25 September 2018

Dear Shareholder

Imagion Biosystems Limited
Pro-Rata Non-Renounceable Rights Issue

On 20 September 2018, Imagion Biosystems Limited (the **Company**) announced that it would undertake a pro-rata non-renounceable entitlement offer to raise up to $4.3 million (before costs) (**Entitlement Offer**), on the basis of one (1) fully paid ordinary shares in the capital of the Company for every two (2) fully paid ordinary shares held as at 7.00pm (Melbourne time) Friday 28 September 2018 (**Record Date**).

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act (**Offer Document**).

The Company lodged the Offer Document with ASX on 24 September 2018. A copy of the Offer Document is available on the ASX website at www.asx.com.au and on the Company's website at www.imagionbiosystems.com.

The Offer Document will be despatched to Eligible Shareholders on 3 October 2018. The Offer Document will provide further details of the Entitlement Offer.

Eligibility to participate in Entitlement Offer

Only those shareholders at the Record Date with registered addresses in Australia, New Zealand or where the Entitlement Offer falls within a security offer exception, and such exception is applicable to those shareholders in that jurisdiction at that time, are entitled to participate in the Entitlement Offer and, accordingly, only those shareholders will be entitled to subscribe for New Shares (**Eligible Shareholders**).

The Company has determined that it would be unreasonable to extend the Entitlement Offer to shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) having regard to:

- the small number of shareholders with addresses in other countries;
- the number and value of the shares they hold; and
- the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

Details of the Entitlement Offer

Pursuant to the Entitlement Offer, the Company will issue up to 107,147,608 fully paid ordinary shares in the capital of the Company (**New Shares**) (subject to fractional rounding) at an issue price of $0.04 each. The entitlement to subscribe for New Shares under the Entitlement Offer will be non-renounceable (**Entitlement**).

The Entitlement Offer is not underwritten. If an Eligible Shareholder allows all or part of all of their Entitlements to lapse, this will create a shortfall with respect to the amount proposed to be raised under the

Entitlement Offer, being an aggregate number of unsubscribed New Shares at the close of the Entitlement Offer (**Shortfall Shares**).

Eligible Shareholders that have taken up their full Entitlements will have the opportunity to apply for any Shortfall Shares. The allocation of any Shortfall Shares will be at the discretion of IBX and the lead manager to the Entitlement Offer, Pamplona Corporate Pty Ltd (**Lead Manager**).

In the event that Eligible Shareholders fail to subscribe for all or part of all of the Shortfall Shares, the Directors reserve the right to place such shortfall shares at their discretion to sophisticated and/or professional investors (under section 708 of the *Corporations Act 2001* (Cth) (the **Act**)) within 3 months of the close of the Entitlement Offer. It is intended that any such shortfall placement will be managed by the Lead Manager.

The New Shares issued under the Entitlement Offer will be fully paid and will rank equally with the Company's existing Shares. The Company will make an application to the ASX for official quotation of the New Shares.

The number of issued shares at the date of this letter and the total number of issued shares following the Entitlement Offer (assuming the maximum number of New Shares are issued) are as follows:

Event	Number of Shares
Shares currently on issue	214,295,216
Maximum New Shares issued pursuant to the Entitlement Offer	107,147,608
Maximum total shares on issue after completion of the Entitlement Offer	**321,442,824**

Purpose of Entitlement Offer and use of funds

The purpose of the Entitlement Offer is to raise funds. Following from the Company's recent announcement regarding successful optimisation of its nanoparticle formulation, the Company is raising funds to support the first-in-human study, which is expected to be conducted at the MD Anderson Cancer Centre in early 2019 after small scale production transfer and safety testing.

The funds raised will be applied towards the costs of the Entitlement Offer, and to ensure the Company has adequate resources to undertake and complete this early feasibility study which has previously been disclosed as an important milestone in the product development and regulatory path.

Offer timetable

EVENT	DATE (2018)
Announcement of the Entitlement Offer	Thursday 20 September
Lodgement of the following documents with ASX: ▪ an Appendix 3B; ▪ the Offer Document; and ▪ a cleansing notice under section 708AA(2)(f) of the Corporations Act	Monday, 24 September
Notice sent to option holders advising that they cannot participate in the Entitlement Offer without first exercising their options	Monday, 24 September

Notice sent to Shareholders containing ASX Appendix 3B details and indicative timetable	Tuesday, 25 September
"Ex" date where the Company's existing shares will commence trading without the entitlement to participate in the Entitlement Offer	Thursday 27 September
Record date to determine Entitlements under the Entitlement Offer	7.00pm (Melbourne time) Friday 28 September
Opening Date for the Entitlement Offer	Wednesday 3 October
Mailing of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	Wednesday 3 October
Last day to extend Entitlement Offer Closing Date	Friday 12 October
Closing Date for the Entitlement Offer	5.00pm (Melbourne time) Wednesday 17 October
Shares quoted on a deferred settlement basis	Thursday 18 October
ASX notified of under subscriptions	Friday 19 October
New Shares for which valid applications have been received and accepted by the Company will be issued	Wednesday 24 October
Deferred settlement trading ends	Wednesday 24 October
Normal trading of New Shares on ASX expected to commence	Thursday 25 October
Deadline for placement of remaining shortfall	Friday 11 January 2019

This timetable is indicative only and subject to change. Subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, the Board reserves the right to vary these dates, including the closing date of the Entitlement Offer, without prior notice.

The Company also reserves the right not to proceed with the whole or part of the Entitlement Offer at any time prior to the issue date. In that event, application monies will be refunded in full without interest.

Dealing with Entitlements

Eligible Shareholders have the following alternatives available in relation to the Entitlement Offer:

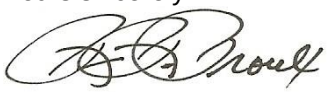
1. accept their Entitlement in full;
2. accept their Entitlement in full and apply for additional New Shares over and above their Entitlement under the shortfall facility;
3. partially accept their Entitlement and allow the balance to lapse; or
4. allow the whole of their Entitlement to lapse.

To the extent that Shareholders do not take up their Entitlement, their interest in the Company will be diluted.

Contact details

If you have any questions about the Entitlement Offer, please contact the Company Secretary at corpsecretary@imagionbio.com or the Company's share registry Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Yours sincerely



Robert Proulx
Chairman