



## Immuron Limited

ACN: 063 114 045

### Notice of Annual General Meeting and Explanatory Memorandum

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| Date of Meeting:  | Tuesday, 29 <sup>th</sup> November 2016   |
| Time of Meeting:  | 10:30am AEDT<br>Registration from 10:15am AEDT  |
| Place of Meeting: | Giorgios Restaurant Function Room,<br>1235 High Street, Armadale,<br>Victoria, Australia 3143 |

This is an important document. It should be read in its entirety.  
If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

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## NOTICE OF 2016 ANNUAL GENERAL MEETING

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**IMMURON LIMITED**  
ACN: 063 114 045

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2016 Annual General Meeting of Immuron Limited ACN 063 114 045 will be held at Giorgios Restaurant Function Room, 1235 High Street, Armadale Victoria, 3143 on Tuesday, 29<sup>th</sup> November 2016 at 10:30am AEDT.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Memorandum is to be read in conjunction with this Notice.

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

#### ORDINARY BUSINESS

##### 2016 Annual Financial Statements

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the Directors' and the reports of the Directors and Auditors.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's annual financial statements and reports.

A representative of Company's Auditor, William Buck Audit (VIC) Pty Ltd, will be present at the Meeting and Shareholders will have an opportunity to ask the Auditor's representative questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies, and the independence of the Auditor.

The Immuron Limited 2016 Annual Report can be viewed online at the Company's website [www.immuron.com](http://www.immuron.com) on the "Company Securities Exchange Announcements" page under "Investor Centre", or via the Australian Securities Exchange website at [www.asx.com.au](http://www.asx.com.au), or a copy can be requested from the Immuron Company Secretary.

##### Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass, the following resolution as a non-binding ordinary resolution:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2016 included in the Directors' Report, which is attached to the Company's Annual Financial Report as required under section 300A of the Corporations Act, be adopted by the Company."*

##### Voting Exclusion Statement:

In accordance with the Corporations Act the Company will disregard any votes cast in relation to this resolution by or on behalf of the Key Management Personnel, which includes the Directors and executives in the consolidated group whose remuneration is included in the Remuneration Report and their closely related parties (Excluded Persons).

However, the Company need not disregard a vote if:

- it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 1 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

### Resolution 2 - Re-Election of Non-Executive Director – Stephen Anastasiou

To consider, and if thought fit, to pass, the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 14.4, clause 13.3(b) of the Constitution and for all other purposes, Mr. Stephen Anastasiou, a Non-Executive Director of the Company retires and, being eligible, be re-elected as a Director of the Company."*

Further details in respect of Resolution 2 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

### Resolutions 3A to 3F - Approval of Prior Issues of Securities to Refresh the Company's 15% Placement Capacity

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

- (a) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issue of 1,260,000 Shares to participants in a private placement, as referred to in the Explanatory Statement, is approved."*
- (b) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issue of 400,000 Shares and 425,532 Options to CFO Solution as consideration for \$200,000 in fees payable, as referred to in the Explanatory Statement, is approved."*
- (c) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issues of a combined 507,458 Shares to a New York based Investment Fund, upon partial conversions of Convertible Notes, as referred to in the Explanatory Statement, is approved."*
- (d) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issue of 2,000,000 Shares to be held as collateral for security over Convertible Notes, in accordance with the terms of the funding agreement with a New York based Investment Fund, as referred to in the Explanatory Statement, is approved."*
- (e) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issue of 294,118 Shares and 1,000,000 Options, in accordance with the terms of the funding agreement with a New York based Investment Fund, as referred to in the Explanatory Statement, is approved."*
- (f) *"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the previous issue of 326,797 Shares to a New York based Investment Fund, as referred to in the Explanatory Statement, is approved."*

#### Voting Exclusion Statement:

The Company will disregard any votes cast on Resolutions 3 (a) – (e) by those persons who participated in the issue of Securities and their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 4 - Approve the Issue of 25,289,894 Options

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

*"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the issue of 25,289,894 Options, as referred to in the Explanatory Statement, is approved."*

#### Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of that person.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

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However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further details in respect of Resolution 4 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

### **Resolution 5 - Approve Issue of up to 50,000,000 Shares Pursuant to a US NASDAQ Public Offer**

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

*"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the issue of up to 50,000,000 Shares pursuant to a public offer of Shares in the United States, as referred to in the Explanatory Statement, is approved."*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this resolution any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further details in respect of Resolution 6 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

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## **SPECIAL BUSINESS**

### **Resolution 6 - Approval of Additional Capacity to Issue Shares Under ASX Listing Rule 7.1A**

To consider and if thought fit, pass the following resolution as a special resolution:

*"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the additional capacity of the Company to issue equity securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion Statement:**

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast on this Resolution by a person who may participate in the 10% placement issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

As at the date of this Notice of Meeting the Company has no specific plans to issue equity securities under the 10% placement issue and therefore it is not known who (if any) may participate in a potential (if any) issue of equity securities under the 10% placement issue.

However, the Company will not disregard a vote if:

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

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 7 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

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### 1. Proxy Instructions

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder. Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes, in which case any fraction of votes will be disregarded. A proxy may, but need not, be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the office of the Company's Company Secretaries on +61 (0)3 9822 7735 not less than 48 hours before 29<sup>th</sup> November 2016.

The proxy form must be signed by the Shareholder (or in the case of a joint holding, by each joint holder) or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy.

The appointment of one or more duly appointed proxies will not preclude a Shareholder from attending this meeting and voting personally. If the Shareholder votes on a resolution, the proxy must not vote as the Shareholder's proxy on that resolution.

A proxy form is attached to this Notice.

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### 2. Undirected Proxies

The Chairman of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions (this includes Resolutions 1 and 6).

If you appoint the Chairman of the meeting as your proxy (or if he may be appointed by default), but you do not direct the Chairman how to vote in respect of Resolutions 1 and 6 your election to appoint the Chairman as your proxy will be deemed to constitute an express authorisation by you directing the Chairman to vote your proxy in favour of Resolutions 1 and 6 (unless you have exercised your right to direct the Chairman otherwise in respect of a particular Resolution by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions).

This express authorisation acknowledges that the Chairman may vote your proxy even if he or she has an interest in the outcome of Resolutions 1 and 6, even if the Resolutions are connected directly or indirectly with remuneration of a member of the KMP of the Company (or if the Company is part of a consolidated entity, for the entity) and accordingly your votes will be counted in calculating the required majority if a poll is called.

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### 3. Corporate Representatives

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

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### 4. Determination of Voting Entitlement

For the purpose of section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Board has determined that Shareholders entered on the Company's Register of Members as Friday 25<sup>th</sup> November 2016 at 9.30am (Melbourne, Victorian, daylight saving time) are entitled to attend and vote at the meeting.

Unless a poll is demanded in advance of voting on a resolution, voting on each resolution will initially be by way of a show of hands. On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a representative, shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by him, her or it.

### 5. Questions and Comments by Shareholders at the Meeting

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, William Buck Audit (VIC) Pty Ltd. These questions should be relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to William Buck Audit (VIC) Pty Ltd if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2016. Relevant written questions for the external auditor must be received by the Company by no later than 10:30am AEDT on 21<sup>st</sup> November 2016. A representative of William Buck Audit (VIC) Pty Ltd will provide answers to the questions at the Meeting.

For and on behalf of the Board of Directors;



**Peter Vaughan**  
Company Secretary  
Immuron Limited

Dated: Tuesday, 25<sup>th</sup> October 2016

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## NOTICE OF 2016 ANNUAL GENERAL MEETING

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### EXPLANATORY MEMORANDUM

#### PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Company's Notice of the 2016 Annual General Meeting ("AGM") to be held at Giorgios Restaurant Function Room, 1235 High Street, Armadale Victoria, 3143 on Tuesday 29<sup>th</sup> November 2016 at 10:30am (Melbourne, Victorian, daylight saving time).

The Notice of the 2016 Annual General Meeting incorporates, and should be read together with, this Memorandum.

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#### ORDINARY BUSINESS

##### **Resolution 1 - Adoption of Remuneration Report**

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 30 June 2016.

The Remuneration Report sets out details of the remuneration received by the directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks Shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of the vote on this resolution is advisory only and not binding on the Company or the Board.

The Corporations Act provides that members of the Key Management Personnel (as set out on page 18 of the Company's 2016 Annual Report, and is defined in the Corporation Act to include the Chairman) whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report.

However, Sections 250U to 250Y of Corporations Act provide for a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report must contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2017 Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Company has not received a first strike.

The Remuneration Report is set out in the Company's 2016 Annual Report which can be viewed online at the Company's website, [www.immuron.com](http://www.immuron.com).

As set out in the Notice of Annual General Meeting, any member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, together with a closely related party of those members, are excluded from casting a vote on Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

### Resolution 2 - Re-Election of Non-Executive Director – Mr. Stephen Anastasiou

Under clause 13.3 of the Constitution and ASX Listing Rule 14.4, no Director shall retain office for a period in excess of three years (or beyond the third annual general meeting) without submitting himself or herself for re-election. A Director who retires from office by rotation and is eligible for re-election may offer him or herself for re-election.

Accordingly, Stephen Anastasiou retires by rotation in accordance with clause 13.3 of the Constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election.

*Appointed to the Board* 28<sup>th</sup> May 2013

*Qualifications* BSc (Hons), Grad. Dip MKTG, MBA

*Experience* Mr. Anastasiou has over 20 years' experience in general management, marketing and strategic planning within the healthcare industry.

His breadth of experience incorporates medical diagnostics, pharmaceuticals, hospital, dental and OTC products, with companies including the international pharmaceutical company Bristol Myer Squibb.

While working with KPMG Peat Marwick as a management consultant, Mr. Anastasiou has previously led project teams in a diverse range of market development and strategic planning projects in both the public and private sector. He is also a director and shareholder of a number of unlisted private companies, covering a variety of industry sectors that include healthcare and funds management.

Mr. Anastasiou's companies have participated in several corporate transactions involving business units and brands of multinational and Australian companies.

The Directors (with Stephen Anastasiou abstaining) recommend that you vote in favour of this Ordinary Resolution.

### Resolutions 3A to 3F - Approval of Prior Issues of Securities to Refresh the Company's 15% Placement Capacity

During 2016, the Company issued Shares and Options detailed in resolutions 3A to 3F without prior shareholder approval and in accordance with ASX Listing Rule 7.1.

#### **ASX Listing Rules 7.1 & 7.4**

ASX Listing Rule 7.1 provides that a listed company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12-month period without the approval of shareholders

ASX Listing Rule 7.4 provides that an issue of shares made without approval under Listing Rule 7.1 (or made under Listing Rule 7.1A) is treated as having been made with approval if the issue did not breach Listing Rule 7.1, and the shareholders of ordinary securities subsequently approve the issue.

The previous issues of securities detailed in resolutions 3A to 3F did not breach ASX Listing Rule 7.1 and the Company now seeks subsequent shareholder approval for the previous issue of these securities for the purposes of ASX Listing Rule 7.4 and all other purposes.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

### Information required by ASX Listing Rule 7.5

Shareholders are advised of the following particulars:

|  |                |  |
|--|----------------|--|
| <b>The number of securities and details of issue</b>         | <b>3A</b>      | 1,260,000 Shares issued via a private placement to Rights Issue over-subscribers raising \$677,229.  |
|  | <b>3B</b>      | 400,000 Shares and 425,532 Options issued in lieu of cash payment for \$200,000 of professional accounting and Company Secretary services rendered.  |
|  | <b>3C</b>      | 507,458 Shares issued upon tranche conversions of Convertible Notes.   |
|  | <b>3D</b>      | 2,000,000 Shares (escrowed) issued as security for repayment default on Convertible Note in accordance with funding agreement with a New York based Investment fund provider and announced to the ASX on 17 Feb 2016. Upon repayment of the Convertible Note the 2,000,000 Shares will be either purchased by the investor or returned to the Company and cancelled. |
|  | <b>3E</b>      | 294,118 Shares and 1,000,000 Options issued as an establishment fee on the first Convertible Note drawdown in accordance with funding agreement with a New York-based Investment Fund.   |
|  | <b>3F</b>      | 326,797 Shares issued as an establishment fee on the second Convertible Note drawdown in accordance with funding agreement with a New York-based Investment Fund.  |
| <b>Issue price per security</b>                              | <b>3A</b>      | \$0.25 per Share raising \$677,229.  |
|  | <b>3B</b>      | 400,000 Shares issued at \$0.25 per Share and 425,532 Options issued at \$0.235 per Option.  |
|  | <b>3C</b>      | 241,764 Shares at \$0.312 per Share and 265,694 Shares at \$0.284 per Share.   |
|  | <b>3D</b>      | 2,000,000 Shares issued at \$0.40 per Share  |
|  | <b>3E</b>      | 294,118 Shares at \$0.34 per Share and 1,000,000 Options at nil issue price.   |
|  | <b>3F</b>      | 326,797 Shares Shares at \$0.306   |
| <b>Terms of security</b>                                     | <b>3A</b>      | Shares ranking equally with all existing shares  |
|  | <b>3B</b>      | Shares ranking equally with all existing shares. Options have an exercise price of \$0.50 per Option and expire on 27 November 2019. Additional terms of Options are details in Annexure A.  |
|  | <b>3C</b>      | Shares ranking equally with all existing shares.   |
|  | <b>3D</b>      | Shares ranking equally with all existing shares, however, Shares are held in escrow.   |
|  | <b>3E</b>      | Shares ranking equally with all existing shares. Options have an exercise price of \$0.57 per Option and expire on 24 Feb 2019. Additional terms of the Options are details in Annexure A.   |
|  | <b>3F</b>      | Shares ranking equally with all existing shares.   |
| <b>Persons whom securities were issued or basis of issue</b> | <b>3A</b>      | Participants in private placement (over subscribers to Rights Issue shortfall placement).  |
|  | <b>3B</b>      | The CFO Solution   |
|  | <b>3C – 3F</b> | New York based Investment Fund   |
| <b>Use of funds raised</b>                                   |                | Where funds were raised, there funds have been applied, and remaining funds will continue to be applied, towards the Company's working capital requirements and to fund the ongoing Phase II NASH trial.   |

A voting exclusion statement is included in the Notice.

The Directors recommend that you vote in favour of Ordinary Resolutions 3A to 3F.

**NOTICE OF 2016 ANNUAL GENERAL MEETING**

**Resolution 4 - Approve the Issue of 25,289,894 Free-Attaching Rights Issue Options**

**Background**

In May 2016, the Company announced a Rights Issue whereby eligible shareholders were offered Shares on a pro-rata basis at an issue price of \$0.25 per share. In addition to receiving Shares, participants in the Rights Issue also receive, subject to shareholder approval, 1 free attaching Option for each 1 Share subscribed for under the Rights Issue. Attaching Options have an exercise price of \$0.55 and an expiry date 3 years from the date of issue.

In July 2016, the Company issued 18,045,510 Shares to applicants under the Rights and 3,275,468 Shares pursuant to a Rights Issue shortfall placement. In September 2016, the Company completed a further issue of 2,708,916 Shares under the Rights Issue shortfall and a private placement of 1,260,000 Shares to over subscribers.

Shares issued under the Rights Issue shortfall and placement to over subscribers were issued on the same terms as the Rights Issue with participants also being entitled to 1 free attaching Option for each 1 Share subscribed for under the Rights Issue, subject to shareholder approval.

The purpose of resolution 4 is to seek shareholder approval under ASX Listing Rule 7.1 (and for all other purposes) for the issue of 25,289,894 Options as free attaching Options to Shares issued under the Company’s Rights Issue and associated placements made on the same terms.

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prevents the Company from issuing more than 15% of its issued capital without shareholder approval. Resolution 4 therefore proposes the approval of the allotment and issue of the securities for the purpose of satisfying the requirements of ASX Listing Rule 7.1.

The information required to be given to shareholders to satisfy ASX Listing Rule 7.1 is specified in ASX Listing Rule 7.3.

**Information required by ASX Listing Rule 7.3**

In compliance with the information requirements of ASX Listing Rule 7.3, shareholders are advised of the following particulars on the allotment and issue:

|  |   |
|--|---|
| <b>Maximum number of securities to be issued</b> | 25,289,894 Options  |
| <b>Date of issue</b>                             | Options will be issued progressively and no later than three months after the date of the AGM.  |
| <b>Issue price per security</b>                  | Nil   |
| <b>Terms of issue</b>                            | Options will have an exercise price of \$0.55 and an expiry date of 3 years from the date of issue. Other applicable terms of options are set out in Annexure A.  |
| <b>Persons to whom securities will be issued</b> | Participants in the Company’s Rights Issue, Subscribers to the Rights Issue Shortfall, and Rights Issue Over-subscribers; on a 1:1 basis where holders receive 1 New Option for every 1 New Share subscribed. |
| <b>Intended use of funds</b>                     | N/A   |

A voting exclusion statement is included in the Notice.

The Directors recommend that you vote in favour of this Ordinary Resolution.

**NOTICE OF 2016 ANNUAL GENERAL MEETING**

**Resolution 5 - Approve Issue of up to 50,000,000 New Shares Pursuant to a US NASDAQ Public Offer**

**Background**

As previously advised to the market, the Board of Immuron sees the US Market as being an exciting opportunity to expand and diversify Immuron’s product sales and shareholder investment base as the US market continues to recognise the value-opportunity of Australian biotechnology companies to that of their US biotechnology peers.

By listing on in the US, which is the world’s largest source of capital and home to the world’s largest biotech exchanges, Immuron aims to:

- increase its visibility to potential US and foreign investors;
- enhance Immuron’s liquidity position for shareholders in both the short and longer-term;
- take advantage of higher biotech and NASH valuations in a more experienced and knowledgeable market;
- raise sufficient capital to achieve short and medium-term milestone targets, whilst having access to improved cost of capital for any subsequent offerings; and
- enhance the Company’s ability to compete with other US listed biotech company for key personnel and partnerships.

The purpose of Resolution 5 is to seek shareholder approval under ASX Listing Rule 7.1 (and for all other purposes) for the issue of up to 50,000,000 Shares.

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prevents the Company from issuing more than 15% of its issued capital without shareholder approval. Resolution 5 therefore proposes the approval of the allotment and issue of the securities for the purpose of satisfying the requirements of ASX Listing Rule 7.1.

The information required to be given to shareholders to satisfy ASX Listing Rule 7.1 is specified in ASX Listing Rule 7.3.

**Information required by ASX Listing Rule 7.3**

In compliance with the information requirements of ASX Listing Rule 7.3, shareholders are advised of the following particulars on the allotment and issue:

|  |  |
|--|--|
| <b>Maximum number of securities to be issued</b> | Up to 50,000,000 Shares  |
| <b>Date of issue</b>                             | Shares will be issued progressively and no later than three months after the date of the AGM.  |
| <b>Issue price per security</b>                  | Not less than AUD\$0.25 per Share  |
| <b>Terms of issue</b>                            | Ordinary Fully Paid Shares   |
| <b>Persons to whom securities will be issued</b> | The Shares will be issued under a NASDAQ Public Offer in the United States and (as such) the names of the allottees are unknown at this time.  |
| <b>Intended use of funds</b>                     | Funds raise from the NASDAQ Public Offer will used to fund: <ul style="list-style-type: none"> <li>- the costs of the offer;</li> <li>- the completion and potential expansion of the NASH Phase II clinical trial;</li> <li>- the commencement and execution of a C-Difficile Phase I/II clinical trial;</li> <li>- additional marketing surrounding the expansion of Travelan in existing and new overseas markets; and</li> <li>- the Company’s general ongoing working capital needs.</li> </ul> |

A voting exclusion statement is included in the Notice.

The Directors recommend that you vote in favour of this Ordinary Resolution.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

### SPECIAL BUSINESS

#### Resolution 6 - Approval of Additional Capacity to Issue Shares Under ASX Listing Rule 7.1A

##### ASX Listing Rule 7.1A

In 2012, the ASX introduced ASX Listing Rule 7.1A which enables certain 'eligible entities' to issue equity securities of up to 10% of their issued share capital through placements over the 12 month period commencing after the annual general meeting at which the additional approval is obtained (Additional Placement Capacity). ASX Listing Rules require that Shareholders approve the Additional Placement Capacity by special resolution, at an annual general meeting before any equity securities are issued under the Additional Placement Capacity.

For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an 'eligible entity' for the purpose of ASX Listing Rule 7.1A. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. Therefore, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 10% of the Company's issued share capital pursuant to ASX Listing Rule 7.1A and up to 15% pursuant to ASX Listing Rule 7.1. If the Additional Placement Capacity is not approved, the Directors will still be allowed to issue equity securities of up to 15% of the Company's issued capital pursuant to ASX Listing Rule 7.1.

The Company seeks Shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity should the need arise.

##### **Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

##### **(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- d) less the number of fully paid shares cancelled in the 12 months.
- e) Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

##### **ASX Listing Rule 7.3A**

In accordance with ASX Listing Rule 7.3A the Company provides the following information.

Any securities issued under the Additional Placement Capacity will be in the same class as existing quoted securities of the Company.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

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The Company has the following classes of quoted equity securities as at the date of this Notice of Meeting;

- Ordinary fully paid shares ASX code IMC

The issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in Table 1). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- 1 year following the date of the Meeting; and
- the date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2 or such longer period if allowed by the ASX.

Any approval of the Additional Placement Capacity at this Meeting will cease to be valid if and from the date that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the Additional Placement Capacity for the following purposes:

- non-cash consideration: for the acquisition of new assets or the settlement of obligations (in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rules); or
- cash consideration: to raise funds for working capital, to fund product research, development and commercialisation programs or for the acquisition of new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A (4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue.

The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial position of the Company; and
- advice from the Company's advisors.

The Directors have not decided if they will issue any securities under the Additional Placement Capacity and so allottees under the Additional Placement Capacity have not yet been determined. If Directors decide to issue securities under the Additional Placement Capacity, allottees may include existing Shareholders, existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

## NOTICE OF 2016 ANNUAL GENERAL MEETING

Table 1 shows the dilution of Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2).

The table also shows:

- I. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- II. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

**Table 1**

| Variable 'A' in Listing Rule 7.1A.2               |                     | Dilution                                  |  |   |
|---|---------------------|---|--|---|
|   |                     | \$0.185<br>50% decrease<br>in Issue Price | \$0.37<br>Issue Price<br>(current price) | \$0.74<br>100% increase<br>in Issue Price |
| Variable A<br>105,389,540 Shares                  | 10% Voting Dilution | 10,538,954 Shares                         | 10,538,954 Shares                        | 10,538,954 Shares                         |
|   | Funds Raised        | \$1,949,706                               | \$3,899,413                              | \$7,798,826                               |
| 50% increase in Variable A<br>158,084,310 Shares  | 10% Voting Dilution | 15,808,431 Shares                         | 15,808,431 Shares                        | 15,808,431 Shares                         |
|   | Funds Raised        | \$2,924,560                               | \$5,849,119                              | \$11,698,239                              |
| 100% increase in Variable A<br>210,779,080 Shares | 10% Voting Dilution | 21,077,908 Shares                         | 21,077,908 Shares                        | 21,077,908 Shares                         |
|   | Funds Raised        | \$3,899,413                               | \$7,798,826                              | \$15,597,652                              |

Table 1 above has been prepared based on the following assumptions:

- Variable A is based on the number of Shares on issue as at 5:00 pm on Tuesday, 25<sup>th</sup> October 2016.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only shares.
- The issue price of \$0.37 was the closing price of Shares as traded on ASX on Tuesday, 25<sup>th</sup> October 2016. This price may fluctuate between the time of preparing this Notice and the date of the Meeting.

The Company has previously obtained approval for the Additional Placement Capacity at its 2015 Annual General Meeting. In the 12 months prior to this 2016 Annual General Meeting, the Company has issued (including issues with prior shareholder approval) 30,393,799 equity securities representing 34.65% of equity securities on issue 12 months prior to this Meeting (i.e. since 25 November 2015), none of which were issued under the Additional Placement Capacity approved which was approved in 2015.

The information in Table 2 below is provided in accordance with ASX Listing Rule 7.3A.6 (b):

**NOTICE OF 2016 ANNUAL GENERAL MEETING**

**Table 2**

| <b>Date of Issue</b> | <b>Number and Class of Equity Securities Issued</b>                         | <b>Issue Price</b> | <b>Closing Price*</b> | <b>Discount / Premium#</b> | <b>Issued to / basis of issue</b>  | <b>Use of funds or if non-cash then value of non-cash consideration</b>   |
|----------------------|---|--------------------|-----------------------|----------------------------|--|---|
| 24 Feb 2016          | 294,118 Ordinary Shares   | \$0.34             | \$0.40                | 15% Discount               | Issued pursuant to Funding Agreement with New York based investment fund provider.                     | Funds raised have been used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |
| 24 Feb 2016          | 2,000,000 Ordinary Shares   | \$0.40             | \$0.40                | Nil                        | Issued as collateral shares pursuant to Funding Agreement with New York based investment fund provider | Non-cash. No value of non-cash consideration.   |
| 24 Feb 2016          | 1,000,000 Unlisted Options<br>Exercise Price: \$0.57<br>Expiry: 24 Feb 2019 | Nil                | N/A                   | N/A                        | Issued pursuant to Funding Agreement with New York based investment fund provider                      | Non-cash. The 1,000,000 Options were valued at \$0.186 in the Company's 2016 Annual Report.   |
| 13 Apr 2016          | 326,797 Ordinary Shares   | \$0.306            | \$0.34                | 10% Discount               | Issued pursuant to Funding Agreement with New York based investment fund provider                      | Funds raised have been used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |
| 18 Apr 2016          | 241,764 Ordinary Shares   | \$0.312            | \$0.33                | 5.45% Discount             | Repayment of Convertible Note Security   | Funds raised have been used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |
| 16 May 2016          | 285,694 Ordinary Shares   | \$0.284            | \$0.335               | 15.22% Discount            | Repayment of Convertible Note Security   | Funds raised have been used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |
| 16 May 2016          | 150,000 Ordinary Shares   | \$0.276            | \$0.335               | 17.61% Discount            | Exercise of Options  | Funds raised have been used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |
| 31 May 2016          | 400,000 Ordinary Shares   | \$0.25             | \$0.27                | 7.4% Discount              | Issued as consideration for accounting and company secretary fees payable.                             | Non-cash issue.<br>Issued as consideration for \$100,000 in fees payable.   |
| 31 May 2016          | 425,532 Unlisted Options<br>Exercise Price: \$0.50<br>Expiry: 31 May 2019   | \$0.235            | N/A                   | N/A                        | Issued as consideration for accounting and company secretary fees payable.                             | Non-cash issue.<br>Issued as consideration for \$100,000 in fees payable.   |
| 7 July 2016          | 21,320,978 Ordinary Shares  | \$0.25             | \$0.25                | Nil                        | Issued pursuant to Rights Issue and Rights issue shortfall placement.                                  | Of the \$5,330,244 in funds raised, \$187,760 has been spent on payment for costs associated with the Rights Issue, working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial. Remaining funds will be used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial |
| 30 Sept 2016         | 3,968,916 Ordinary Shares   | \$0.25             | \$0.245               | 2% Premium                 | Issued pursuant to Rights Issue shortfall placement and placement to over subscribers.                 | Funds raised will be used for working capital and to fund the Company through the planned interim results of the ongoing Phase II NASH trial.   |

## NOTICE OF 2016 ANNUAL GENERAL MEETING

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### **Directors Recommendation**

The Directors believe that Resolution 6 is in the best interest of the Company and unanimously recommend that Shareholder vote in favour of this Resolution 6.

A voting inclusion statement is included in this Notice. In accordance with ASX Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

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### GLOSSARY

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In the Notice of Meeting and Explanatory Memorandum the following terms have the following meanings:

**AEDT** means Australian Eastern Daylight Savings Time.

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

**ASX** means ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the listing rules of ASX.

**Board** means the board of directors of the Company.

**Company** or **Immuron** means Immuron Limited (ACN 063 114 045).

**Constitution** means the Company's constitution.

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

**Director** means a current director of the Company.

**Explanatory Memorandum** means the explanatory memorandum to this Notice of Meeting.

**Meeting** means the 2016 Annual General Meeting of the Shareholders of the Company to be held at 10:30am on Tuesday, 29<sup>th</sup> November 2016, to which the Notice of Meeting and Explanatory Memorandum relate.

**Notice** or **Notice of Meeting** means this notice of meeting of the Company Tuesday 25<sup>th</sup> October 2016.

**Resolution** means a resolution referred to in the Notice.

**Option** means an option to acquire a Share

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

**Shareholder** means a holder of Shares.

**Option** means an Option to acquire a Share

Words importing the singular include the plural and vice versa.  
All references to currency are in Australian dollars.

**NOTICE OF 2016 ANNUAL GENERAL MEETING**

**ANNEXURE – TERMS AND CONDITIONS OF THE UNLISTED OPTIONS**

|   |  |
|---|--|
| <b>Entitlement</b>                              | Each Option entitles the holder ( <b>Option Holder</b> ) to subscribe for 1 Share ( <b>Option Share</b> ) on exercise of the Option.   |
| <b>Exercise price</b>                           | As set out in Notice of Meeting  |
| <b>Exercise period</b>                          | As set out in Notice of Meeting  |
| <b>Expiry date</b>                              | Any Option not exercised before the end of the exercise period will automatically lapse.   |
| <b>Exercise notice</b>                          | The Options may be exercised during the exercise period by notice in writing to the Company.   |
| <b>Shares issued on exercise</b>                | Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.   |
| <b>Quotation of Options</b>                     | Options will be unlisted options.  |
| <b>Transferability of Consideration Options</b> | Subject to the Corporations Act, the Listing Rules, and the constitution of the Company, each Option is freely transferable.   |
| <b>Bonus issues</b>                             | If after the date on which the Options are issued, the Company makes a bonus issue of Shares ( <b>Bonus Issue</b> ) before some or all of the Options have been exercised, then the number of Option Shares to be issued on exercising those Options will be increased by the number of additional Option Shares to which the Option Holder would have been entitled had the Options held by the Option Holder at the record time for the Bonus Issue been exercised before the record time for the Bonus Issue.]  |
| <b>Adjustment for rights issue</b>              | <p>If after the date on which the Options are issued, the Company makes a pro rata issue of Shares (other than a Bonus Issue to Shareholders, then the exercise price of each unexercised Option will be reduced according to the following formula:</p> $O - \frac{E[P - (S + D)]}{N + 1}$ <p>New exercise price =</p> <p>O = the old exercise price of the Option;</p> <p>E = the number of underlying Shares to which 1 Option is exercisable;</p> <p>P = the average market price per Share (weighted by reference to the volume) of the underlying Shares during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date;</p> <p>S = the subscription price of a Share under the pro rata issue;</p> <p>D = any dividend per Share due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and</p> <p>N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share under the pro rata issue.</p> |

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