

Imagion Biosystems Limited

ACN 616 305 027
(ASX code: IBX)

Non-renounceable Entitlement Offer

*Non-renounceable pro-rata offer to Eligible Shareholders on the basis of one New Share for every eight Shares held as at the Record Date at an Issue Price of \$0.017 (1.7 cents) per New Share (**Offer**) to raise approximately \$2.4 million (less costs).*

Important Notice

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act 2001 (Cth). It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

Please read the instructions in this Offer Document and on the online Entitlement & Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document is not for release, publication or distribution in the United States or elsewhere where such an offer would be in contravention of securities laws.

Important Notes

1. Offer document

This Offer Document has been prepared by Imagination Biosystems Limited ACN 616 305 027 (the **Company**). This Offer Document is not a prospectus or other form of disclosure document under the *Corporations Act 2001* Cth (**Corporations Act**) and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the *Corporations Act* as modified by *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84*.

As a result, it is important for Eligible Shareholders to read and understand the information on the Company and the Offer made publicly available, before accepting all or part of their Entitlement. In particular, please refer to the information in this Offer Document, the Company's annual reports and other announcements made available at www.imaginationbiosystems.com or www.asx.com.au.

2. This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. Future performance and forward-looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to Offer, or any particular tax treatment.

This Offer Document contains certain "forward looking statements". Forward-looking statements include those words such as "believe", "anticipate", "estimate", "expect", "will", "plan", "should", "may", "intend", "likely", "forecast" and other similar expressions but not limited to statements regarding the outcome and effects of the Offer. Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements in this Offer Document are current and speak only as at the date of this Offer Document.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

5. Past performance

Investors should note that the Company's past performance including Share price performance provides no guarantee or guidance as to future Share price performance.

Any past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance including the Company's future financial position or Share price performance.

6. Risks

An investment in the Company is subject to investment and other known and unknown risks, uncertainties, and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

Refer to the 'Risks' section included in section 6.2 of this Offer Document for a summary of general and specific risk factors that may affect the Company.

7. Eligibility

Applications for New Shares (including Additional Shares) by Eligible Shareholders can only be made using the Eligible Shareholder's Entitlement & Acceptance Form accessed by logging into their account at www.investorserve.com.au, to be accompanied by payment via Bpay®, as described herein. The Entitlement & Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

8. Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia and New Zealand having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Completion online of the Entitlement & Acceptance Form (and payment by Bpay®) will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside

Australia or New Zealand (**Ineligible Foreign Shareholders**) should refer to Section 2.16 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

9. Not for Distribution outside Australia and New Zealand

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States.

The Entitlements may not be taken up by, and the New Shares may not be offered or sold to, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This document may not be released or distributed in the United States. The distribution of this document in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

10. Currency

All references to A\$, \$A, dollar or \$ in this Offer Document are to Australian currency.

11. Definitions and references to time

Capitalised words and expressions in this Offer Document have the meaning given to them in Section 7. Unless otherwise stated, any reference to time in this Offer Document is a reference to Melbourne, Australia time.

12. Date of this Offer Document

This Offer Document is dated 7 March 2023

Key Offer details*

Key details of the Offer	
Offer to Eligible Shareholders	One (1) New Share for every eight (8) Shares held at the Record Date at the Issue Price plus the Top-Up Facility for Shareholders who subscribe for their full Entitlement
Issue Price per New Share	\$0.017 or 1.7 cents per New Share payable in full on Application
Maximum number of New Shares issued under the Offer	140,164,817 New Shares
Maximum proceeds from the Offer (excluding costs associated with the Offer)	Approximately \$2.4 million (before expenses and costs of the issue)
Maximum number of Shares on issue following the Offer (approximately) (refer to Section 3 below for more detail)	1,261,483,351 Shares

**The table above does not include any Shares which may be issued to Mercer Street Global Opportunity Fund, LLC under the Convertible Securities Agreement, subject to certain conditions being satisfied. Please refer to the Letter from the Chairman contained in this Offer Document and the Company's ASX announcement dated 7 March 2023 for further details in relation to the Convertible Securities Agreement.*

Important dates*

Event	
Record Date (to determine Entitlement of Eligible Shareholders to participate in the Offer)	7.00pm (AEDT), 10 March 2023
Opening Date of Entitlement Offer - Dispatch of the Eligible Shareholder's letter advising them of the access details for the Offer Document and online Entitlement & Acceptance Form.	15 March 2023
Closing Date for acceptances under the Entitlement Offer	5.00pm (AEDT), 30 March 2023
Shortfall (if any) announced to the ASX	4 April 2023
Issue of the New Shares	6 April 2023
Trading (T+2) of New Shares expected to commence	11 April 2023

** The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. All dates and times are references to Melbourne, Australia time.*

Letter from the Chairman

7 March 2023

On behalf of the Board of Imagination Biosystem Limited (**Company**), I invite you to participate in the Company's Non-renounceable pro-rata entitlement offer of one (1) New Share for every eight (8) Shares held at the Record Date of 10 March 2023 at an Issue Price of \$0.017 (1.7 cents) per New Share, (**Offer**).

Shaw and Partners have been appointed as lead manager of the Offer.

This Offer, forms a capital raise of approximately \$2.4 million (before costs).

The Company has also announced that it has entered into a convertible securities agreement with Mercer Street Global Opportunity Fund, LLC (**Mercer**) providing for a secured financing facility of up to approximately \$15 million, in a minimum of three investment tranches subject to certain conditions being satisfied (**Convertible Securities Raise**). Mercer will have the right to convert its convertible securities into fully paid ordinary shares in the Company, in accordance with the relevant terms of each tranche. In addition, Mercer will receive 22,058,824 new shares, representing 2.5% of the total facility, at no cost to Mercer in consideration for the provision of the funding facility (the deemed issue price is \$0.017 per share). Additionally, for each tranche of investment, Mercer will receive a 75% option coverage to purchase new shares in the Company. Please refer to the Company's ASX announcement dated 7 March 2023 for further details in relation to the Convertible Securities Raise.

Funds raised under the Offer, in combination with funds raised under the Convertible Securities Raise, will be used primarily to prepare the Company's MagSense® HER 2 breast cancer imaging agent for the next phase of clinical development, funding towards pipeline growth into oncology indications such as prostate and ovarian cancer and to provide additional working capital. The decision to raise capital at this time is driven by the progress of the Company's first clinical trial with positive data providing the confidence to advance product development and initiate further clinical trials, most likely in the United States (refer to the Company Update ASX announcement released on 6 February 2023 for further details).

This capital raise will allow the Company to enable advancement to the next stage of clinical development in relation to the MagSense® HER 2 breast cancer imaging agent and move towards an IND application, which the Board views as having the potential to generate significant shareholder value.

The Offer is to be made pursuant to s708AA of the Corporations Act and may be summarised as follows:

- Australian and New Zealand residents holding Shares may subscribe under the Offer for one (1) New Share for every eight (8) Shares held as at the Record Date of 7.00pm AEDT on 10 March 2023, (**Offer**).
- The Offer of approximately 140,164,817 New Shares to an amount of approximately \$2.4 million.
- New Shares are priced at \$0.017 (1.7 cents) per New Share.
- Holders may also subscribe for Additional Shares beyond their Entitlement (on the basis that some existing Holders will be either ineligible or may fail to fully take up their Entitlement). This ability to apply for Additional Shares is restricted only to Eligible Shareholders (other than Directors and related parties of the Company) who also subscribe for their full Entitlement, is determined at the discretion of the Board and is referred to as a 'Top-Up Facility'.
- The Directors reserve the right for up to 3 months after the close of the Offer to place any Shortfall at the Board's discretion but at a price no less than the Issue Price.

A copy of this Offer Document has been lodged with the ASX and can be accessed on the ASX website or via the Company's website www.imaginationbiosystems.com.

The funds from the Offer are important and will significantly strengthen the Company's balance sheet and provide funds towards:

- Establishing the clinical and regulatory support teams and to prepare the Company's MagSense® HER 2 breast cancer imaging agent for the next phase of development including manufacturing of materials;
- The Company's business development activities, working capital, corporate activities, and offer costs.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders this opportunity to further their investment in the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read "R. Proulx".

Robert Proulx
Chairman
Imagion Biosystem Limited

1. Summary

Item	Explanation	Where to find Information
What is the Offer?	Non-renounceable entitlement offer of New Shares, as described below (Offer)	Section 2.1
What are the terms of the Offer?	One (1) New Share for every eight (8) Shares held on the Record Date at an issue price of \$0.017 (1.7 cents) per Share. All Share Entitlements issued will be rounded up to the nearest whole number.	Section 2.1
Can I sell or transfer my Entitlements?	No, the Offer is non-renounceable and, accordingly, you cannot offer to sell or transfer any of your Entitlement on the ASX or via an off-market transfer.	Section 2.7
Can I purchase Additional Shares at the same price?	Yes, the Company is also offering a Top-Up Facility so Eligible Shareholders who fully subscribe under the Offer will also have the right to apply for Additional Shares (limited to those Shares not subscribed for by other Eligible Shareholders), at the same offer price. Any Additional Shares to be issued will only be issued at the Board's discretion - there is no guarantee that the Board will issue any Additional Shares under the Top-Up Facility.	Section 2.10
Shortfall	If there remains any Shortfall after allocation of Entitlements to Eligible Shareholders under the Offer, and the issue of all Additional Shares, the Directors reserve the right for up to 3 months after the close of the Offer to place any Shortfall at the Board's discretion but at a price no less than the Issue Price.	Sections 2.10 and 2.11
Is the Offer underwritten?	No, the Offer is not underwritten.	
Is there a Minimum Subscription Amount	No, there is no minimum subscription amount.	
How do the New Shares rank in comparison to existing Shares	All New Shares issued under the Offer will rank equally in all respects with existing Shares from the date of their issue.	Section 2.20
Who can invest?	Eligible Shareholders of the Company as at 7.00pm AEDT on 10 March 2023 (Record Date).	Sections 2.1 and 2.6
What are my choices?	As an eligible Shareholder you may: <ul style="list-style-type: none"> • take up all of your Entitlement under the Offer (and if you have taken up all your Entitlement, you may also apply for participation in the Top-Up Facility); or • exercise only a portion of your Entitlement and allow the balance to lapse; or • do nothing, in which case all of your Entitlements will lapse and you will receive no value for those lapsed Entitlements. 	Section 4.1

2. Details of the Offer

2.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for one (1) New Share for every eight (8) Shares held at 7.00pm (AEDT) on the Record Date at an Issue Price of \$0.017 (1.7 cents) per New Share, and for shareholders who subscribe for their Entitlement in full, the opportunity also to take up an offer of Additional Shares under the Top-Up Facility.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, that will be rounded up to the nearest whole New Share.

Your Entitlement under the Offer is shown on the online Entitlement & Acceptance Form. Details on how to accept the Offer are set out in Section 4.2.

Eligible Shareholders who fully subscribe for their entire Entitlement may also apply under the Top-Up Facility for Additional Shares. The allocation of any Additional Shares will be limited to the extent that there are sufficient New Shares available after the close of the Offer which have not been taken up by some of the Eligible Shareholders as set out in Section 2.10.

Subject to the Corporations Act and the Listing Rules, if there remains any Shortfall after allocation of Additional Shares (if any), the Directors reserve the right for up to 3 months after the close of the Offer to place any Shortfall at the Board's discretion but at a price no less than the Issue Price.

2.2 Size of the Offer

As at the Record Date, the Company has on issue 1,121,318,534 Shares; 57,071,000 unlisted options and 233,301,933 listed options.

Approximately 140,164,817 New Shares will be offered under the Offer to raise approximately \$2.4 million before the expenses of the Offer are taken into account. There is no minimum amount of capital that must be subscribed under this Offer.

2.3 Use of Funds

It is currently proposed that the Company will use the funds from the Offer as follows:

Description	A\$
Establishing the clinical and regulatory support teams and to prepare the Company's MagSense® HER 2 breast cancer imaging agent for the next phase of development including manufacturing of materials.	\$1.65 million
The Company's business development activities, working capital, and corporate activities.	\$0.41 million
Costs of the Offer	\$0.32 million
Total	\$2.38 million

2.4 Opening and Closing Date

The Offer will open for receipt of acceptances on 15 March 2023. The Closing Date for acceptance of your Entitlement is 5.00 pm (AEDT) on 30 March 2023.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the last date for completion online of the Entitlement & Acceptance Form (and payment by Bpay®), or to delay or withdraw the Offer at any time without prior notice. Where the Offer is withdrawn, all Application Monies will be refunded (without interest) as soon as practicable by cheque to your

registered address as noted on the Company's share register.

Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

2.5 Entitlements under the Offer

The Offer is Non-renounceable and therefore Eligible Shareholders cannot offer to sell or transfer any of their Entitlement on the ASX or via an off-market transfer (or any other exchange or privately transferred).

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company diluted as compared to that percentage as at the Record Date.

As described in Section 2.9, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shares available under the Shortfall Offer, including the Top-Up Facility.

2.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the online Entitlement & Acceptance form accessible by logging into your account at www.investorserve.com.au.

2.7 No rights trading

The Offer is Non-renounceable. Accordingly, the Entitlements under the Offer will not be tradable on the ASX or otherwise capable of being sold or transferred. Shareholders who do not take up their Entitlement in full will not receive any value in respect of that part of the Entitlement they do not take up.

2.8 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been received.

2.9 Top-Up Facility

Eligible Shareholders (other than Directors and related parties of the Company) who fully subscribe for their entire Entitlement under the Offer may, in addition to taking up their Entitlements in full, apply for any number of Additional Shares in excess of their Entitlements by using the Top-Up Facility.

Additional Shares will only be available where the number of Shares the subject of Applications received under the Offer is less than the aggregate Entitlements, the aggregate Entitlements being 140,164,817 New Shares. Any Additional Shares issued will be at the same Issue Price of \$0.017 (1.7 cents) per Share.

Details on how to apply for Additional Shares under the Top-Up Facility are set out in Section 4.3. There can be no guarantee that there will be any allocation of Additional Shares under the Top-Up Facility.

Subject to the Corporations Act and the Listing Rules, the Board in its discretion may determine the allocation subscriptions for Additional Shares (if any).

It is an express term of the Offer that Eligible Shareholders who apply for Additional Shares are bound to accept a lesser number of Additional Shares than they applied for or may be allocated no Additional Shares at all. In both cases, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any applications for Additional Securities in its absolute discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including but not limited to the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought Shares in the Company before and after both the announcement of the Offer and the Record Date, as well as when the application was made.

For the avoidance of doubt, the prohibitions set out in section 606 of the Corporations Act on certain acquisitions of relevant interests in voting shares will apply to limit the acquisition of Additional Shares through the Top-Up Facility (as well as any other Shares issued under a Shortfall).

2.10 Shortfall Offer

If there remains any Shortfall after all Eligible Shareholders take up their Entitlements and all Additional Shares are allocated, the Directors reserve the right for up to 3 months after the close of the Offer to place any Shortfall at the Board's discretion, but at a price not less than the Issue Price of \$0.017 (1.7 cents) per New Share (**Shortfall Offer**).

2.11 Directors' interests

The relevant interest of each of the Directors in the securities of the Company as at the Record Date is set out in the table below:

Officer	Existing Shares	Existing interest in options	Existing performance rights
Robert Proulx	6,163,250	6,282,000	5,000,000
Michael Harsh	260,000	560,000	Nil
David Ludvigson	545,000	620,000	Nil
Jovanka Naumoska	260,000	560,000	Nil
Mark Van Asten	545,000	620,000	Nil
Dianne Angus	243,000	500,000	Nil
Geoff Hollis (Secretary)	Nil	3,000,000	5,000,000

2.12 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on 6 April 2023.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares without making such determination do so at their own risk.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their holdings statements, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or otherwise.

2.13 ASX Listing

The Company will make an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received will be refunded (without interest) in full to the Applicants.

The fact that the ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. Neither the ASX nor any of its officers accepts or takes any responsibility for the contents of this Offer Document.

It is expected that normal trading on the ASX will commence in relation to the New Shares on 11 April 2023.

2.14 CHESS

The Company will apply to the ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise Shareholders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures for the New Shares under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their interest in the Company during the preceding month.

2.15 Ineligible Foreign Shareholders

In accordance with ASX Listing Rule 7.7.1 and Section 9A of the Corporations Act, the Company has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand as at the Record Date (**Ineligible Foreign Shareholder**), having regard to:

- (a) the number of Shareholders with addresses in such other countries as a proportion of total Shareholders in the Company;
- (b) the number and value of the New Shares those Shareholders would be offered under the Offer; and
- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

To the extent that there are any Ineligible Foreign Shareholders registered at the Record Date, the Company will send details of the Offer to each Ineligible Foreign Shareholder and advise each Ineligible Shareholder that they will not be offered New Shares under the Offer.

2.16 Overseas shareholders

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand. Eligible Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person.

It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their application. Online completion of an Entitlement and Acceptance Form (and making payment via Bpay®) will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

2.17 Custodians

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any underlying beneficial owners (**UBH**) of Shares.

The offer to apply for Additional Shares under the Top-Up Facility will be available to the UBH of custodians / nominees.

Each custodian or nominee who is applying for Additional Shares on behalf of their individual UBH will need to submit a schedule showing the Record Date holding, the Entitlement Offer and the amount of Entitlement and Additional Shares taken up for each UBH.

Each UBH will need to apply for their maximum entitlement before applying for Additional Shares under the Top-Up Facility. Therefore, the requirement to fulfil a shareholders maximum Entitlement before applying for Additional Shares under the Top-Up Facility won't apply to the registered custodian / nominee holding – the Company intends to process the amount of Shares as Entitlement acceptance and also the amount of Additional Shares as additional acceptance under the Top-Up Facility (per schedule supplied by the Custodian).

In respect of nominees, trustees or custodians acting on behalf of UBHs the foreign restrictions under the offer will be applied at the registered address of the Custodian. This will be irrespective of whether the holder is a QIB or sophisticated investor.

2.18 Foreign Jurisdictions

This Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. Online completion of the personalised Entitlement & Acceptance Form (and making payment via Bpay®) will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Retail Shareholders who are nominees or custodians should see Section 2.17.

The distribution of this document (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Booklet, you should observe such restrictions. In particular, this document or any copy of it must not be distributed in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

(a) New Zealand

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* (FMC Act), the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

This Offer Document has been prepared in accordance with Australian law and has not been registered, filed with, or approved by the New Zealand regulatory authority under the FMC Act. This Offer Document is not a product disclosure statement under New Zealand law and is not

required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws. The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

(b) United States

This Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be issued to, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. The New Shares will only be offered and sold outside the United States in 'offshore transactions' as defined in and in reliance on Regulation S under the U.S. Securities Act.

2.19 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company's Share registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) to request a copy of the Company's constitution.

2.20 Nominees

The Offer is being made to all Eligible Shareholders. Nominees with registered addresses in the eligible jurisdictions may also be able to participate in the Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Offer is not available to beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Shareholder.

Due to legal restrictions, nominees and custodians may not send copies of this Booklet or accept the Offer on behalf of any person in the United States or other jurisdiction outside Australia or New Zealand, except to beneficial shareholders who are institutional or professional investors in certain foreign countries or as the Company may otherwise permit in compliance with applicable law.

The Company is not required to determine whether or not any registered Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

2.21 Risks

There are a number of risks associated with an investment in New Shares in the Company. A brief overview of some of the key risks is outlined in Section 6.2.

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The New Shares should be considered speculative. The Directors recommend that potential investors carefully consider this Offer Document and consult their professional advisors before deciding whether to apply for Offer Securities pursuant to this Offer Document. In particular, the global impact of the COVID-19 pandemic is continuously developing. Global economic outlook is facing some uncertainty due to the COVID-19 pandemic which has had historically and may continue to have a significant impact on capital markets and share prices.

3. Effect of the Offer

3.1 Effect of the Offer on the capital structure of the Company

The total number of New Shares to be issued under the Offer (the exact number depends on the rounding up of individual holdings) will be up to approximately 140,164,817.

The table below sets out, for illustrative purposes only, the existing Share capital structure of the Company at the Record Date (before the Offer) together with the impact of the issue of the New Shares under the Offer. It assumes that none of the below options are exercised prior to the Record Date and that all New Shares are issued under the Offer or placed after the Offer closes.

Shares	Number
Existing Shares as at date of the Offer	1,121,318,534
Existing listed options as at date of the Offer	233,301,933
Existing unlisted options and rights as at the date of the Offer	57,071,000
Maximum number of New Shares issued under the Offer (approximately) (including any Shares which may be issued under any Shortfall)	140,164,817

The table above does not take into account any securities which may be issued to Mercer under the Convertible Securities Agreement. Subject to certain conditions being satisfied, under Mercer's first tranche investment, 22,058,824 Shares, 14,138,956 unlisted options and convertible securities with an aggregate face value of \$1,650,000 may be issued to Mercer within 10 business days of 7 March 2023 (with a further 27,995,876 unlisted options which may be issued on receipt of shareholder approval which must be obtained by 31 May 2023).

The effect of the Offer will be to increase the number of Shares on issue in the Company and increase the cash held by the Company (before taking into account the expenses of the Offer) by up to approximately \$2.4 million.

Expenses of the Offer (including shortfall commitment fees) are expected to be approximately \$0.32 million.

3.2 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect the Offer (including those Shares which may be issued to take up a Shortfall) will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The potential effect of the Offer (including those Shares which may be issued under the Top-Up Facility and to take up any Shortfall) on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer.
- (d) Shareholders that apply for Additional Shares under the Top-Up Facility may increase their interests beyond their Entitlement. This would result in the dilution of holdings of those who did not accept their Entitlements in full and those who did not apply for

Additional Shares.

- (e) To the extent there is an issue of any Shortfall, the interests of those Eligible Shareholders do not take up all of their Entitlements under the Offer will be diluted. This is likely to result in new investors having interests in the Company.
- (f) The Company has reserved the right to issue part or all of any Shortfall within 3 months after the close of the Offer. If Eligible Shareholders do not take up all Entitlements under the Offer, this placement of the Shortfall could result in new investors having interests in the Company. If there is a Shortfall, the Board may decide to issue Additional Shares or other Shares under the Shortfall to other investors.

3.3 Market Price of Shares

The highest and lowest closing market prices of the Shares on the ASX during the 3 months of trading preceding the date of lodgement of this Offer Document and the respective dates of those sales, are:

Highest: \$0.034 on 8 December 2022
Lowest: \$0.020 on 11 January 2023

The volume weighted average sale price on the ASX of the Shares during the 3 months immediately preceding the date of this Offer Document (**VWAP**) is \$0.0275.

The entitlement offer price represents a discount of:

- (a) 22.7% to the Company's closing price on 6 March 2023 of \$0.022 (2.2 cents);
- (b) 26.1% to the Company's 10-day VWAP of \$0.0230; and
- (c) 38.8% to the Company's 30-day VWAP of \$0.0278.

3.4 Impact of change in ASX Market price

The market price of the Company's Shares on the ASX may change between the date of this Offer Document and the date of issue of Shares under the Offer.

If there is a decrease in that market price, this will result in a corresponding proportionate decrease in the market value of Shares issued to the Applicant. If there is an increase in that market price, this will result in a corresponding proportionate increase in the market value of Shares issued to the Applicant.

However, any increase or decrease in market value will not alter the issue price per New Share, nor the number of New Shares to be issued, under the Offer.

4. Action required by Shareholders

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the online Entitlement & Acceptance Form that is accessible by logging into your account at www.investorserve.com.au.

If you do not take up all of your Entitlement, then your percentage holding in the Company will be diluted (refer to Section 3.2 above).

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 4.2 below); or
- (b) take up all of your Entitlement and apply for Additional Shares under the Top-Up Facility (refer to Section 4.3 below); or
- (c) do nothing, in which case all of your Entitlements will lapse (refer to Section 4.4 below).

The Company is not required to determine whether or not any registered shareholder is acting as a nominee or the identity or residence of any beneficial owners of securities. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

As detailed in Section 2.16, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 4.1, 4.2 and 4.3.

4.2 Applying for New Shares

You may only take up all or part of your Entitlement by:

- (i) completing your Entitlement & Acceptance Form online and making payment by Bpay® (Australian residents only) corresponding to the component (part or all) of your Entitlement (plus any Additional Shares, if you have also accepted your Entitlement in full) you wish to accept, or
- (ii) by completing your Entitlement & Acceptance Form online and making payment by Electronic Funds Transfer (EFT) (New Zealand residents only), corresponding to the component (part or all) of your Entitlement (plus any Additional Shares, if you have also accepted your Entitlement in full) you wish to accept

By completing your Entitlement & Acceptance Form online you are taken to make each of the statements and representations on that form.

You cannot accept the Offer by any means other than by making payment in accordance with applicable payment method described in sections (a) or (b) below.

- (a) If paying via Bpay® (**Australian Residents only**):
 - (i) Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through Bpay® by the date and time mentioned above;
 - (ii) you must follow the instructions for Bpay® set out in the online Entitlement & Acceptance Form; and
 - (iii) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

- (b) If paying via Electronic Funds Transfer (**EFT**) (**New Zealand residents only**)
- (i) payment for an amount equal to \$0.017 (1.7 cents) multiplied by the number of Shares that you are applying for;
 - (ii) in Australian currency (AUD) paid to the bank account specified on the Entitlement & Acceptance Form. Payment cannot be made in New Zealand dollars; and
 - (iii) your payment maybe subject to fees and charges that your bank or any intermediary banks may deduct for performing the funds transfer. Advise your bank to elect remitter to bear all charges so that the correct amount received by us, the beneficiary, is the same as the application amount you wish to apply for and your application monies in Australian dollars (AUD).

Note: For New Zealand residents only - all references in this Booklet to making payment via Bpay® are to be read as including making payment via EFT, as described in (b) above.

4.3 Top-Up Facility

As detailed in Section 2.10 above, Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Shares in excess of their Entitlements.

If you wish to subscribe for Additional Shares in addition to your Entitlement, then you must nominate the maximum number of Additional Shares you wish to subscribe for on the online Entitlement & Acceptance Form and make payment for your full Entitlement plus the Additional Shares (also at the Issue Price of \$0.017 (1.7 cents) for each Additional Share) by Bpay®.

If your payment is being made by Bpay® and is in excess of the payment required for your Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application Monies paid by Bpay®.

Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for, or may be allocated no Additional Shares at all, in which case all excess Application Monies will be refunded without interest.

4.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and your rights attaching to those Shares (such as voting rights) will not be affected should you choose not to accept any part of your Entitlement. If you do not participate in the Offer your percentage holding in the Company will be reduced.

4.5 Online Entitlement & Acceptance Form is binding

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

4.6 Representations you will be taken to have made by accepting the Offer

By completing your Entitlement & Acceptance Form online and making a payment by Bpay®, you will be deemed to have:

- (a) fully read and understood this Offer Document and the online Entitlement & Acceptance Form in their entirety;
- (b) agreed to be bound by the terms of the Offer, the provisions of this Offer Document and the Company's Constitution;

- (c) declared that you are over 18 years of age and have the legal capacity and power to perform all your rights and obligations under the Offer and your online Entitlement & Acceptance Form;
- (d) authorised the Company to register you as the holder of the New Shares;
- (e) acknowledged that once the Company receives your online Entitlement & Acceptance Form and any payment of Application Monies via Bpay®, you may not withdraw your application or funds provided except as allowed by law;
- (f) confirmed that you have a registered address in Australia or New Zealand as at the Record Date;
- (g) confirmed that you were the registered holder at the Record Date of the Shares indicated in the online Entitlement & Acceptance Form as being held by you on the Record Date;
- (h) agreed to apply for and be issued up to the number of New Shares specified in the online Entitlement & Acceptance Form, and for which you have submitted payment of any Application Monies via Bpay®, at the Issue Price per New Share;
- (i) authorised the Company, the Share Registry and their respective officers, employees or agents to carry out on your behalf all necessary actions for the New Shares to be issued to you;
- (j) understood and acknowledged that the information contained in this Offer Document and your online Entitlement & Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or circumstances;
- (k) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;
- (l) acknowledged that investment in the Company is subject to the risk factors outlined in Section 6 of this Offer Document;
- (m) acknowledged that the Company or its related bodies corporate, affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers do not guarantee the performance of the Company or the Share price, nor do they guarantee the repayment of capital;
- (n) authorised the Company to correct any errors in your Entitlement & Acceptance Form or any other document provided to you;
- (o) agreed to provide any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date; and
- (p) represented and warranted that:
 - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - (ii) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
 - (iii) you have not and will not send any materials relating to the Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

4.7 Privacy Act

If you complete an application for New Shares (or make payment via Bpay®), you will be providing personal information to the Company (directly or by the Company's Share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder

and carry out administration.

The information may also be used from time to time and disclosed to persons including but not limited to those inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

4.8 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

4.9 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Company Secretary, Geoff Hollis at corpsecretary@imagionbio.com.

5. Additional information regarding the Offer

5.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. These provisions of the Corporations Act allow entitlement offers and related issues to be made by providing certain confirmations to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Offer, when read with this Offer Document, is publicly available.

This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company has lodged a cleansing notice in respect of the Offer with ASX on 7 March 2023 and 14 March 2023.

5.2 Announcements

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: IBX), and the Company's website, www.imagionbiosystems.com.

Additionally, the Company is also required to prepare and lodge with ASX yearly and half yearly financial statements accompanied by a directors' statement and report and an audit review or report. These reports are released to ASX and published on the Company's and ASX's websites.

Copies of the Company's announcements and yearly and half yearly financial reports will also be available from the Company Secretary.

6. Risks

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

An investment in New Shares should be regarded as very speculative and involves many risks. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

This section identifies some of the major risks associated with an investment in the Company. There may be other risks which the Directors and/or management of the Company are unaware which may impact upon the Company, its operations and/or the value and performance of the New Shares and the Company generally. Intending Applicants before any decision is made to subscribe for shares should read the Company's prior continuous disclosure announcements to the ASX market in order to fully appreciate the risks particular to an investment in a company such as Imagination Biosystem Limited, in particular the risks faced by the Company in the continued development and proposed commercialisation of its product pipeline.

6.1 Speculative nature of investment

Any potential investor should be aware that subscribing for New Shares involves various risks. The New Shares to be issued carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares. Imagination Biosystems Limited is an imaging technology which has the potential to provide more specific and sensitive detection for cancer than current imaging technologies. An investment in the Company should therefore be considered very speculative and investors should be in a position to bear the loss of their entire investment.

6.2 Business risks associated with the Company

Specific Risks:

(a) Sufficiency of funding

The Company has limited financial resources and will need to raise additional funds from time to time to finance the continued research, development and commercialisation of its technology / products and its other longer-term objectives. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all. If for any reason the Company was unable to raise future funds, its ability to achieve its milestones or continue future development / commercialisation of its technology / product would be significantly affected.

(b) Impact of COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously evolving. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term. Shipping and supply (domestic and international) delays have impacted and may continue to impact the Company, delaying the receipt of critical R&D material as part of the research and development program. This may extend to the receipt of manufactured kits for laboratory and clinical trial testing. Staff reduction in some international supplier businesses may also extend typical processing and shipping times. The pandemic has adversely affected enrollment of clinical trials globally, and while this challenge is abating it is possible that the Company may face delays with

patient recruitment once it starts further clinical trials. The Company has provided the ASX with market updates relating to COVID-19 and its potential impact but such market updates may not address all possible consequences. The Company has in place business continuity plans and procedures to help manage the keys risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted.

(c) Product risk

The MagSense® specific cancer imaging agents are still at various stages of development and each is a new applications and has not been fully proven. The detection of a specific type of cancer depends on the availability and functionality of tumor specific targeting moieties, e.g. antibodies, peptides, or ligands. The Company cannot guarantee that targeting moieties will be available to achieve the bio-functionality needed for any given application. Additionally, whilst a sample of in-human safety and efficacy data has been collected for the Company's first product, a test for HER2 Breast Cancer, further in-human studies will be required to confirm clinical use. Although the Company has obtained approval for a current Phase 1 study in Australia there has been no regulatory approval in any other country and that regulatory approval has not yet been, and may not be, granted. There is an inherent risk that development of the technology will not progress as planned or achieving further regulatory clearance may take longer than planned which could require the Company to raise more capital.

(d) Commercialisation risk

Due to limited clinical data, there is no certainty that the MagSense® technology will be commercially viable, and the profitability and sustainability of the Company's business model is uncertain. There is no guarantee that any of the Company's research, development or commercialization plans and activities in relation to the MagSense® technology will be successful, that the Company will reach further development milestones or that the MagSense® technology tests will be commercially exploitable. There can be no assurance that the Company will attract a commercial licensee or partner, which may delay commercial progress or require the Company to raise more capital.

There is no certainty that medical professionals or other potential customers will take up Imagination's products. The products retailed by the Company, its licensee, or partner may be unable to compete with established medical imaging methods on price or accuracy or may be unsuited to the established preferences or methods of medical professionals or other potential consumers.

(e) Regulatory risks

The diagnostic imaging industry is highly regulated in Australia, the United States, and other countries in which the Company may conduct business operations. Whilst the Company is not aware of any reason why its MagSense® imaging agents will not continue to be able to be used in clinical settings for HER 2 breast cancer as well as transitioning from pre-clinical to clinical product development for other cancer indications and uses, the Company cannot guarantee that this will occur in a timely manner or at all. The capabilities, testing, maintenance and stability of the MagSense® technology is subject to regulatory and legal requirements, and any amendment to existing legislation or regulations in countries where the Company operates or plans to operate may adversely affect the Company's operations. Any actual or alleged breach of such legislation or regulations could results in the Company or any of its subsidiaries being subject to delayed filings or review, remedial actions, such as product recalls, or penalties, or litigation. Following commercialization of the MagSense® technology, the Company will be subject to United States, Australian or any other applicable jurisdictional laws and regulations concerning the post market surveillance of imaging agents.

(f) Product liability

Developing and commercializing imaging agents carries an inherent risk of product liability. Even though the Company has insurance cover, any product liability claims are likely to disrupt the Company's business operations and may cause reputational harm by leading medical professionals and other consumers to doubt product accuracy, safety or quality, adversely impacting the Company's performance.

- (g) **Dependence on service providers and third-party collaborators**
The Company relies upon independent third-party service providers, third-party collaborators including academic institutions and clinical study sites to complete the development and commercialisation of its products. The Company therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, which in turn could negatively impact the progress or success of the Company's product development efforts.
- (h) **Reliance on key personnel**
The Company's research and development and its operations success will substantially depend on the continued employment of senior executives, technical staff and other key personnel. The loss of key personnel is likely to have an adverse effect on the Company's operation and performance.
- (i) **Intellectual property**
The prospect of obtaining patent protection for its imaging agents that the Company proposes to develop is highly uncertain and involves complex and continually evolving factual and legal questions. The Company may incur significant costs in applying for, prosecuting or defending its intellectual property rights.
The Company may rely on trade secret and first-mover advantage to assist in the protection of its imaging agents. Although the development of these imaging agents is highly complex there is still a risk that competitors could attempt to replicate the technology.
The detection of a specific type of cancer depends on the availability of tumor specific targeting moieties, e.g. antibodies, peptides, or ligands. The Company cannot guarantee that targeting moieties will be available to license for any given application or at commercially reasonable terms.
- (j) **Competition risk**
The biotechnology sector is highly competitive and subject to rapid and significant technology change. The development of imaging agents is very difficult and demanding; even more so if this competition is against competitors who may have larger resources than the Company. A number of companies, both in Australia and overseas, may be developing imaging technology that target similar markets that Imagion Biosystems Limited is targeting. The Company may face competition from companies with superior technologies or greater resources. As a result, there is the risk that the Company may be beaten to the market by one or more competitors.
- (k) **Currency risk**
Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. The Company carries on part of its business outside of Australia and intends to continue to do so. Accordingly, revenues and payments will be made in those countries' currencies and may deviate from budgeted expectations if there are adverse currency fluctuations against the Australian dollar.
- (l) **Requirement to raise additional funding**
The Company may be required to raise additional funds in the future. There is no guarantee that the Company will be able to raise such additional capital when it is required, or on terms satisfactory to the Company. If the Company is unsuccessful in obtaining funding when required, this may have a material adverse effect on the Company's business and financial condition and performance and the Company may need to delay, scale down or cease its operations. Further, any additional capital raised may dilute Shareholders' interests in the Company.
- (m) **Going Concern**
The Company's most recent financial reports included 'going concern' as a Key Audit Matter. The Director's believe, that upon successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital as outlined in Section 2.3. However, it is highly likely that further funding will be required to meet the medium to long-term working capital costs of the Company.

The Company's failure to raise sufficient capital (if and when needed), including successful completion of this Offer, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(n) Insurance

The Company insures its business and operations. However, the Company's insurance may not be of a nature or level to provide adequate insurance cover to insure against the occurrence of all events that may impact on the operations of the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial conditions and results of the Company.

General Risks:

(o) Market Conditions

The stock market, and in particular, the market for biotech companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

The price at which the Shares are quoted on ASX may increase or decrease due to a number of factors outside the Company's control and which are not explained by the fundamental operations and activities of the Company, including unpredictable influences on the market for securities in general and biotech stocks in particular. These factors may cause the Shares to trade at prices above or below the price at which the Shares were initially acquired. There is no assurance that the price of the Shares will increase if they are quoted on ASX. Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international market for listed stocks;
- (ii) general economic conditions in both Australia and internationally, including interest rates, inflation rates, exchange rates, commodity prices;
- (iii) inclusion in or removal from market indices;
- (iv) changes to government fiscal, monetary or regulatory policy, legislation, or regulation;
- (v) the nature of competition in the markets and industries in which the Company operates;
- (vi) the introduction of taxation reform; and
- (vii) general operational and business risks.

(p) Liquidity

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or a relatively high number of sellers of Shares on the ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the market price at which Shareholders are able to sell their Shares.

(q) Force Majeure

Events may occur within or outside Australia that could affect investor sentiment or impact upon the global and Australian economies, the operations of the Company and the price of the Shares. These events include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, pandemics, outbreaks of disease or other man-made or natural events. These events can have an adverse effect on the demand for the Company's goods and services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(r) Investment risk

The Shares to be issued pursuant to this Offer should be considered speculative. They carry no guarantee as to the payment of dividends, return of capital, or the market value of the

Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors commend the Offer, investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(s) Litigation risk

There is a risk that the Company may in the future be the subject of or require to commence litigation, mediation or arbitration. The impact of such actions may have a material adverse impact on the Company.

(t) Taxation Risks

Changes in tax law, or changes in the way tax laws are interpreted may impact the tax liabilities of the Company, Shareholder returns, or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, may increase the Company's tax liabilities or expose it to legal, regulatory or other actions.

(u) Changes in accounting standards

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of the Company and its Directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(v) COVID-19

At the time of issue of this Offer Document, the COVID-19 global pandemic is having a significant and material impact on global markets and providing substantial impingement on the day-to-day operations of businesses. The pandemic may disrupt or prevent the Company from undertaking its operations and intended programs and may impact the Company's ability to raise capital in the near to medium term future.

7. Defined terms

\$ or AUD means Australian dollar;

Additional Shares means New Shares applied for by an Eligible Shareholder under the Top-Up Facility that are in excess of the Eligible Shareholder's Entitlement;

Applicant refers to a person who submits an Entitlement & Acceptance Form online and makes payment via Bpay@;

Application refers to the submission of an Entitlement & Acceptance Form online and making payment via Bpay@;

Application Monies means monies payable by Applicants in respect of their Applications;

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context may require;

Board means the board of Directors;

Closing Date means the closing date of the Offer being 5.00pm 30 March 2023 (subject to the right of the Company to vary the date without notice);

Company means Imagion Biosystem Limited ACN 616 305 027;

Convertible Securities Agreement means the convertible securities agreement between the Company and Mercer dated on or around 7 March 2023;

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

Directors means the directors of the Company;

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand;

Entitlement means the entitlement to subscribe for one (1) New Shares for every eight (8) Shares held by an Eligible Shareholder on the Record Date as set out in the Entitlement & Acceptance Form and **Entitlements** has a corresponding meaning;

Entitlement & Acceptance Form means the online Entitlement & Acceptance Form;

FMC Act means *Financial Markets Conduct Act 2013 (New Zealand)*;

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand;

Issue Price means \$0.017 (1.7 cents) per New Share;

Listing Rules means the listing rules of the ASX;

Mercer means Mercer Street Global Opportunity Fund, LLC;

New Shares means the Shares proposed to be issued pursuant to this Offer, including all Shares issued pursuant to the Top-Up Facility;

Offer or **Entitlement Offer** means Non-renounceable pro rata offer of New Shares on the basis of one (1) New Share for every eight (8) Shares held on the Record Date at the Issue Price;

Offer Document means this offer document dated 7 March 2023;

Opening Date means the opening date of the Offer being 15 March 2023 (subject to the right of the Company to vary the date without notice);

Record Date means 7.00pm (AEDT) on 10 March 2023;

Related Bodies Corporate has the meaning as provided in the *Corporations Act 2001*;

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

Shareholder means a holder of Shares;

Share Registry means Boardroom Pty Limited;

Shortfall means the aggregate amount by which all Eligible Shareholders do not apply for their full Entitlement under the Offer,

Shortfall Offer means the offer by the Directors to place any Shortfall (other than to Directors and related parties of the Company) within 3 months after the close of the Offer at a price not less than the Issue Price of \$0.017 (1.7 cents) per New Share;

Top-Up Facility means the mechanism by which Eligible Shareholders can apply for Additional Shares;

8. Corporate directory

Directors

Robert Proulx	Executive Chair / President
Michael Harsh	Non-Executive Director
David Ludvigson	Non-Executive Director
Jovanka Naumoska	Non-Executive Director
Mark Van Asten	Non-Executive Director
Dianne Angus	Non-Executive Director

Company Secretary

Geoff Hollis

Registered Office

K&L Gates
Level 25, 525 Collins Street
Melbourne, VIC, 3000, Australia

Principal Place of Business

5601 Oberlin Drive
Suite 100
San Diego, CA 92121, USA

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000, Australia