



24 September 2018

Dear Optionholder

Notice to Optionholders – Pro-Rata Non-Renounceable Rights Issue

I am writing to you as a holder of options over ordinary shares in Imagion Biosystems Limited (the **Company**) as at today's date.

Overview of Offer

As announced on 20 September 2018, the Company is undertaking 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**).

Pursuant to the 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 Offer will be non-renounceable.

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**).

New Shares issued will rank equally with the Company's existing shares.

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.

Purpose of offer and use of funds

The purpose of the offer is to raise funds. Following from the Company's recent announcement regarding successful optimization 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 Center in early 2019 after small scale production transfer and safety testing.

The funds raised will be applied towards the costs of the 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.

Imagion Biosystems Limited

ACN 616 305 027

Level 8, 555 Bourke Street, Melbourne VIC 3000

www.imagionbiosystem.com

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Dispersion strategies

The Entitlement Offer is not underwritten. There will be a shortfall facility under the Entitlement Offer, which will enable Eligible Shareholders to subscribe for shares in addition to their entitlement.

In the event that following the close of the Entitlement Offer a shortfall remains, 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 to the Entitlement Offer, Pamplona Corporate Pty Ltd.

Option holders

The purpose of this letter is to give you notice, as an optionholder of the Company, that if you wish to participate in the Entitlement Offer in relation to the shares underlying your options, you must exercise your options before the Record Date.

Notice of exercise of your options and payment of the exercise price of the options must be received by the Company's share registry, Boardroom Pty Limited, on or before 7.00pm (Melbourne time) Friday 28 September 2018. Any notice of exercise of options received after this date cannot be assured of the allotment of shares by the Record Date.

There is no obligation for you to exercise your options. This letter is intended to inform you of your rights in relation to your options and the Entitlement Offer. If you do not wish to participate in the Entitlement Offer, you do not need to take any action.

Offer timetable

EVENT	DATE (2018)
Announcement of the Offer	Thursday 20 September
Lodgement of the following documents with ASX: <ul style="list-style-type: none"> ▪ 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 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 Offer	Thursday 27 September
Record date to determine Entitlements under the Offer	7.00pm (Melbourne time) Friday 28 September
Opening Date for the Offer	Wednesday 3 October

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Mailing of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	Wednesday 3 October
Last day to extend Offer Closing Date	Friday 12 October
Closing Date for the 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 Offer, without prior notice.

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

Offer Document

The Company lodged the Offer Document with ASX on 24 September 2018, and it is available on the ASX website at www.asx.com.au and also on the Company's website at www.imagionbiosystems.com. The Company expects to dispatch the Offer Document to shareholders of the Company on or about 3 October 2018. The Offer Document will provide further details of the Entitlement Offer.

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

Yours sincerely

Robert Proulx
Chairman

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