or affiliates.
6a	Is the entity an *eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the *securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	3 May 2018
6c	Number of *securities issued without security holder approval under rule 7.1	196,944 shares 1,161,804 options 800,000 convertible notes 3,325,000 shares Total: 11,962,238 Up to 3,721,195 shares agreed to be issued on conversion of the convertible notes
6d	Number of *securities issued with security holder approval under rule 7.1A	Nil

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of +securities issued under an exception in rule 7.2	73,816 shares (exception 4) 113,750 options (exception 9)	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 5,054,874 7.1A - 33,976,277	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	11 December 2018	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		127,134,265	Fully paid ordinary shares
		Number	+Class

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	233,898,001	Fully paid ordinary shares escrowed until 10 May 2019
		20,315,170	Options Expiring 1 May 2020 @ \$0.30 escrowed until 10 May 2019
		595,163 (73,816 exercised, 102,874 cancelled)	Options Expiring 5 years from issue @ US\$0.00001
		87,198	Options Expiring 5 years from issue @ \$0.20
		5,240,386	Options Expiring 1 May 2020 @ \$0.30
		60,000,000	Performance Rights Class B escrowed until 10 May 2019
		60,000,000	Performance Rights Class C escrowed until 10 May 2019
		2,000,000	Options Expiring 21 November 2020 @ \$0.52
		2,426,471 (624,999 cancelled)	Options Expiring 3 March 2023 @ US\$0.242
		411,765 (102,942 cancelled)	Options Expiring 14 May 2023 @ US\$0.219
		5,875,313	Options exercisable at A\$0.3910 each, expiring 31 October 2023

+ See chapter 19 for defined terms.

	4,050,000	Convertible notes with a face value of US\$1.10 each and a maturity date of 18 months from the purchase date
	113,750	Options exercisable at US\$0.165 each, expiring 26 July 2023

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Not applicable

Entities that have ticked box 34(b)

Not applicable

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: */s/ Steven Wood*
.....
Company secretary)

Date: 11 December 2018

Print name: Steven Wood

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	336,404,461
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	8 Jan 2018 - 9,299 9 May 2018 - 94,158 30 May 2018 - 3,254,859 11 December 2018 - 73,816
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	339,836,593

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	50,964,416
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	5 September 2018 – 17,000,000 31 October 2018 - 673,729 (shares) 31 October 2018 - 4,713,509 (options) 31 October 2018 - 15,117,361 (agreement to issue shares on conversion of convertible notes) 11 December 2018 – 196,944 (shares) 11 December 2018 - 1,161,804 (options) 11 December 2018 - 3,721,195 (agreement to issue shares on conversion of the convertible notes) 11 December 2018 – 3,325,000 – Acuity Collateral shares
“C”	45,909,542
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	50,964,416
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	45,909,542
Total [“A” x 0.15] – “C”	5,054,874 <i>[Note: this is the remaining</i>

+ See chapter 19 for defined terms.

	<i>placement capacity under rule 7.1]</i>
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+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	339,836,593
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	33,983,659
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	-
“E”	-

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	33,983,659
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	33,983,659 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.