



## **Immuron Limited**

**ACN: 063 114 045**

**(ASX:IMC)**

# **2014 UNDERWRITTEN RIGHTS ISSUE OFFER DOCUMENT**

For a fully underwritten renounceable pro rata Rights Issue of New Shares at an issue price of \$0.005 per Share on the basis of eleven (11) New Shares for every six (6) Shares held at the Record Date to raise approximately \$9.66 million before costs.

This Offer of Shares is made on the terms and conditions set out in this Offer Document and the accompanying Entitlement and Acceptance Form.

**This Offer closes at 5.00pm AWST on 21 February 2014**

### **Important Notice**

*This document is not a prospectus or other disclosure document under the Corporations Act. It does not necessarily contain all of the information that a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.*

*This is an important document and should be read in its entirety before you decide whether to participate in the Rights Issue. If you do not understand it, or are in doubt as to how to act, you should consult your professional advisor. An investment in the Company's securities should be considered speculative.*

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## 1. CORPORATE DIRECTORY

<b>Company</b>	Immuron Limited
<b>ACN</b>	063 114 045
<b>Directors</b>	Dr Roger Aston (Non Exec. Chairman) Mr Daniel Pollock (Non Exec. Director) Mr Stephen Anastasiou (Non Exec. Director)
<b>Chief Executive Officer</b>	Mr Amos Meltzer
<b>Company Secretaries</b>	Phillip Hains Peter Vaughan
<b>Registered Office</b>	Suite 1, 1233 High Street, Armadale, VIC, AUSTRALIA, 3143
<b>Telephone</b>	+61 (0)3 9824 5254
<b>Facsimile</b>	+61 (0)3 9822 7735
<b>Lead Manager/ Underwriter</b>	Patersons Securities Limited AFSL 239 052
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd
<b>Auditor</b>	William Buck Audit (VIC) Pty Ltd
<b>Lawyers</b>	K&L Gates
<b>ASX Code</b>	IMC (Shares), IMCOA (Options)

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## 2. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board, I am pleased to present you with a Rights Issue Offer for the Company's fully underwritten renounceable pro-rata entitlement offer. Each Eligible Shareholder is being offered the right to acquire additional fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.005 (0.5 cents) per New Share, which if fully subscribed would raise approximately \$9.66 million (**Rights Issue**). The number of New Shares to which you are entitled is specified in the enclosed Entitlement and Acceptance Form. This has been determined on the basis of 11 New Shares for every 6 Shares registered in your name as at the Record Date for the Rights Issue.

In addition to being able to apply for New Shares in the manner described in this Offer Document, Eligible Shareholders also will have the opportunity to apply for New Shares that are not subscribed for under the Rights Issue by other shareholders prior to the underwriter (or its nominees) subscribing for any of the shortfall (**Shortfall Offer**).

The funds to be raised will be used by the Company for a number of purposes. Primarily, the funds will be used for the purpose of carrying out Phase 2B clinical trials for the treatment of non-alcoholic steatohepatitis (**NASH**). We continue to believe that the successful completion of these clinical trials will herald for Immuron's shareholders a value that is substantially greater than the Company's present market valuation. This belief was recently validated by Intercept Pharmaceuticals, a US biopharmaceutical that develops treatments for liver diseases, when it announced positive results in a NASH clinical trial. This is significant for Immuron on a number of accounts:

- first, it demonstrates that NASH can be addressed, which was not previously taken for granted.
- second, it again places NASH firmly on the radar screen and there are only a few companies who could potentially offer a product for this very large unmet medical. We have reasons to believe that Immuron's IMM-124E could be best in class.

A portion of the funds will be used to continue pursuing commercialisation milestones for Travelan both in Australia and globally. As we have mentioned for some time, a key focus is on licensing Travelan in the United States. With approval having been attained in Canada (where we have an exclusive distribution agreement with Paladin Labs Inc) and progressing in other territories, we are looking forward to Travelan being launched in those territories.

Another portion of the funds will be used to repaying a debt owed to Paladin – this has been foreshadowed for some time. Two years ago, Paladin extended \$1.5 million debt financing to Immuron and this enabled Immuron to keep on going as a going concern. Recently Paladin and Immuron have been in detailed discussions to extend the date for repayment of the debt under a revised arrangement. Paladin was prepared to make considerable concessions towards a resolution. Following careful evaluation of a number of alternatives, we believe it is in shareholders best interests to pay out this debt using funds raised from this capital raising. The benefits include having a stronger balance sheet and removing any interest payment obligations.

Part of the funds raised under the Rights Issue is also intended to be applied towards operating expenses with the view to progressing the Company's other research and development projects.

This Offer Document contains detailed information about the Offers, the Company and the key risks associated with investing in the Company's Shares.

I encourage you to carefully read this document before making an investment decision. This is a speculative investment and we recommend that investors read the key risk factors specific to an investment in the Company and other general risk factors, carefully. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

Together with my fellow Directors, I encourage you to consider the Offers.

Yours sincerely;



**Dr Roger Aston**  
**Non-Executive Chairman**  
**Immuron Limited**

### 3. SUMMARY OF THE OFFER

Offer Detail		Where to find more information
<b>What is the Rights Issue Offer?</b>	Renounceable Rights Issue of 11 New Shares for every 6 Shares held on the Record Date	<b>Section 5.1</b>
<b>What is the Issue Price?</b>	\$0.005 (0.5 cents) per New Share	<b>Section 5.1</b>
<b>What is the Shortfall Offer?</b>	Any Entitlement not taken up by Shareholders will become part of the Shortfall Offer	<b>Section 5.11</b>
<b>How many New Shares will be issued and how much will be raised?</b>	Approximately 1,931,745,402 raising approximately \$9.66 million (before costs)	<b>Section 6</b>
<b>Who can invest?</b>	Eligible Shareholders of the Company as at 5:00 pm AWST on the Record Date of 3 February 2014	<b>Sections 4.1 and 5.2 to 5.4</b>
<b>Ranking of New Shares</b>	All New Shares issued will rank equally in all respects with existing Shares from the date of their issue	
<b>Can I sell or transfer my Rights?</b>	The Offer is renounceable and accordingly you can sell or transfer any of your Rights on the ASX or via an off-market transfer. You can also purchase additional Rights on market	<b>Section 5.5</b>
<b>Is the Offer underwritten?</b>	The Rights Offer is fully underwritten by Patersons Securities Limited	<b>Sections 5.9 and 8.4</b>
<b>What happens if the underwriting is terminated</b>	The Underwriter may terminate the underwriting in the circumstances detailed in section 8.4. In that event the Company would proceed with the Offers, accepting all valid applications received and amend its use of funds to reflect the amount of capital raised under the Offers	<b>Section 5.10 and 8.4</b>
<b>What are my choices?</b>	As an Eligible Shareholder you may: <ul style="list-style-type: none"> <li>• take up part or all of your Entitlement under the Rights Offer; or</li> <li>• take up all of your Entitlement under the Rights Offer and subscribe for further New Shares under the Shortfall Offer; or</li> <li>• take up part of your Entitlement under the Rights Offer and sell some or all of that part of your Entitlement not taken up; or</li> <li>• sell part or all of your Entitlement; or</li> <li>• do nothing and allow your Entitlement to lapse and become part of the Shortfall</li> </ul>	<b>Section 9</b>

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## 4. IMPORTANT INFORMATION

### 4.1 Important Notice

It is important to ensure that you read this Offer Document and accompanying Entitlement and Acceptance Form in full before deciding to participate in the Rights Issue.

The Corporations Act allows listed companies to make a pro-rata Rights Issue of securities to existing Shareholders without a disclosure document. The Offer to which this Offer Document relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35 and accordingly, this Offer Document is not required to be lodged or registered with ASIC.

This Offer Document is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Document does not necessarily contain all of the information, which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

This Offer is made without taking into account the individual investment objectives, financial position, taxation situation or particular needs of each Eligible Shareholder. In deciding whether to take up the Offer of New Shares under the Rights Issue, you should seek your own independent financial, legal or taxation advice in respect of the Offer. The Company is not licensed to provide financial product advice in relation to the Company's Shares or any other financial products. No cooling off regimes applies to the acquisition of the New Shares under the Rights Issue.

The information in this Offer Document is not intended as financial advice. Moreover, none of the information in this Offer Document is directed to any person in any country in which the distribution of such information is unlawful.

If you apply for New Shares you are accepting the risk that the market price of Shares may change. This means it is possible that, up to or after the date you receive New Shares, you may be able to buy Shares at a lower price than issued under the Offer.

The Offer is limited to those Shareholders with a registered address which is in Australia or New Zealand. Shareholders with a registered address outside of Australia or New Zealand are excluded from this offer. Immuron reserves the right to reject any application for New Shares under the Offer which the Board believes is completed by:

- a) U.S. Person or a person acting for the account or benefit of a U.S. Person; or
- b) a person within or acting for the account or benefit of any person located within, the United States, (collectively, **Prohibited Persons**); or
- c) a person within, or acting for the account or benefit of any person located within, another jurisdiction where, in the reasonable opinion of the Board, it would be unlawful or impracticable for the Company to issue the New Shares;

collectively **Excluded Shareholders**.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any U.S. state, and therefore, may not be directly or indirectly, offered, sold or resold to Prohibited Persons.

Persons or nominees acting for the account or benefit of any person are specifically prohibited from extending the Offer to persons who are Excluded Shareholders and are not themselves eligible to participate if they act for the account or benefit of an Excluded Shareholder.

#### **4.2 Defined terms**

Certain terms and abbreviations used in this Offer Document have defined meanings, which are explained in the Glossary of Terms at the end of this Offer Document.

#### **4.3 Regular reporting and disclosure**

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. All announcements made by the Company are available from the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX code: IMC). The contents of any ASIC or ASX filing are not incorporated into this Offer Document. This Offer Document should be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should have regard to the publicly available information in relation to the Company before making a decision whether to invest.

#### **4.4 Forward-looking statements**

This Offer Document may contain certain “forward-looking” statements. The words “intends”, “expected”, “proposed”, “forecast”, “target”, and “will” and other similar expressions are intended to identify forward looking statements. Forward-looking statements, opinions and estimates provided in this Offer Document are based on assumptions and contingencies which are subject to change without notice. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements.

#### **4.5 Privacy Act**

If you complete the Entitlement and Acceptance Form accompanying this Offer Document you will be providing personal information to the Company albeit directly to its Share Registry. The Company will use that information to assess your application.

The information may also be used for other purposes from time to time and may be disclosed to persons inspecting the register, regulatory bodies (including The Australian Taxation Office), authorized securities brokers, print service providers, mail houses and the Share Registry itself.

You can access, correct and update the personal information that the Company holds about you. Please contact the Share Registry on +61 (0)8 9315 2333 if you wish to do so.

Collection, maintenance and disclosure of certain personal information is governed by legislation including The Privacy Act 1988 (Cth) (as amended) and the Corporations Act. If you do not provide the information required to be completed on the Entitlement and Acceptance Form the Company may not be able to accept or process your application.



#### **4.6 Nominee**

The Company has appointed Patersons Securities Limited as nominee for the Excluded Shareholders to arrange the sale of the Rights which would have been offered to the Excluded Shareholders (**Nominee**). The Company will transfer the Rights of the Excluded Shareholders to the Nominee who will instruct the Company's Share Registry to dispatch the funds received upon any sale of the Rights (if any) to each individual Excluded Shareholder. The Nominee will have absolute and sole discretion to determine the timing and the price at which the Rights may be sold and the manner of any such sale. Neither the Company nor the Nominee will be subject to any liability for failure to sell the Rights that would have been offered to Excluded Shareholders or to sell them at a particular price.

If, in the reasonable opinion of the Nominee, there is not a viable market for the Rights or a surplus over the expenses of sale cannot be obtained for the Rights that would have been offered to Excluded Shareholders, then those Rights will be allowed to lapse and will form part of the Shortfall Shares.

#### **4.7 New Zealand investors**

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addressees in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

#### **4.8 Financial Amounts and Time**

All references to currency are to Australian dollars and all references to time are to AWST time, unless otherwise indicated.

#### **4.9 Enquiries**

If you have any enquiries in relation to the Offer please contact the Company's Share Registry, Security Transfer Registrars, on +61 (0)8 9315 2333.

## 5. DETAILS OF THE RIGHTS ISSUE

### 5.1 The Offer

The Company is making a renounceable pro rata offer to Eligible Shareholders to apply for New Shares. Each Eligible Shareholders is entitled to apply for eleven (11) New Shares for each six (6) Shares held at an issue price of \$0.005 (0.5 cents) per New Share. In determining the number of shares an Eligible Shareholder may be entitled to under the Offer, fractional entitlements will be rounded up to the nearest whole number. An Entitlement and Acceptance Form setting out your personalised Entitlement to New Shares accompanies this Offer Document.

All Eligible Shareholders who accept the Offer will receive their Entitlement in full. To the extent that an Eligible Shareholder does not take up their Entitlement, the interest of that Shareholder in Immuron will be diluted.

Pursuant to the Rights Issue, the Company will issue approximately 1,931,745,402 New Shares to raise approximately \$9.66 million before costs (assuming allotment in full of the New Shares available under the Rights Issue Offer). The Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act.

### 5.2 Indicative timetable

The key dates\* for the Offers are set out below:

Event	Date
Announcement of Rights Issue, Offer Document, Appendix 3B and cleansing notice lodged with ASX	22 January 2014
Offer Document lodged with ASX	23 January 2014
Notice to Shareholders containing information required by Appendix 3B	24 January 2014
Ex-date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	28 January 2014
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue	3 February 2014
Dispatch of Offer Document and Entitlement and Acceptance Form	7 February 2014
Rights Issue opens for acceptances	7 February 2014
Rights trading ends	14 February 2014
Commencement of deferred trading	17 February 2014
Closing Date	21 February 2014
Notification to ASX of under subscriptions	26 February 2014
Allotment of New Shares	3 March 2014
Commencement of normal trading	4 March 2014

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*\* This timetable is indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offers (or any part thereof) at any time prior to allotment. In that event, any application money received will be returned without interest.*

### **5.3 Eligible Shareholders**

Eligible Shareholders are those Shareholders who:

- are registered as a holder of Shares at 5.00pm (AWST) on the Record Date;
- have an address on the Company's share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws in jurisdictions other than Australia, New Zealand and the United States to receive an Offer under the Rights Issue.

### **5.4 Shareholders outside of Australia**

This Rights Issue is not being made to any Shareholder who, as at the Record Date, has an address on the Company's share register outside of Australia or New Zealand.

No action has been taken to register or qualify the New Shares or the Rights Issue or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand, including the United States.

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

Shareholders who hold Shares on behalf of persons who reside outside Australia and New Zealand, or are in the United States, or are U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933 as amended) (U.S. Securities Act) (U.S. Persons) or who act for the account or benefit of a U.S. Person are not entitled to participate in the Rights Issue.

### **5.5 Rights Trading**

Entitlements to Shares pursuant to the Offer are renounceable. This enables Shareholders who do not wish to subscribe for some or all of their Shares under the Rights Offer to sell some or all of their respective Entitlements and also enables Shareholders to purchase additional Rights entitlements if they wish to do so. To sell your rights on ASX contact your stockbroker and provide the details as requested by your stockbroker located on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

### **5.6 Director participation**

Directors of Immuron who are Eligible Shareholders may participate in the Rights Issue. Directors are not eligible to participate in any Shortfall Offer without the prior approval of Shareholders.

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## 5.7 Share rights

The New Shares issued under the Rights Issue will rank equally in all respects with existing Shares quoted on the ASX, with the same voting rights, dividend rights and other entitlements, from the issue date. The Company will apply to ASX for official quotation of New Shares.

## 5.8 Costs of participation in the Rights Issue

No brokerage, stamp duty or other transaction costs will apply to the Application for, and issue of, New Shares, other than with respect to the Underwriting, as described in Section 5.9 below.

## 5.9 Underwriting

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). The Underwriter is to be paid a lead management fee of \$60,000 together with an amount equal to 6% of the underwritten amount.

Shareholders should also note that pursuant to the Underwriting Agreement any Shortfall (after allowing for acceptances of the Shortfall Offer) will be placed by the Underwriter with its sub-underwriters. If after the Offer and the Shortfall Offer there remains a significant balance of Shares not taken up under either Offer, it is possible that the placement of that balance by the Underwriter to its sub-underwriters could result in the introduction of new major shareholder/s. The Company's last rights issue offer (announced to the ASX on 27 March 2013) resulted in an outstanding balance of 84.77% shortfall in that issue.

Interests associated with Peter Anastasiou (collectively referred to as the Anastasiou Associates) currently hold in aggregate 16.81% of the Company's issued share capital. The Anastasiou Associates have also committed to the Underwriter to participate as a sub-underwriter of the Rights Issue Offer but cap their participation to the maximum permitted under the Corporations Act (being 20% of the expanded Company share capital post the issue of Shares under the Offers).

Shareholders should take this into consideration in reviewing the Offers under this Offer Document and the potential of a Shortfall Offer being available and otherwise the balance being placed with sub-underwriters or the Underwriter.

## 5.10 Termination of Underwriting

Investors should note that the underwriting is subject to a number of termination events not in the control of the Company. Details of the underwriting agreement and the termination rights of the Underwriter are detailed in section 8.4.

Should the Underwriting for any reason be terminated, the Company intends to proceed with the Offers, accepting all valid applications received and amend its use of funds (as outlined in section 6.3) to reflect the actual amount of capital raised under the Offers. Please note there is no minimum subscription level required in respect of the Offers and no minimum amount required to be subscribed by Shareholders under the Rights Offer and the Shortfall Offer (see risk factors section 7.2.1).

The Directors reserve the right that if there is a shortfall under the Offers after all applications under the Rights issue Offer and Shortfall Offer have been taken into account (for example where the Underwriting is terminated for any reason), the Directors may (within the 3 months following the Closing Date) issue that shortfall to any investors as selected by the Directors in their discretion. For clarity, there may be a shortfall if for whatever reason the Underwriter is not obliged to subscribe for the Underwritten Shares (for example, if the Underwriting Agreement had been terminated).

### **5.11 Shortfall Offer**

Eligible Shareholders are offered the opportunity to apply for any Shortfall Shares (e.g. all Shares that other shareholders choose not to subscribe for pursuant to their Entitlement).

Eligible Shareholders wishing to apply for additional New Shares under the Shortfall should do so in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders that subscribe for their full Entitlement under the Offer may apply for any number of Shortfall Shares by completing the relevant section of the Entitlement and Acceptance Form.

Shortfall Shares will be issued at the same price and on the same terms as the New Shares and an Eligible Shareholder may only make an application for Shortfall Shares if they apply for their maximum Entitlement.

Shortfall Shares will only be issued if the Rights Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. If the Company receives applications for Shortfall Shares that would result in the Offers being oversubscribed then the Company will not accept such oversubscriptions and will reject as many applications it determines in its absolute discretion.

Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned. Furthermore, the Company will not issue Shortfall Shares where to do so would result in a breach of the Corporations Act or the Listing Rules.

Any Eligible Shareholder applying for additional New Shares under the Shortfall is responsible for ensuring that they will not obtain voting power in the Company in excess of 20% and in breach of the takeover thresholds in the Corporations Act. The Company will assess any Shortfall applications to ensure that the takeover threshold is not breached.

The Directors reserve the right to issue or not to issue any Shortfall Shares at their absolute discretion.

At the absolute discretion of the Directors, subject to the Corporations Act and Listing Rules, the Shortfall Offer may be extended to Non-Shareholders. Any offer to Non-Shareholders of Shares out of the Shortfall is a separate offer to this Offer Document and will remain open for up to three months following the Closing Date. Any Shares offered to Non-Shareholders out of the Shortfall will be at the same issue price and terms as New Shares.

### **5.12 Closing Date**

The Closing Date for acceptance of your Entitlement is 5.00 p.m. AWST on 21 February 2014. If you wish to participate in this Offer of New Shares it is essential that your completed Entitlement and Acceptance Form along with your Application Money are received by the Company's Share Registry by the Closing Date.

The Company reserves the right to cancel the Rights Issue at any time prior to allotment of New Shares.

### **5.13 Allotment and Official Quotation of New Shares**

Application has been made by the Company to ASX for official quotation by ASX of the New Shares.

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. Allotment of New Shares will take place as soon as practicable after the Closing Date and in accordance with the ASX Listing Rules.

If ASX does not grant permission for official quotation of the New Shares within three months after the date of this Offer Document, none of the New Shares will be granted and all Application Money will be refunded without interest.

## 6. PURPOSE AND EFFECT OF RIGHTS ISSUE

### 6.1 Amount to be raised

The Offers where fully subscribed will raise \$9.66 million before costs, unless for any reason the Underwriter's obligations to subscribe for any shortfall cease, in which less than \$9.66 million may be raised.

### 6.2 Expenses of the Offer

The total expenses of the Rights Issue are estimated to be:

Cost Description	Amount
Underwriting fees	\$609,600
Lead Manager's Fee	\$60,000
ASIC Lodgement Fee	\$2,200
ASX Listing Fees	\$4,600
Legal, Accounting and Registry Fee	\$45,000
Printing and associated costs	\$12,000
<b>TOTAL:</b>	<b>\$733,400</b>

### 6.3 Use of funds raised

It is intended that net proceeds raised from the Offer will be used to fund phase 2B clinical trials for the treatment of non-alcoholic steatohepatitis (NASH), to repay the existing debt owed to Paladin, for general working capital purposes and to fund the development and commercialization of other Immuron products.

Where the Company raises the aggregate \$9.66 million under the Offers, the current intended use of funds is anticipated as follows:

Area of Expenditure	Amount (million)
NASH trial	\$5.00
Repayment of the Paladin Debt	\$1.50
Advancement of additional product opportunities in existing pipeline	\$1.50
Working capital	\$0.927
Costs of the Offer	\$0.733
<b>TOTAL:</b>	<b>\$9.66</b>

Investors should note that should the Company not raise the aggregate \$9.66 million proposed under the Offers (for example if the Underwriting is terminated for any reason), the Company will review its proposed use of funds depending on the actual amount raised. This may result in the Company not being able to repay the Paladin debt or not being able to commence the NASH trial due to funding constraints.

#### 6.4 Impact of Rights Issue on Capital Structure

	Shares	Listed Options	Unlisted Options	Max. gross amount raised
Securities currently on issue	1,053,679,310	116,024,381	252,829,997	-
Rights Issue (11 : 6)	1,931,745,402			\$9,658,727
<b>Total</b>	<b>2,985,424,712</b>	<b>116,024,381</b>	<b>252,829,997</b>	<b>\$9,658,727</b>

#### 6.5 Effect of the Rights Issue on control of the Company

The relative equity of existing Shareholders who take up their full Entitlement under Rights Issue will not be diluted as a result of the Offer. The equity of existing Shareholders who do not participate in the Rights Issue will be diluted. The equity of existing Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent. Where there is a Shortfall and a Shortfall Offer is made to non-shareholders, such non-shareholders may acquire an interest in the Company. In this circumstance, the equity which the non-shareholders acquire in the Company will depend on the level of existing Shareholders' participation in the Rights Issue and the level of the shortfall subscribed for by the non-shareholders.

As outlined in section 5.9, interests associated with Mr Peter Anastasiou (including the Anastasiou Associates) currently hold in aggregate 16.81% of the Company's issued share capital. The Anastasiou Associates are also a sub-underwriter of the Rights Issue Offer but have capped their participation to the maximum permitted by the Corporations Act (being 20% of the Company's issued share capital after completion of the Offers). The percentage ownership of interests associated with Mr Peter Anastasiou (including the Anastasiou Associates) upon completion of the Offers will depend on the level of his, and his associated entities, participation in the Rights Issue and the number of New Shares acquired by the Anastasiou Associates pursuant to their sub-underwriting.

#### 6.6 Market Price of Shares

The highest and lowest closing price of Shares on ASX during the 3 months immediately preceding the lodgement of this Offer Document with ASX and the most recent respective dates of those closing prices were:

Highest: \$0.020 (2 cents) on 13 November 2013  
 Lowest: \$0.004 (0.4 cents) on 18 October 2013

The last available market closing sale price of Shares on ASX immediately prior to the date of this Offer Document was \$0.011 on Friday 17 January 2014.

#### 6.7 Effect of the Rights Issue on cash position of the Company

The Rights Issue (assuming full subscription) raising net of the costs of the issue will increase the Company's cash position by approximately \$8.93 million to enable the company to fund expenditures in the areas as stated in Section 6.3 of this document. Combined with cash resources of the Company as at the date of this Offer Document, where the Rights Issue is fully subscribed the Company will in aggregate have \$9.27 million cash resources (net of the cost of the Offers).



## 6.8 Pro-Forma Statement of Financial Position

The Audited Balance Sheet as at 30 June 2013 and the unaudited Pro-Forma Balance Sheet as at 15 January 2014 allowing for any significant transactions during the period as shown below which have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position as indicated below. The Pro-Forma statement has been prepared on the assumption that all New Shares offered in accordance with the Offer will be taken up in full. Both of the statements presented below are in abbreviated form insofar as they do not include all disclosures as required by the Australian Accounting Standards applicable to Annual Financial Statements.

	30 June 2013	Significant movements since 30 June 2013	Adjustments for Right Issue Raising	Pro-Forma Balance Sheet as at 15 Jan 2014 post Rights Issue allotment
	\$ AUD (AUDITED)	\$ AUD (UNAUDITED)	\$ AUD (UNAUDITED)	\$ AUD (UNAUDITED)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,446,712	(1,100,000)	8,925,327	9,272,039
Trade and other receivables	15,438	-	-	15,438
Inventories	291,694	(88,273)	-	203,421
Other	84,046	-	-	84,046
<b>Total Current Assets</b>	<b>1,837,890</b>	<b>(1,188,273)</b>	<b>8,895,327</b>	<b>9,574,944</b>
<b>Non-Current Assets</b>				
Investments	1	-	-	1
Property, plant and equipment	8,154	-	-	8,154
Intangible assets	680,587	(360,000)	-	320,587
<b>Total Non-Current Assets</b>	<b>688,742</b>	<b>(360,000)</b>	<b>-</b>	<b>328,742</b>
<b>TOTAL ASSETS</b>	<b>2,526,632</b>	<b>(1,548,273)</b>	<b>8,895,327</b>	<b>9,903,686</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	1,231,327	(866,771)	-	364,556
Financial liabilities	4,155	1,257,854	-	1,262,009
<b>Total Current Liabilities</b>	<b>1,235,482</b>	<b>391,083</b>	<b>-</b>	<b>1,626,565</b>
<b>Non-Current Liabilities</b>				
Financial liabilities	1,146,164	(1,146,164)	-	-
<b>Total Non-Current Liabilities</b>	<b>1,146,164</b>	<b>(1,146,164)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,381,646</b>	<b>(755,081)</b>	<b>-</b>	<b>1,626,565</b>
<b>NET ASSETS</b>	<b>144,986</b>	<b>(793,192)</b>	<b>8,895,327</b>	<b>8,277,121</b>
<b>EQUITY</b>				
Issued capital	31,357,697	34,257	9,658,727	41,050,681
Reserves	1,208,271	197,000	-	1,405,271
Accumulated Losses	(32,420,982)	(1,024,449)	(733,400)	(34,178,831)
<b>TOTAL EQUITY</b>	<b>144,986</b>	<b>(793,192)</b>	<b>8,895,327</b>	<b>8,277,121</b>

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## 7. RISKS

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company.

### 7.1 Introduction

An investment in the Company is not risk free and prospective investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares.

Each of the risks as set out in this section could, if they eventuate, have a material adverse impact on the Company's operating performance and the market price of the New Shares and listed options.

Before deciding to invest in the Company, potential investors should:

- Read the entire Offer Document;
- Consider the risk factors that could affect the financial performance of the Company;
- Review these factors in light of their personal circumstances; and
- Seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.2 General Risks

#### 7.2.1 Risk of termination of Underwriting Agreement

As outlined below in section 8.4, the Underwriting of the Rights Issue Offer is subject to a number of usual termination events (outside the control of the Company). If for any reason the Underwriting is terminated, the Company intends to continue with the Offers and accept all applications under this Offer Document without any minimum subscription requirement. This means that the Company could, where the Underwriting is terminated, raise significantly less capital than as contemplated on a full subscription. As outlined in section 6.3, in those circumstances the Company would have to review the proposed use of funds and scale back its activities accordingly. The Company may not have sufficient capital in those circumstances to provide for working capital and repay the debt owed to Paladin Labs Inc – in which case it would have to re-open negotiations with Paladin Labs Inc. In these circumstances investors should also particularly have regard to the risk factors referred to in section 7.2.2, 7.3.5, 7.3.6 and 7.3.11 below.

#### 7.2.2 Funding Risks

The Company has incurred substantial losses to date, its 30 June 2013 accounts were qualified on a "going concern" basis and, if it were not for the capital raise, there would not have been any expectation that this would change in the immediate future. Even where the Company raises the full \$9.66 million under the Offers, the Company may require further funding to meet its expenditure in excess of revenues once it executes its plan as outlined in this document. If the currently contemplated raise does not proceed, there is no guarantee the Company will be able to

secure sufficient funding to implement its development and commercialisation intentions as outlined in this Offer Document.

### **7.2.3 Key Management**

The Directors are primarily responsible for overseeing the operations and the strategic management of the Company. However the success of the Company will depend on the continuing commitment of its key employees and consultants. However, the Company has set in place contracts with key employees and consultants which include the provision of equity incentives to some of them to assist in retaining the key employees and consultants.

### **7.2.4 Share Market Conditions**

As the New Shares will be quoted on the ASX their price may rise or fall and they may trade at prices below or above the subscription price under the Offer. There can also be no assurance that an active market is available for the New Shares. Factors affecting the price at which the New Shares are traded on the ASX include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the New Shares.

### **7.2.5 General Economic Climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues, the economic viability of its projects, the market price for its listed securities, and its ability to raise future capital may be affected by these factors, which are beyond the Company's control.

### **7.2.6 Government Policy**

Changes in government, monetary policy, taxation and laws (including those regulating the biopharmaceutical industry and patent rights) can have a significant influence on the outlook for research and product development, companies and the return to investors. A change to government policies and legislation could have a material adverse effect on the Company or its projects.

### **7.2.7 Taxation**

A change to current taxation legislation and regulations in Australia or overseas may affect the Company and as a consequence, its Shareholders. The personal tax liabilities are the responsibility of each individual investor and the Company is not responsible either for taxation or penalties incurred by investors.

### **7.2.8 Speculative Nature of Investment**

The New Shares issued pursuant to this Offer Document should be considered speculative because of the nature of the Company's business. An investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

## **7.3 Operational Risks**

### **7.3.1 Partnering and Licensing**

The Company enters into license and distribution agreements with third parties to distribute Travelan and is pursuing further such agreements. There is no guarantee that the existing, or future, distribution arrangements will lead to the successful commercialisation of Travelan and that the Company will enter into additional distribution arrangements.

### **7.3.2 Regulatory Approval**

Even once a Travelan distribution agreement is consummated, regulatory approval to market and sell Travelan in the licensed country needs to be obtained. Such approval can be subject to complex government health regulations, which may change from time to time. Delays may be experienced in obtaining such approvals from the regulatory authorities and this may adversely affect the Company's revenue projections.

### **7.3.3 Production Risks**

The Company depends on its external contractors to produce its product from dairy cows. There are a number of risks associated with this production, which are typical of agricultural production generally. If there were to occur a problem affecting dairy production in the herds from which the Company harvests its raw material, the Company may not be able to fulfil its obligations with respect to the supply of Travelan to its distribution partners and this could have a material adverse effect on the Company's operating results. The Company supply of product needed to progress its development projects may also be restricted.

The Company currently is reliant upon the services provided by third parties and particular consultants which in itself involve several risks if those services were not available as and when required by the Company.

### **7.3.4 Clinical Trials**

Clinical trials are inherently risky. Failure can occur at many stages of clinical development. Clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies.

The results of earlier clinical trials are not necessarily predictive of future results and IMM-124E (designation for the proposed NASH trial) which we intend to apply to clinical trials may not have favorable results in later clinical trials or receive regulatory approval. In addition, data obtained from trials and studies are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may delay, limit or prevent regulatory approval.

### **7.3.5 Capital Risk**

Due to the cyclical nature of the Company's dairy-derived products, there is a need to order and pay for raw material in advance of generating revenue from products derived from that raw material. If the Company does not have sufficient capital to purchase the required quantity of raw material, it may not have sufficient product to sell to its distributors and this could have a material adverse effect on its operating results.

### **7.3.6 Additional Capital Requirements**

The research and development activities of biotechnology companies require a high level of funding over a long period of time. Even though the Company seeks to develop its products through funded partnerships, additional funding will be required to complete the development and commercialisation of the Company's products. There is no assurance that additional funding will be available to the Company in the future or be secured on acceptable terms or at acceptable rates. If adequate funds are not available, the Company's business operations could be negatively affected and the advance of the Company's candidates into clinical trials may be hampered.

### **7.3.7 Increased Competition**

Competition may arise from a number of sources and may include companies with greater capital resources and breadth of expertise. Whilst the Company's Directors believe that the Company's stage of product development, intellectual property position, depth of services and industry knowledge effectively reduces the impact of future competition, no assurances can be given that such competition will not adversely affect the performance of the Company.

### **7.3.8 Technology and Intellectual Property Protection**

The Company relies on patent protection to secure and maintain exclusive rights to its products. If the Company does not successfully maintain its patent protection, this may have an adverse effect on the Company's ability to commercialize its products. In addition, the Company relies on the confidentiality of its trade secrets relating to production of its products from colostrum, including the process of vaccination and harvest. If other companies were to obtain this information, this could have a material adverse effect on the Company's competitive advantage.

### **7.3.9 Strategic Partners**

The Company's success will in part depend on its relationship with Hadasit and other strategic partners and the extent to which development and marketing of the Company's products is successfully pursued. Future Company revenues could be affected by decisions of the Company's strategic partners.

### **7.3.10 Dependence on Key Personnel**

The Company is dependent on the principal members of its management team, the loss of whose services could materially and adversely affect the Company and might impede the achievements of its Commercialization objectives.

### **7.3.11 Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company will require further financing in addition to amounts raised under this capital raising. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and or scale back its research programs.

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## 8. OTHER INFORMATION

### 8.1 ASX Announcements

Details of the financial position and performance of the Company and its current activities and operations are set out in announcements made by Immuron to the ASX and are available from the ASX website, [www.asx.com.au](http://www.asx.com.au), (ASX code: IMC).

### 8.2 Disclosing Entity

The Company is a 'disclosing entity' for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Copies of documents lodged by the Company with ASIC may be obtained from, or inspected at, an ASIC office. As at the date of this document, there is no information that has not been disclosed under the continuous disclosure requirements of the Listing Rules and which the Company considers that investor or professional advisers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to the New Shares.

### 8.3 Termination or Variation of Rights Issue

Immuron, at its discretion, reserves the right at any time to:

- a) amend or vary these Rights Issue Terms and Conditions;
- b) waive compliance with any provision of these Rights Issue Terms and Conditions;
- c) withdraw the Rights Issue or suspend or terminate the Rights Issue;
- d) subject to the ASX Listing Rules, vary the timetable for the Rights Issue (including by accepting late Applications, either generally or in particular cases); and
- e) not accept an Application, not issue New Shares, or issue New Shares to a value less than that applied for under the Rights Issue.

Any such waiver, amendment, variation, suspension or withdrawal will be binding on all Eligible Shareholders even where Immuron does not notify you of the event. If the Rights Issue is cancelled all application monies will be refunded (without interest) as soon as reasonably practicable.

### 8.4 Underwriting Agreement with Patersons Securities Limited

Pursuant to an underwriting agreement dated 22 January 2014 between the Company and Patersons Securities Limited (**Underwriting Agreement**), the Underwriter has agreed to underwrite the Offer pursuant to this Offer Document. Under the terms of the Underwriting Agreement the Company will pay the Underwriter, for its role as Lead Manager and Underwriter, a lead manager fee of \$60,000 plus an underwriting fee equal to 6% on the underwritten amount.

In addition, the Company must pay, indemnify and keep indemnified, the Underwriter for all costs incurred by the Underwriter in connection with the Offer, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing, communications and associated costs. The Company has given warranties and covenants to the Underwriter, and indemnified the Underwriter against any Losses incurred by the Underwriter (as defined in the Agreement) which are usual in an agreement of this nature.

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The Company undertakes not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any shares in the Company or other securities which are convertible into or exchangeable or contain the right to acquire shares in the Company, without the prior written consent of Patersons for a period of six months commencing on the closing date of the Offer. This limitation also applies to any transaction having the economic effect of a sale.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligations thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events (**Termination Event**) including:

- (a) (Indices fall): the All Ordinaries Index (IRESS XAO.ASX) or the S&P/ASX 200 (IRESS:XJO.ASX) or the S&P/ASX Emerging Companies Index (IRESS:XEC.ASX) as published by ASX is at any time after the date of the Underwriting Agreement, 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (Share Price): the volume weighted average price of Shares trading on the ASX over any 5 consecutive days after the date of the Underwriting Agreement is less than \$0.005;
- (c) (Offer Document): the Company does not lodge the Rights Issue Offer Document on the Lodgment Date or the Offer is withdrawn by the Company; or
- (d) (No Official Quotation): Official Quotation has not been granted for all the Rights Shares by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) (Non-compliance with disclosure requirements): it transpires that the Offer Document does not contain all the information required by the Corporations Act; or
- (f) (Misleading): it transpires that there is a statement in the Offer Document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from it (having regard to the requirements of the Corporations Act) or if any statement in the Offer Document becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Document is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) (Restriction on allotment): the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) (ASIC application): ASIC gives notice of intention to hold a hearing under the Corporations Act in relation to the Offer Document;
- (i) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (j) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United



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States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (k) (Authorisation) any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (l) (Indictable offence): a director or senior manager of a the Company or a subsidiary is charged with an indictable offence;
- (m) (Paladin): Paladin converts some or all of the Paladin Facility into Shares during the course of the Offer, or if Paladin sells Shares that it may already own as at the date of the Underwriting Agreement; or
- (m) (Termination Events): any of the following events occurs:
  - (i) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) (Contravention of constitution or Act): a contravention by the Company or a subsidiary of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Offer Document becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) (Error in Due Diligence Results): it transpires that any of the due diligence results or any part of the Offer Document verification material was false, misleading or deceptive or that there was an omission from them;
  - (vi) (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Rights Issue or the Offer Document;
  - (vii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Rights Issue or the affairs of the Company or a subsidiary is or becomes misleading or deceptive or likely to mislead or deceive;
  - (viii) (Official Quotation qualified): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
  - (ix) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or



any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (x) (Prescribed Occurrence): a Prescribed Occurrence (as described in section 652C of the Corporations Act) occurs;
- (xi) (Suspension of debt payments): the Company suspends payment of its debts generally;
- (xii) (Event of Insolvency): an Event of Insolvency occurs in respect of the Company or a subsidiary;
- (xiii) (Judgment against a Relevant Company): a judgment in an amount exceeding \$25,000 is obtained against the Company or a subsidiary and is not set aside or satisfied within 7 days;
- (xiv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company or a subsidiary, other than any claims foreshadowed in the Offer Document;
- (xv) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xvi) (Change in shareholdings): there is a material change in the major or controlling shareholdings of the Company or a subsidiary or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or a subsidiary;
- (xvii) (Timetable): there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xviii) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) (Certain resolutions passed): the Company or a subsidiary passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) (Capital Structure): the Company or a subsidiary alters its capital structure in any manner not contemplated by the Offer Document;
- (xxi) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a subsidiary; or
- (xxii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.
- (xxiii) (Material Breach): if the Company fails to rectify any material breach of the Mandate having been given 10 business days notice in writing by the Underwriter of such breach having occurred.

Provided that the Underwriter may not exercise its rights unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have (A) a Material Adverse Effect (as defined in the Underwriting Agreement), or (B) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Company will immediately give notice to the Underwriter of the occurrence of any event which will, or which with the giving of notice or lapse of time will, give the Underwriter a right to terminate its obligations under this Agreement.

## **8.5 Dispute Resolution**

Immuron may settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Rights Issue, whether generally or in relation to any participant or application, and the decision of the Company will be conclusive and binding on all participants and other persons to whom the determination relates.

Immuron reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Immuron under these conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

## **8.6 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before dealing in the New Shares or investing in Shares. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in New Shares in the Company or dealing with an entitlement in these Offers.

## **8.7 Governing Law**

The Rights Issue and these terms and conditions shall in all respects be governed by and shall be construed in accordance with the laws of Victoria.

## **8.8 Constitution**

Shareholders will be bound by the constitution of the Company and these Rights Issue Terms and Conditions by accepting the Offer to acquire New Shares.

## **8.9 Contact**

If you have any questions regarding the Rights Issue or how to deal with this Offer, please contact your professional advisor or stockbroker.

If you have general enquiries or require information on how to complete the Entitlement and Acceptance Form please contact the Company's Share Registry, Security Transfer Registrars, on +61 (0)8 9315 2333.

## 9. APPLICATION FOR NEW SHARES

### 9.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part;
- Take up your Entitlement in full and apply for additional New Shares under the Shortfall Offer;
- Take up part of your Entitlement and sell some or all of that part of your Entitlement not taken up;
- Sell part or all of your Entitlement; or
- Allow your Entitlement to lapse.

If you are an Eligible Shareholder and you wish to participate in the Rights Issue, please follow the instructions set out on the accompanying personalised Entitlement and Acceptance Form and send this form together with your cheque or money order made payable to “**Immuron Limited**” to:

Immuron Limited  
 C/- Security Transfer Registrars  
 PO Box 535  
 Applecross, WA, 6953

Alternatively you can make payment by BPAY®<sup>1</sup> as shown on the Entitlement and Acceptance Form. If you pay by BPAY you do not need to return the Entitlement and Acceptance Form.

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form by indicating the number of New Shares you wish accept and pay the appropriate Application Amount.

The Application Amount for taking up part of your Entitlement is calculated as follows:

*Application Amount = Number of New Shares applied for x \$0.005*

If you are taking up your full Entitlements and wish to apply for Shortfall Shares, complete the Entitlement and Acceptance Form by accepting your full Entitlement and indicating the number of Shortfall Shares you also wish to apply for.

The Application Amount for taking up your full Entitlement plus applying for any Shortfall Shares is calculated as follows:

*Application Amount = Full Entitlement + (Number of Shortfall Shares applied for x \$0.005)*

If you DO NOT WISH TO TAKE UP any part of your Entitlement you are not required to take any action. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted by the Rights Issue.

If you wish to participate you should ensure that your Entitlement and Acceptance Form and payment is received by no later than 5:00 pm AWST on 21 February 2014. Please ensure you allow adequate time for mail deliveries.

## **9.2 Payment Instructions**

The issue price of \$0.005 per New Share is payable in full on exercise of your Entitlement.

Application Money must be received at the Company's Share Registry by no later than the Closing Date of 5.00 p.m. AWST on 21 February 2014 (or such other date as the Company may determine).

You may pay the Application Money by cheque, bank draft, money order or BPAY. In choosing a payment method, Shareholders should be aware of the time required to process payments by cheque, bank draft, money order and BPAY.

Cash will not be accepted and receipts will not be issued. Please note that funds are unable to be directly debited from your bank account.

If you provide insufficient funds to meet the Application Money payable, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Money will allow for, or your Application may be rejected.

## **9.3 Payment by Cheque, Bank Draft or Money Order**

To pay by cheque, bank draft or money order, your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to "Immuron Limited" and crossed "Not Negotiable". Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Entitlement and Acceptance Form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated.

## **9.4 Payment by BPAY**

Payment can be made using BPAY in accordance with the instructions for BPAY set out in your Entitlement and Acceptance Form using the biller code and unique reference number on the form. If you require further information in relation to using BPAY please contact your bank, credit union or building society

If you are applying for New Shares and your payment is being made by BPAY you do not need to return your Entitlement and Acceptance Form. Your payment must be received by no later than 5:00 p.m. AWST on 21 February 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

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## 9.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement & Acceptance Form or payment by BPAY constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or payment by BPAY has been made, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Board's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

You will not be able to withdraw or revoke your application once you have sent us the completed Entitlement and Acceptance Form and payment or payment has been made by BPAY.

## 9.6 Application Representations

By returning a completed Entitlement and Acceptance Form and cheque or money order or by making a payment via BPAY you:

- a) confirm that you have read and accepted this Offer Document and the Entitlement and Acceptance Form in full;
- b) authorise the Company to register you as the holder(s) of New Shares issued to you;
- c) warrant that all details and statements in your Entitlement and Acceptance Form are true and complete and not misleading;
- d) warrant that you are an Eligible Shareholder as at the Record Date and agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Rights Issue and of your holding of Shares on the Record Date;
- e) irrevocably and unconditionally agree to (and to be bound by) the Rights Issue Terms and Conditions, the terms of the Entitlement and Acceptance Form and the Company's constitution;
- f) represent and warrant that your acceptance of the Offer does not breach any applicable laws;
- g) acknowledge and agree that:
  - i. your Application is, to the extent permitted by law, irrevocable and unconditional and cannot be varied;
  - ii. you, and each person for whose account or benefit you are acting, are not in the United States and not a U.S. Person and not acting for the account or benefit of a U.S. Person or a person resident in any jurisdiction which this Offer cannot be made pursuant to this Offer Document;
  - iii. the New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and accordingly, the New Shares may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable United States securities laws;

- iv. you have not, and will not, send any materials relating to the Rights Issue to any person in the United States or to any person who is, or is acting for the account of benefit of, a U.S. Person;
- v. you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment that is dishonoured;
- vi. no interest will be paid on any application monies held pending the issue of the New Shares or subsequently returned to you for any reason;
- vii. you have not been provided with taxation, investment or financial product advice by Immuron, its advisers or agents nor have they any obligation to provide this advice in relation to your consideration as to whether or not to participate in the Rights Issue;
- viii. The Company (and its officers and agents) may correct minor or easily rectified errors in, or omissions from, your Entitlement and Acceptance Form (if you submitted one) and to complete the Application Form by the insertion of any missing minor detail (if you submitted one); and
- ix. The Company may determine that your Entitlement and Acceptance Form is valid (if you submitted one), in accordance with these Rights Issue Terms and Conditions, even if the Entitlement and Acceptance Form is incomplete, contains errors or is otherwise defective.

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## 10. GLOSSARY OF TERMS

**Anastasiou Associates** means Grandlodge Pty Ltd ACN: 056 187 467, Peter Anastasiou and Kristine Anastasiou as trustees for the Anastasiou Super Fund and Advanced Clinical Systems International Pty Ltd ACN: 091 681 855.

**Application** means an application to participate in the Rights Issue by a Shareholder who completes an Entitlement and Acceptance Form or applies via BPAY.

**Application Money or Application Amount** means the amount payable for New Shares under this Offer Document.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the means ASX Limited or the securities exchange operated by it (as the case requires).

**ASX Listing Rules or Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**AWST means** Australian Western Standard Time.

**Board** means the Board of Directors of the Company.

**Closing Date** means the time and date by which Applications must be received, being 5.00pm AWST, 21 February 2014 (unless the Rights Issue is extended).

**Company or Immuron** means Immuron Limited, ACN 063 114 045.

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

**Directors** means the directors of the Company.

**Eligible Shareholders** means members of the Company eligible to participate in the Offer as determined under section 5.3.

**Entitlement** means 11 New Shares for every 6 Share held in the Company as at the Record Date.

**Entitlement and Acceptance Form, Entitlement Form or Application Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Excluded Shareholders** means Shareholders with a registered address outside of Australia and New Zealand.

**Hadasit** means Hadasit Medical Research Services & Development Ltd.

**Market Price** has the same meaning as that term is defined in the Listing Rules of the Australian Securities Exchange.

**New Shares** means Shares to be issued pursuant to the Offers.

**Rights Issue or Offer** means the renounceable offer of ordinary fully paid shares in the Company to Eligible Shareholders pursuant to this Offer Document.

**Offers** means the offer of New Shares pursuant to the Rights Issue and the Shortfall Offer.

**Offer Document** means this Offer Document.

**Offer Price, Issue Price or Rights Issue Price** means \$0.005 (0.5 cents) per New Share.

**Opening Date** means the time and date on which Offers under the Rights Issue are first made and from which Applications may be submitted, being 9:00 am AWST on 7 February 2014.

**Paladin Debt** means the \$1.5 million plus interest owing by the Company to Paladin Labs Inc.

**Record Date** means 5.00pm AWST on 3 February 2014.

**Rights** means the right of an Eligible Shareholder to their Entitlement.

**Rights Issue** means the renounceable pro rata offer of New Shares under this Offer Document.

**Rights Issue Terms and Conditions or Terms and Conditions** means terms and conditions set out in the Offer Document.

**Security Transfer Registrars, Registry or Share Registry** means Security Transfer Registrars Pty Ltd ACN 008 894 488.

**Shares** means fully paid ordinary shares in the Company.

**Shareholder** means a holder of Shares as at the Record Date.

**Shortfall** means Entitlements to New Shares not taken up under the Rights Issue.

**Shortfall Offer** means an offer of Shares out of any Shortfall.

**Shortfall Shares** means Shares issued pursuant to any Shortfall Offer.

**Words** importing the singular include the plural and vice versa.