



Tuesday, 29 October 2019

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

On 28 October 2019, Imagion Biosystems Limited (the **Company**) announced a renounceable pro rata offer of approximately 327,369,384 fully paid ordinary shares (**New Shares**) at an issue price of \$0.02 per New Share, with 1 attaching option (exercise price \$0.05 expiring 2 years from the date of issue) for every 2 New Shares issued (the **Offer**).

The **Offer** is on the basis of 1 New Share for every 1 Shares held as at 7:00pm (AEDT) on 1 November 2019 (**Record Date**) by Shareholders with a registered address in Australia, New Zealand or the United States of America. The Offer is to raise a minimum subscription amount of \$2 million (**Minimum Amount**) and a maximum subscription amount of \$6.5 million (**Maximum Amount**) (before payment of Offer costs).

The Use of Funds Raised

Completion of the issue of Shares offered by this Prospectus will result in an increase in the cash on hand of up to between \$2.0 million and \$6.5 million (before payment of Offer costs). At the date of the offer the Company has approximately \$1 million in cash. In addition to the funds raised in the Offer the company will file for its 2019 R&D tax credit in the first calendar quarter of 2020 and anticipates receiving approximately \$1 million in the tax incentive refund.

The funds raised under the Offer are proposed to primarily be expended to manufacture product to be used the Company's first human clinical study, pay for the costs of the study, and otherwise for general working capital purposes.

A breakdown of the sources and uses of funds is as follows:

Description	A\$
GMP Manufacture of MagSense HER2 Test nanoparticle material	\$1,629,000.00
R&D Support, Regulatory and Clinical costs to undertake a first-in-human study	\$3,449,000.00
General Business Operations	\$968,243.68
Costs of Offer	\$501,144
Total use of funds	\$6,547,387.68

If only the minimum amount of funding is raised in this Offer, funds will be used to partially complete the GMP production of the formulated nanoparticles. GMP manufacturing of a bulk intermediate will be made which can be stably stored pending final product formulation when more funds are available. Additionally, the Company will continue dialog with regulatory agencies in preparation for proceeding with a first-in-human study when sufficient funding is available.

A breakdown of uses of funds is as follows:

Description	A\$
GMP Manufacture of Bulk Intermediate MagSense HER2 Test nanoparticle material	\$1,085,000
R&D Support, Regulatory documentation and submission fees	\$391,000
General business operations	\$303,942
Costs of Offer	\$220,058
Total uses of funds	\$2,000,000

Actual expenditure may differ significantly from the above estimates due to a number of factors including the outcome of operational and commercialisation activities, regulatory development, market and general economic conditions and other factors.

Unallocated working capital may be utilised by the Company to pay for cost overruns in budgeted expenditures (if any), and in the administration of the Company.

The Proposed Offer Timetable

The offer timetable as amended and announced to the ASX on Tuesday, 29th October 2019.

Particulars ¹	Date (2019)
Lodgement of Prospectus with ASIC and provision of copies to ASX	Monday, 28 October
Appendix 3B given to ASX	Monday, 28 October
Notice sent to security holders containing information required by Appendix 3B	Tuesday, 29 October
“Ex” date – existing shares are quoted on an ex basis and rights trading starts on a deferred settlement basis	Thursday, 31 October
Record Date	Friday, 1 November
Prospectus and Entitlement and Acceptance Form sent to Eligible Shareholders	Wednesday, 6 November

Rights trading ends	Friday, 8 November
Last Day to extend offer closing date	Tuesday, 12 November
Closing Date ²	Friday, 15 November
ASX notified of under subscriptions	Tuesday, 19 November
Anticipated date for the issue of the Shares	Thursday, 21 November
Normal trading of shares commences	Friday, 22 November

Notes:¹ Indicative dates only.² Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 2 months after the date the Offer is announced. As such the date the New Shares are expected to commence trading on ASX may vary.

The New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the New Shares and new options.

The Offer will be offered under a prospectus which was lodged with ASIC on 28 October 2019 (**Prospectus**). The Prospectus will be sent to Eligible Shareholders shortly after the Record Date. Shareholders should consider the Prospectus carefully in deciding whether to acquire securities offered under the Offer

Effect of the Offer

The capital structure of the Company before and after completion of the Offer is set out below:

Particulars	Shares (Min)	Shares (Max)	Options (Min)	Options (Max)	Perf. Rights
Balance at the date of this Prospectus	327,369,384	327,369,384	45,430,053 ¹	45,430,053 ¹	10,750,000 ²
To be issued under the Offer	100,000,000	327,369,384	50,000,000	163,684,692	-
Lead Manager Options			6,000,000	6,000,000	
Balance after the Offer	427,369,384	654,738,768	101,430,053	215,114,745	10,750,000

Notes:¹ Employee Options are subject to various vesting conditions in respect to continuous employment with the Company.² Performance Right entitles the holder to be issued one Share upon satisfaction of certain milestones



Should you have any questions regarding the Rights Issue you may contact the Company by contacting the Company Secretary, Jovanka Naumoska at corpsecretary@imaginationbio.com or +1 619 693 4432; or consult your stockbroker or professional adviser.

We look forward to your participation in the Offer.

Yours faithfully

A handwritten signature in black ink, appearing to read "J Naumoska", written in a cursive style.

Jovanka Naumoska
Company Secretary, Imagination Biosystems Limited

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About Imagination Biosystems

Imagination Biosystems is developing a new non-radioactive and safe diagnostic imaging technology. Combining biotechnology and nanotechnology the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagination Biosystems listed on the Australian Securities Exchange (**ASX**) in June 2017.

For further information please visit www.imaginationbiosystems.com

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