



ASX Announcement

CLEANSING NOTICE

23 December 2022 – Melbourne, Australia (22 December 2022 – Minneapolis, United States) – Imricor Medical Systems, Inc. (Company or Imricor) (ASX:IMR), gives this notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument**).

On 16 December 2022, Imricor entered into a Securities Purchase Agreement with The K.A.H.R. Foundation for the issue of unsecured, unquoted convertible notes (that may be converted into CHESSE Depositary Interests (**CDIs**)) to be issued in two tranches (**Convertible Notes**) to raise a maximum aggregate amount of US\$5 million (**Convertible Note Issue**).

The first tranche of the Convertible Notes (**Tranche 1 Convertible Note**) will be issued to The K.A.H.R. Foundation (**Noteholder**) on Friday, 23 December 2022 (US time). The Company will receive US\$2,325,000.00 in gross proceeds from the issue of the Tranche 1 Convertible Note.

The second tranche of the Convertible Note Issue is subject to the approval of Imricor's stockholders pursuant to Listing Rule 7.1 (**Tranche 2 Convertible Note**).

Pursuant to the Securities Purchase Agreement, the Company will also issue:

- (a) a warrant exercisable for 907,141 CDIs (**Tranche 1 Warrant**) on Friday, 23 December 2022 (US time); and
- (b) subject to stockholder approval, in connection with the issue of the Tranche 2 Convertible Note, a warrant exercisable for 1,043,699 CDIs.

The Tranche 1 Convertible Note is being issued without disclosure under Part 6D.2 of the Corporations Act. The issue of this Cleansing Notice enables any CDIs which may be issued by Imricor to the Noteholder or any subsequent holders of the Tranche 1 Convertible Notes following a conversion of all or part of the Tranche 1 Convertible Note to be on-sold to retail investors without further disclosure.

Imricor gives notice that:

- (a) the Tranche 1 Convertible Note will be issued without any disclosure to investors under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice is being given in accordance with section 708A(12C)(e) of the Corporations Act (as inserted by the ASIC Instrument).

Neither ASIC or ASX take responsibility for the contents of this Cleansing Notice. The terms of the Convertible Notes are summarised under the heading, "*Rights and liabilities attaching to the Convertible Notes*" below.

1. The contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Tranche 1 Convertible Note:
 - (i) the effect of the issue of the Tranche 1 Convertible Note on Imricor;



- (ii) a summary of the rights and liabilities attaching to the Tranche 1 Convertible Note;
 - (iii) a summary of the rights and liabilities attaching to the CDIs which may be issued on conversion of the Tranche 1 Convertible Note.
- (b) information relating to Imricor's status as a disclosing entity; and
- (c) any information that:
 - (i) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses, and the prospects of Imricor; and
 - (B) the rights and liabilities attaching to the securities being offered.

2. The effect of this issue on the Company

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

- (a) increase the cash reserves of Imricor by \$2,325,000.00 (before any expenses associated with the issue of the Tranche 1 Convertible Note);
- (b) increase the indebtedness of Imricor by the principal amount of \$2,325,000.00 plus all accrued but unpaid interest payable on that amount; and
- (c) if Tranche 1 Convertible Note is converted into CDIs, increase the number of CDIs on issue in Imricor, with the maximum number of CDIs issued on conversion of the principal amount and interest being no more than 12,849,949CDIs.

Financial Impact

The pro-forma financial position of Imricor, as at 30 June 2022, adjusted to take into account the issue of the Tranche 1 Convertible Note, is set out below (**Pro-forma Accounts**).

The Pro-forma Accounts shows the effect of the issue of the Tranche 1 Convertible Note as if it had been issued on 30 June 2022.

The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 30 June 2022 [reviewed] accounts. The Pro-forma Accounts are in U.S. dollars and are presented in an abbreviated form, insofar as they do not include all of the disclosures required by U.S. GAAP applicable to half-year financial statements. The Pro-forma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the Tranche 1 Notes were issued on 30 June 2022. The Company advises that the Pro-forma Accounts is not the current financial position of the Company as at the date of this notice, and that the information is provided for illustrative purposes only.

The Pro-forma Accounts show the impact that the issue of the Tranche 1 Convertible Note and associated securities would have had on the Company's financial position as at 30 June 2022, if these securities were issued on that date, taking into account the following transactions:

- (a) the issue of Tranche 1 Convertible Note to The K.A.H.R. Foundation for US\$2,325,000.00 in cash; and



(b) the issue of the Tranche 1 Warrant in connection with the issue of Tranche 1 Convertible Note.

	June 30, 2022	Adjustments	Pro-forma
CURRENT ASSETS			
Cash	\$ 9,107,319	\$ 2,325,000	\$ 11,432,319
Accounts receivable	234,448	-	234,448
Inventory	2,327,548	-	2,327,548
Other current assets	1,332,159	-	1,332,159
Total Current Assets	13,001,474	2,325,000	15,326,474
ACCOUNTS RECEIVABLE-LONG TERM	201,544	-	201,544
PROPERTY AND EQUIPMENT, NET	2,803,989	-	2,803,989
OTHER ASSETS	298,192	-	298,192
OPERATING LEASE RIGHT OF USE ASSETS	1,067,028	-	1,067,028
TOTAL ASSETS	<u>\$ 17,372,227</u>	<u>\$ 2,325,000</u>	<u>\$ 19,697,227</u>
CURRENT LIABILITIES			
Accounts payable	\$ 467,274	\$ -	\$ 467,274
Accrued expenses	1,282,481	-	1,282,481
Current portion of contract liabilities	107,961	-	107,961
Current portion of operating lease liabilities	144,693	-	144,693
Current portion of finance lease liability	155,245	-	155,245
Total Current Liabilities	2,157,654	-	2,157,654
LONG-TERM LIABILITIES			
Convertible note payable	-	2,325,000	2,325,000
Other long-term liabilities	44,041	-	44,041
Contract liabilities, net of current portion	492,853	-	492,853
Operating lease liabilities, net of current portion	1,434,923	-	1,434,923
Finance lease liability, net of current portion	147,721	-	147,721
Total Liabilities	4,277,192	2,325,000	6,602,192
STOCKHOLDERS' EQUITY			
Share capital	95,475,297	-	95,475,297
Accumulated deficit	(82,380,262)	-	(82,380,262)
Total Stockholders' Equity	13,095,035	-	13,095,035
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 17,372,227</u>	<u>\$ 2,325,000</u>	<u>\$ 19,697,227</u>

Capital Structure

The capital structure of Imricor will be affected by any conversion of the Tranche 1 Convertible Note.

Assuming all principal and interest payments under the Tranche 1 Convertible Note was converted at the conversion price of US\$0.2691 (for the principal) and US\$0.2563 (for the interest), a total of 12,849,949 CDIs would be issued.

The table below sets out Imricor's issued capital:

- as at the date of this Cleansing Notice and before conversion of the Tranche 1 Convertible Note; and



- after conversion of the Tranche 1 Convertible Note if they are converted into the maximum number of CDIs as possible.

	As at the date of this Cleansing Notice but before conversion of the Tranche 1 Convertible Note	After maximum conversion of the Tranche 1 Convertible Note (principal amount only)	After maximum conversion of the Tranche 1 Convertible Note (principal amount and all interest payments)
CDIs / shares of Class A Common Stock	151,347,625	159,987,536	164,197,574
Outstanding options	12,913,186	12,913,186	12,913,186
Total on a fully diluted basis	164,260,811	172,900,722	177,110,760

3. Rights and liabilities attaching to Tranche 1 Convertible Note

The following is a summary of the rights, privileges and restrictions attaching to the Tranche 1 Convertible Note. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

No.	Key Term	Summary
1.	Total purchase price	US\$2,325,000,00
2.	Term and maturity	4 years from the date of issue of the Convertible Notes (Maturity Date).
3.	Interest	10% per annum, compounded annually
4.	Payment of Interest	Subject to the Ownership Threshold (see details below), the Noteholders may request that interest due on the Convertible Notes is paid in cash, CDIs or a combination thereof. If interest is paid in CDIs, the issue price of the CDIs will be US\$0.2563.
5.	Limit on Ownership	The Noteholder can only convert the Convertible Notes if, on conversion, it does not result in the Noteholder holding more than 10% of Imricor's CDIs on issue at the time of conversion (Ownership Threshold). If the Ownership Threshold is reached Imricor must repay that portion of the principal and accrued interest (to the extent applicable) in excess of the Ownership Threshold in cash. The Noteholder may change the Ownership Threshold at any time by notice to Imricor, including reducing it to 0%.
6.	Security	The Convertible Notes are unsecured.
7.	Prepayment	Imricor may only prepay the principal amount and any accrued but unpaid interest with the consent of Noteholders who together hold Convertible Notes representing the majority of the aggregate

		unpaid principal amount of all Convertible Notes outstanding (Majority Note Holders).
8.	Conversion Terms	<p>At the Noteholder's option, at any time from the date that is 36 months after closing and up to the Maturity Date, a Noteholder can require Imricor to convert some or all of the outstanding principal on the Convertible Notes and the accrued and unpaid interest at the Conversion Price (defined below).</p> <p>There are no conditions that have to be met before the Convertible Notes can be converted. The number of CDIs issuable on conversion of the Convertible Notes is determined by:</p> <ul style="list-style-type: none"> the quotient obtained by dividing the outstanding principal to be converted by the Principal Conversion Price (defined below); <i>plus</i> the quotient obtained by dividing any accrued but unpaid interest to be converted by the Interest Conversion Price. <p>The maximum number of CDIs into which the Convertible Notes may convert is discussed in detail below.</p>
9.	Conversion Price	<p>The principal conversion price is US\$0.2691 being an amount equal to 105% of the 10-day volume weighted average price (VWAP) for the 10-day trading period ending on 16 December 2022 (Principal Conversion Price) (converted from Australian dollars to U.S. dollars).</p> <p>The Interest conversion price is US\$0.2563 being an amount equal to 100% of the 10-day VWAP for the 10-day trading period ending on 16 December 2022 (Interest Conversion Price) (converted from Australian dollars to U.S. dollars).</p>
10.	Key covenants	<p>While the Convertible Notes are outstanding, the Company must comply with certain covenants, including incurring any indebtedness senior to the Convertible Notes, subject to certain exceptions.</p> <p>In addition, there are typical positive undertakings that the Company must comply with, including procuring that no event of default occurs and performing any action necessary to maintain the quotation of its CDIs on the ASX.</p>
11.	Change of control	<p>If a change of control of Imricor occurs, the Company must, redeem all Convertible Notes by paying to the Noteholder the greater of:</p> <ul style="list-style-type: none"> an amount equal to 125% of the outstanding principal on the Convertible Notes plus all accrued and unpaid interest thereon; and the amount that the Noteholder would have received in respect of such change of control event had the then outstanding principal on the Convertible Notes plus all accrued and unpaid interest thereon, been converted into CDIs at the conversion price per CDI equal to the volume weighted average price of the Company's CDIs on the ASX for the ten-day period ending on the date immediately preceding the date of consummation of the change of control event.

12.	Events of default	<p>If an Event of Default (defined below) occurs at any time prior to the Maturity Date and is continuing, the Noteholder may require Imricor to redeem all of the Convertible Notes it holds.</p> <p>Each of the following is an Event of Default:</p> <ul style="list-style-type: none"> • Imricor fails to make a payment of principal or interest when such payment is due and payable; • a representation or warranty set out in the Securities Purchase Agreement being untrue in any material respect; • suspension from trading or the failure of CDIs to be trading or quoted on ASX for a period of more than a total of 5 trading days in any 12 month period (other than any halt in the trading of CDIs that Imricor may request under Listing Rule 17.1 for the purposes of managing its continuous disclosure obligations); • having insufficient authorised share capital for any conversion of the Convertible Notes; • an insolvency event occurs in relation to Imricor; and • a material adverse effect occurs in relation to the business, assets, properties or prospects of Imricor or its ability to perform the Securities Purchase Agreement.
13.	Reorganisation of capital	In a reorganization of capital of Imricor, the Convertible Notes must be treated in accordance with the Listing Rules at the time of the reorganization.
14.	Voting rights	No voting rights attach to the Convertible Notes.
15.	New Issues	The Convertible Notes do not confer any rights to participate in any new issues of securities by Imricor.
16.	Quotation	The Convertible Notes will not be listed on ASX or any other securities exchange.
17.	Director appointment	In consideration of the purchase of the Convertible Notes, and for so long as the Convertible Notes remain outstanding, the Noteholder may nominate an individual to be appointed to Imricor's board subject to any regulatory approvals being obtained in relation to the appointment (including but not limited to the Listing Rules).
17.	Governing law	Minnesota, USA.

4. Rights and liabilities attaching to CDIs and Shares

The CDIs to be issued to the Noteholder on conversion of the Tranche 1 Convertible Note will rank equally in all respects with all of Imricor's existing CDIs.

Information about the rights and specific features of CDIs, including the key differences between holding CDIs and shares of Class A Common Stock (**Shares**), is set out in Schedule 1.

A summary of the rights and liabilities attaching to the Shares is set out in the replacement prospectus issued by Imricor on 14 August 2019 in connection with its initial public offering of securities on ASX. As the Company is incorporated under the law of Delaware in the US, the rights attaching to the Shares are



governed by Delaware law, US securities federal laws, the Company's Certificate of Incorporation and its Bylaws.

5. Compliance with disclosure obligations

Imricor is a "disclosing entity" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and Listing Rules.

These obligations require Imricor to notify the ASX of any information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market promptly and without delay any information which a reasonable person would expect to have a material effect on the price or value of Imricor's securities.

As a registered foreign company, Imricor is required to prepare and lodge with ASIC yearly financial statements, accompanied by a directors' statement and any other documents required to be lodged with its financial statements under the laws of the State of Delaware. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

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

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2021;
- (b) any half-year financial report lodged by the Company with ASIC after lodgement of annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX is set out in the table below. All of these documents will be provided, free of charge, to any person on request.

Date	ASX Announcement
22 December 2022	Appendix 3B
22 December 2022	Imricor receives North Dakota US\$1.5m LIFT Loan Approval
21 December 2022	Notification of cessation of securities - IMR
19 December 2022	Imricor to raise US\$5 million through a convertible note issue to support its clinical and regulatory development
15 December 2022	VISABL-VT Ethics Committee Approval and NorthStar-MR update
12 December 2022	US\$5 million Convertible Note and Business Update
18 November 2022	Appendix 3Y – Steve Wedan
15 November 2022	Virtual Open House and Business Overview Session
11 November 2022	Appendix 3Y – Steve Wedan

27 October 2022	Investor Presentation
27 October 2022	Imricor Q3 FY22 Quarterly Activities Report and Appendix 4C
25 October 2022	U.S. Restriction on CHESD Depository Interests removed
24 October 2022	Details of Q3 Appendix 4C Investor Webinar
11 October 2022	Notification of cessation of securities – IMR
11 October 2022	Notification regarding unquoted securities – IMR
19 September 2022	Imricor submits application to commence VT trial in Europe
16 September 2022	Cleansing Notice
16 September 2022	Application for quotation of securities – IMR
14 September 2022	Successful completion of A\$2.92 million placement
31 August 2022	H1 FY22 Results investor presentation
31 August 2022	Imricor releases Half Year results for 1H 2022
31 August 2022	Appendix 4D and Half Year Results for 1H 2022
24 August 2022	Updated date for release of HY Results and Webinar
23 August 2022	Appendix 3Y – Steve Wedan
23 August 2022	Notification of cessation of securities – IMR
23 August 2022	Notification regarding unquoted securities – IMR
18 August 2022	Investor presentation
18 August 2022	Investor webinar
17 August 2022	Details of 1H22 Results Investor Webinar
15 August 2022	Response to ASX Price Query
28 July 2022	Appendix 4C- Quarterly report and Business Update
19 July 2022	Details of Q4 Appendix 4C Investor Webinar
8 July 2022	Change of Auditor
5 July 2022	Submission of 2 nd Gen Ablation Catheter for EU Approval
28 June 2022	Change in substantial holding
23 June 2022	Appendix 3Y – Peter McGregor
23 June 2022	Appendix 3Y – Mark Tibbles

23 June 2022	Appendix 3Y – Anita Messal
23 June 2022	Change in substantial holding
22 June 2022	Ceasing to be a substantial holder
21 June 2022	Appendix 3Y – Steve Wedan
21 June 2022	Notice of cessation of securities - IMR
21 June 2022	Notification regarding unquoted securities – IMR
21 June 2022	Application for quotation of securities – IMR
17 June 2022	Change in substantial holding
16 June 2022	Change of Director's Interest Notice
9 June 2022	Change of Director's Interest Notice
7 June 2022	Change in substantial holding
4 May 2022	Results of Meeting
4 May 2022	Notification of cessation of securities – IMR
4 May 2022	Annual stockholder meeting presentation slides
4 May 2022	Annual meeting of stockholders Chair's address
2 May 2022	NWR Virtual Conference Presentation
29 April 2022	Imricor to present at NWR Virtual Conference
28 April 2022	Appendix 4C – Quarterly Report and Business Update
28 April 2022	Updated Corporate Governance Statement
8 April 2022	Letter to Shareholders and Online Meeting Guide
8 April 2022	Notice of Annual Stockholders Meeting and CDI Voting Form
8 April 2022	Appendix 4G and Corporate Governance Statement

No excluded information

As at the date of this Cleansing Notice, the Company advises that it has complied with its disclosure obligations under the Listing Rules and Corporations Act and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the Listing Rules and Corporations Act as at the date of this Cleansing Notice which would be reasonable for investors and their professional advisers to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Imricor; and



- (b) the rights and liabilities attaching to the Tranche 1 Convertible Note and the CDIs that may be issued on conversion under the Tranche 1 Convertible Note.

ENDS

Authorised for release by Steve Wedan, Executive Chair, President, and CEO.

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About Imricor

Imricor Medical Systems, Inc. (ASX:IMR) is a leading developer of innovative MRI-compatible medical devices which can be used to carry out MRI-guided cardiac catheter ablation procedures. Headquartered in the US, Imricor seeks to make a meaningful impact on patients, healthcare professionals, and healthcare facilities around the world by increasing the success rates and bringing down the overall costs of cardiac catheter ablation procedures.

Imricor's Products

Imricor is a pioneer and leader in developing MRI-compatible products for cardiac catheter ablation procedures, and believes it is the first company in the world to bring commercially viable and safe MRI-compatible products to the cardiac catheter ablation market.

The Vision-MR Ablation Catheter is the Company's prime product offering, specifically designed to work under real-time MRI guidance, with the intent of enabling higher success rates along with a faster and safer treatment compared to conventional procedures using x-ray guided catheters. The Vision-MR Ablation Catheter has been approved in the European Union with an indication for treating type 1 atrial flutter. Imricor intends to seek approval for expanded indications in the future. The Company is also in the early stages of pursuing the required regulatory approvals to place its key products on the market in Australia and the U.S.

The Company has also obtained approval within the EU for the sale of the Advantage-MR EP Recorder/Stimulator System and its consumable product, the Vision-MR Dispersive Electrode.

Imricor sells its capital and consumable products to hospitals and clinics for use in Interventional Cardiac Magnetic Resonance Imaging (iCMR) labs, in which ablation procedures using the Vision-MR Ablation Catheter can be performed. An iCMR lab is an interventional lab that is fitted with MRI equipment for use in cardiac diagnostic and interventional procedures. The installation of iCMR labs is driven primarily by MRI equipment vendors working collaboratively with Imricor. Vendors such as Koninklijke Philips N.V. and Siemens Healthcare GmbH help to target certain sites and support the design and construction of iCMR labs for those sites.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on the Company's management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, EU commercial market acceptance and EU sales of our product as well as our expectations with respect to our ability to develop and commercialise new products. Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Imricor does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Imricor may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Schedule 1 – CHESS Depositary Interests

What is a CHESS Depositary Interest (or CDI)?

A CHESS Depositary Interest is a unit of beneficial ownership in a share (or beneficial interest in a share) or option of a foreign company, where the underlying share, interest or option is registered in the name of a depositary nominee (see 'What is a depositary nominee?' below), for the purpose of enabling the foreign share, interest or option to be traded on the relevant financial market.

CDI holders receive all direct economic and other benefits of the Shares, including on any liquidation dissolution or winding up of the Company, and receive all notices and company announcements (such as annual reports) that shareholders are entitled to receive from the Company.

What is a depositary nominee?

A depositary nominee holds the legal title to the foreign securities on behalf of the CDI holders. The Company has appointed CHESS Depositary Nominees Pty Limited (ACN 071 346 506 and Australian Financial Services Licence Number: 254514) ("**CDN**") as the depositary nominee for its CDIs. CDN is authorised by its Australian Financial Services Licence to operate custodial and depositary services, other than investor directed portfolio services, to wholesale and retail clients. CDN does not receive any fees from investors for acting as the depositary for the CDIs.

The relationship between the Company, CDN and the holders of CDIs is governed in part by the ASX Listing Rules and the ASX Settlement Operating Rules (each of which has the force of law under the Corporations Act) in combination with the Company's Bylaws.

Conversion ratio for the Company's CDIs

Each of the Company's CDIs represents one share of Class A common stock ("**Share**"). To obtain one Share, an investor will need to convert one CDI (see 'How to convert CDIs into Share' below).

Registers

The Company operates three registers for the Shares and CDIs:

- an uncertificated register of Shares;
- an uncertificated issuer-sponsored sub-register of CDIs; and
- an uncertificated CHESS sub-register of CDIs.

The register of Shares is the register of legal title.

The Shares will be uncertificated unless a Shareholder requests a stock certificate from the Company's US transfer agent, Computershare Trust Company, N.A. ("**U.S. Registry**"), denoting the number of Shares owned.

The Company must ensure that at all times the total number of CDIs on the issuer sponsored sub-register of CDIs and CHESS sub-register of CDIs reconciles with the number of Shares registered in the name of CDN on the Share register.

The Company will make available for inspection the Share register and the CDI register as if those registers were registers of securities of an Australian listed public company.



Transferring CDIs

CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically through CHESS. Trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian public company.

How to convert CDIs into Shares

A CDI holder may either leave their holdings in the form of CDIs (so that legal title remains in the name of CDN) or convert the CDIs to Shares and hold legal title in their own right. CDI holders can convert their ASX listed CDIs to Shares by instructing the Company's CDI registry, Computershare Investor Services Pty Limited, ("**Australian Registry**"), either:

- directly in the case of CDIs on the issuer sponsored sub-register operated by the Company. CDI holders will be provided with a form for completion and return to the Australian Registry; or
- through their 'sponsoring participant' (usually your broker) in the case of CDIs which are sponsored on the CHESS subregister. In this case, the sponsoring broker will arrange for completion of the relevant form and its return to the Australian Registry.

The Australian Registry will then arrange for the transfer of the Shares from CDN to the former CDI holder and a new Statement of Account Holding will be issued. The Shares will be registered in the name of the holder on the Company's share register and trading on the ASX will no longer be possible. The Shares are not and will not in the near future be quoted on any securities exchange. The Shares may bear restrictive legends on the register in accordance with US law.

This process will normally be completed within three to five days once the Australian Registry receives a duly completed and valid instruction. However, the timeframe for conversion cannot be guaranteed.

The Australian Registry will not charge an individual holder a fee for transferring their CDIs into Shares (although a fee may be payable by market participants).

Shareholders can convert their holdings to CDIs by contacting the US Registry and completing the appropriate form. The U.S. Registry will not charge a fee for the conversion (although a fee may be payable by market participants).

The underlying Shares will then be transferred to CDN and a holding statement for the CDIs will be issued to the shareholder. No trading in the CDIs on the ASX can take place until this transfer process is complete.

The contact details for the Australian Registry are as follows:

GPO Box 505,
Melbourne, Victoria 3001 Australia
Telephone: 1300 850 505 (within Australia)
or +61 3 9415 4000 (outside Australia)
www.computershare.com

Voting rights

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of stockholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Registry before the meeting;



- inform the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or
- convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI holder wishes to sell their investment on the ASX it would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting. See above for further information regarding the conversion process.

One of the above steps must be undertaken before CDI holders can vote at shareholder meetings.

CDI voting instruction forms and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders by the Company.

CDI holders are entitled to direct CDN to vote one vote for every CDI held by such holder.

Dividends and other distributions

Any dividend declared or other distribution paid in respect of the Shares underlying the CDIs will be distributed to CDI holders. The directors of the Company do not however, envisage that the Company will pay dividends or make other distributions for the foreseeable future.

The Company expects that any dividends declared in the future will be paid in U.S. dollars. Holders of CDIs trading on the ASX will receive an equivalent amount in Australian currency based on the exchange rate on the record date.

Corporation actions (including bonus issues, rights issues, reconstructions and mergers)

The Company must administer all corporate actions (including bonus issues, rights issues, reconstructions and mergers) that result in the issue of additional or replacement shares so that the benefits are generally distributed to CDI holders on the same terms as shareholders as though the CDI holders are the holders of the relevant corresponding number of Shares.

Takeovers

If a takeover bid or similar transaction is made in relation to the Shares under which CDN is the registered holder, under the ASX Settlement Operating Rules, CDN must not accept the takeover offer unless that acceptance is authorised by the relevant CDI holder. If a CDI holder instructs it to do so, CDN must ensure that the offeror processes the takeover acceptance.