



SHAREHOLDER UPDATE

- ***Successful completion of \$9.66m rights issue.***
- ***On track for Phase II NASH clinical trial to commence late 2014.***
- ***Imminent commencement of the NIH funded alcoholic steatohepatitis (ASH) trial.***
- ***Formulation and manufacture of Investigational Medicinal Product (IMP).***
- ***Increased revenue following adoption of a Direct-to-Wholesale model for Travelan.***
- ***Strong international interest and discussions continue for more country distribution for Travelan.***

From the Chairman

Dr Roger Aston, Chairman of the Board

Immuron has been through a major transformation over the past 12 months that has positioned it for creating significant shareholder value. With strong shareholder support we are now placed to attain important milestones towards the development of our unique hyperimmune colostrum based products. We have an exciting pipeline that includes therapeutic candidates for Non-Alcoholic Steatohepatitis (NASH) and for the treatment of *Clostridium difficile* infections.



Since the Company moved to a direct-to-wholesale distribution model of Travelan, revenue has increased considerably and has showcased for our international partners a robust business case for the product.

We have witnessed the incredible increase in shareholder value that a successful outcome to NASH clinical trials could provide, with the dramatic rise in market capitalisation of one of our competitors, Intercept Pharmaceuticals - achieving an \$8 billion valuation following positive clinical trial results. This is clearly a very large market with significant opportunities that our team is working towards with our upcoming NASH trial.

Thank you for your participation and support.

From the CEO

Mr Amos Meltzer, CEO

We recently announced our successful raising of \$9.66m in capital through a fully underwritten rights issue, followed by the issuing of new shares pursuant to that rights issue. This financing secures the financial future of the company, and also enables us to vigorously exploit Immuron's hyperimmune colostrum technology platform in pursuit of strong potential returns. As we previously stated, the capital raised is being applied principally for advancement of our NASH clinical trials, to further commercialize Travelan, advance other therapeutic candidates and repayment of the \$1.5M debt owed to Paladin. We are currently determining the best timing for applying the earmarked funds to repay Paladin.



I would like to thank shareholders for your participation in Immuron's rights issue. Thanks to the strong support from existing and new shareholders, Immuron has the financial resources required to execute our strategy.

In this update, I outline how we have commenced to execute our strategy.



Non-Alcoholic Steatohepatitis (NASH) – Phase II Preparation

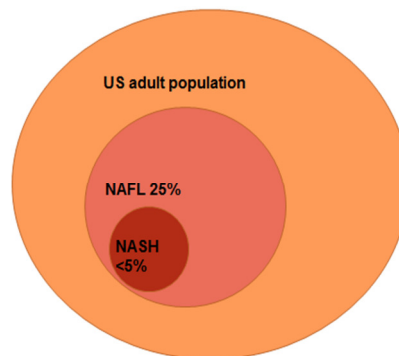
A Large Unmet Need

NASH is a serious disease of chronic liver inflammation. Its origin is in the accumulation of excessive fat in the liver often associated with obesity and type 2 diabetes. Inflammation causes liver damage, which can progress to fibrosis and the gradual loss of normal liver function. This increases the risk of late-stage severe liver diseases, such as cirrhosis, primary liver cancer and end-stage liver disease which is associated with an increased risk of cardiovascular complications. Our recent animal studies which suggest our product's ability to reverse the effects of liver fibrosis add further to our confidence that IMM-124E has exciting prospects in the treatment of liver disease.

NASH is prevalent both in developed countries and in developing countries such as India and China. It is believed that approximately 25% of the United States population suffers from non-alcoholic fatty liver (NAFL), and the prevalence of this condition is increasing. It is believed that in the United States NASH afflicts up to 5% of the population, which equates to approximately 16 million people. The (US) National Center of Infectious Diseases predicts that by 2025 more than 25 million Americans may be afflicted by NASH. In China, the absence of Liver transplant surgery as an intervention for severe liver disease, offers significant opportunity for liver disease therapeutics such as IMM-124E, particularly as a modality for early intervention.

There are currently no drugs approved for the treatment of NASH. It is an unmet medical need and a growing one at that.

Incidence of NASH in the United States:



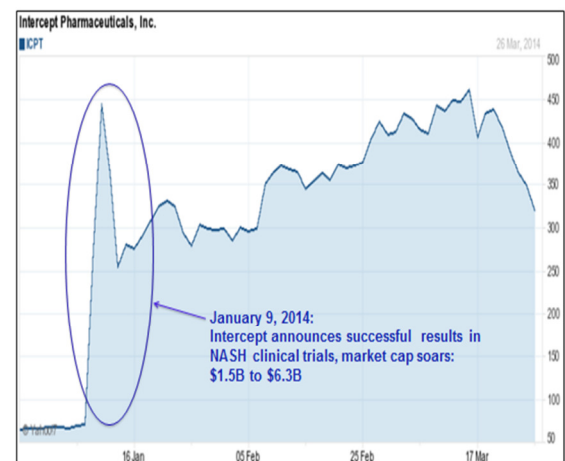
The Opportunity

As one of only a few companies developing a NASH therapeutic, Immuron has the opportunity to be one of the first to market.

The substantial value creation in successfully progressing a drug in NASH was recently illustrated by the spectacular performance of NASDAQ listed biotech, Intercept Pharmaceuticals. When Intercept announced in January 2014 the successful outcome to its NASH clinical trials, Intercept's share price increased five-fold overnight: the company's market valuation increasing immediately from \$1.5 billion to \$8.5 billion.

To date, clinical data suggests Immuron's drug candidate has a number of competitive advantages over Intercept's drug candidate. We know our product is safe and well tolerated. Trials have also demonstrated a very encouraging trend for both indicators of NASH, as well as of indicators of metabolic syndrome parameters associated with NASH (ie: diabetes, dyslipidaemia and cholesterol). Impressively, all of these trend results were attained in only 30 days of treatment with no side effects.

The share price response to Intercept's clinical trial results:





How is Immuron Pursuing the Lucrative NASH Opportunity?

Immuron is currently intensively preparing for the commencement of its Phase II clinical trials, which will start in 2014.

The principal activities we are currently focusing on to be able to commence our clinical trials are:

1. Finalising the trial protocol – we intend to conduct a Phase II NASH trial to US FDA standard, under what is called an IND (Investigational New Drug). As part of the clinical advisory team, we are pleased to be working closely with Dr. Arun Sanyal, Professor of Medicine and Chairman of the Division of Gastroenterology at Virginia Commonwealth University Medical Center in Richmond, Virginia. Since we announced the clearing of our IND for IMM-124E in January 2014, we have further refined and improved upon the protocol and its associated documentation. We expect to update you in this quarter on submission of the protocol to the FDA.
2. Engaging with hospitals and clinicians who will recruit trial patients. We have commenced the process of enlisting trial sites and giving priority to those sites capable of recruiting patients in the shortest possible time frame.
3. Manufacturing the investigational medicinal product (IMP). We are formulating a tablet for the use in our clinical trial in advance of its production.

In parallel, we are expecting the imminent commencement of the NIH funded alcoholic steatohepatitis (ASH) trial. Immuron's IMM-124E was one of only three therapeutics candidates selected by the NIH to be trialled for the treatment of ASH by the TREAT consortium, one of the world's leading collaborations for clinical research into fatty liver diseases.

Intended Outcome

The primary endpoints of the trial are the reduction of the levels of an enzyme known as ALT (which is elevated in NASH patients) and the decrease in liver fat. Further details of the trial protocol will be announced in due course.

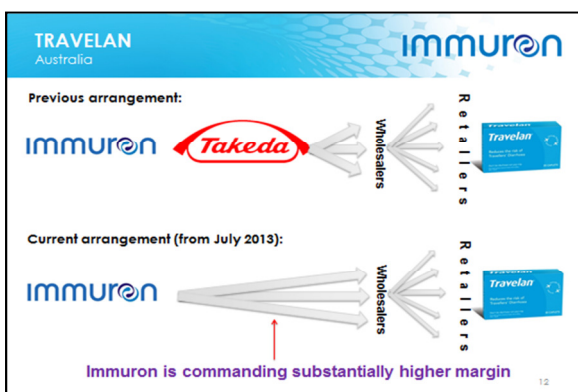
New Sales Model Reaping Benefits for Travelan

Australia – Commanding Higher Margins

Immuron continues to benefit from its new direct-to-wholesale model of Travelan, that we implemented in July 2013.

Following adoption of the direct-to-wholesale model, and notwithstanding an increase in the wholesale price for Travelan, we have been able to maintain a stable level of retail sales. Already, Immuron's gross profit from its Australian sales of Travelan have increased significantly.

Immuron commanding higher margins in Australia



The next phase of our marketing plans for Travelan in Australia is being prepared and we will update you over the coming weeks in relation to these initiatives. This plan includes an online presence for Travelan, in support of both domestic, followed by overseas sales of Travelan.

We expect that the sales of Travelan in Australia will grow and continue to contribute to Immuron's cash position.



Multiple Opportunities Internationally

Globally, we continue to pursue multiple opportunities.

We anticipate the launch of Travelan in Canada later this year, following regulatory approval in that country as announced on 13 November 2013. We are also expecting to announce a number of other initiatives with respect to distribution in other overseas markets.

We continue to pursue some specific opportunities to progress the commercialisation of Travelan in the United States. Last year we indicated our confidence is progressing the commercialisation of Travelan in the US. Whilst the US continues to be a tricky market for conventional Travelan distribution due to the label claims US authorities will permit us to make, we are now pursuing a number of parallel opportunities on which we hope soon to further update you.



Strong Pipeline

Immuron's technology platform of hyperimmune bovine colostrum offers to Immuron many product opportunities, all with a very high safety profile. The very high safety profile enables acceleration of product development since traditional toxicology studies are to a large extent averted (the antibodies in our hyperimmune colostrum do not cross the gastrointestinal barrier into the blood stream), thereby significantly reducing R&D costs and time to market. We are exploring a number of opportunities to develop products that will complement our existing programs, ensuring our focus is retained.

Clostridium difficile is the most advanced of these earlier staged product candidates. *Clostridium difficile* is the most serious cause of antibiotic-associated diarrhoea. We expect that progress on current studies will be available shortly.

Other News

On 19 March 2014, we received from the Australian Tax Office a research and development tax rebate in the amount of AU\$481,387 on account of the company's research and development expenditure in the 2013 financial year. This rebate was in addition to a supplementary research and development tax rebate that we received on 6 December 2013 in the amount of AU\$187,552 on account of the company's research and development expenditure in the 2012 financial year.

Exciting Start to 2014

It has been an exciting and positive start to 2014 for Immuron. With the financial resources at hand to pursue the company's strategy and an expert and dedicated team to execute on this strategy, I am buoyed about Immuron's prospects and look forward to further updating you on our progress shortly.

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