IMAGION BIOSYSTEMS

Imagion Biosystems Limited

ACN 616 305 027

Replacement Prospectus

IMPORTANT NOTICE

Offer

The Offer contained in this replacement prospectus (**Prospectus**) is an invitation to acquire fully paid ordinary shares in Imagion Biosystems Limited (ACN 616 305 027) (**Imagion Biosystems** or **Company**) (**Shares**). This Prospectus is issued by the Company.

Lodgement and listing

This Prospectus is dated Tuesday 30 May 2017 and it replaces the Original Prospectus dated 3 May 2017 relating to the Shares of the Company. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on Tuesday 30 May 2017. None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company has applied to ASX for listing and quotation of the Shares on ASX.

This Prospectus expires on the date which is 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Overview of the Material Changes from the Original Prospectus

This Prospectus has been issued to provide disclosure in relation to the following matters, which are the material changes from the Original Prospectus:

- further disclosure about what type of escrow is applicable, and the percentage of Shares which will be escrowed following Completion of the Offer;
- further disclosure about the Mason Notes, Manhattan Scientific Notes and Interim Notes, including that the remaining principal and interest under the Manhattan Scientifics Note will be extinguished upon Completion of the Offer, with one Share being issued to Manhattan Scientifics as consideration for the extinguishment;
- further information about the current development stage of the MagSense™ technology and how the MagSense™ technology works;
- further information about human testing of the MagSense™ technology, including the costs and regulatory processes involved in human testing;
- clarification that the Company does not expect to generate revenues until one or more of the tests comprising the MagSense™ technology is cleared for commercial use, and
- further disclosure about the potential impact of US anti-inversion tax rules on the Company.

At 31 December 2016, amounts due from Imagion US to the University of Texas MD Anderson Cancer Centre totaled $498,267. The MD Anderson liability was identified and included in the financial statements after the audit had taken place, and was not included in the Original Prospectus. Despite the late discovery of the MD Anderson amount, RSM Australia Pty Ltd, being the auditors of the Company, are still of the opinion that the accounts represent a true and fair view of the financial position of the Company.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in Imagion Biosystems. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

Some of the risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of Imagion Biosystems, the repayment of capital by Imagion Biosystems or the payment of a return on the Shares.

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

No Cooling-Off Rights

Cooling-off rights do not apply to an investment in Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

Exposure period

In accordance with Chapter 6D of the Corporations Act, the Original Prospectus was subject to an exposure period of seven (7) days from the date of lodgement of the Original Prospectus with ASIC. The exposure period was extended by ASIC for a further period of seven (7) days, being to 17 May 2017. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporation Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and receive no preference.

Obtaining a copy of this Prospectus

The Offer constituted by this Prospectus in electronic form at www.imagionbiosystems.com.au is available only to persons within Australia or certain persons in jurisdictions authorised by Imagion Biosystems.

Subject to the foregoing, it is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Offer closes, obtain a paper copy of this Prospectus (free of charge) by telephoning the Share Registry on 1300 737 760 within Australia. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 9290 9600

Applications for Shares may only be made on an application form attached to or accompanying this Prospectus, or via the relevant electronic application form attached to the electronic version of this Prospectus (**Application Form**) available at www.imagionbiosystems.com.au. The Corporations Act prohibits any person from passing the Application Form onto another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. Refer to Section 7 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of Imagion Biosystems. Investors should be aware that past performance is not indicative of future performance.

Financial performance

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4. All references to FY14, FY15, FY16 and FY17 appearing in this Prospectus are to the financial years ended or ending 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 respectively, unless otherwise indicated.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Conditional Offer

The Offer is conditional on:

a) ASX conditional approval to admit the Shares to Official Quotation; and

b) the Company receiving valid applications for at least $12,000,000 worth of Shares under the Offer, (together, the **Conditions**).

Forward looking statements and marketing and industry data

This Prospectus contains forward looking statements which are identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Imagion Biosystems.

Any forward looking statements are subject to various risk factors that could cause Imagion Biosystems' actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5.

Imagion Biosystems cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. Imagion Biosystems has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the overview of the industry in which Imagion Biosystems operates in Section 2 and the overview of the business of Imagion Biosystems in Section 3, uses market data, industry estimates and projections. Imagion Biosystems has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that Imagion Biosystems believes to be reliable, but Imagion Biosystems cannot guarantee the completeness of such information.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Imagion Biosystems. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company website

Any references to documents included on Imagion Biosystems' website at www.imagionbiosystems.com.au are for convenience only, and none of the documents or other information available on Imagion Biosystems' website is incorporated herein by reference.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Section 11.

Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time.

Disclaimer

Except as required by law, and only to the extent so required, neither Imagion Biosystems nor any other person warrants or guarantees the future performance of Imagion Biosystems, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.2, it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis. Imagion Biosystems, Imagion Biosystems' service provider Boardroom Pty Limited (**Share Registry**) and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied on by, any person in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, (**US Securities Act**) or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable US state securities laws is available.

Privacy

By filling out the Application Form to apply for Shares, you are providing personal information to Imagion Biosystems through the Share Registry, which is contracted by Imagion Biosystems to manage applications. Imagion Biosystems and the Share Registry on their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration. If you do not provide the information requested in the Application Form, Imagion Biosystems and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by Imagion Biosystems, which it considers may be of interest to you.

Your personal information may also be provided to Imagion Biosystems' agents and service providers on the basis that they deal with such information in accordance with Imagion Biosystems' privacy policy.

The agents and service providers of Imagion Biosystems may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires Imagion Biosystems to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in Imagion Biosystems' register of members must remain there even if that person ceases to be a Shareholder. Information contained in Imagion Biosystems' register of members is also used to facilitate dividend payments, corporate communications (including Imagion Biosystems' financial results, annual reports and other information that Imagion Biosystems may wish to communicate to its Shareholders) and compliance by Imagion Biosystems with legal and regulatory requirements. An Applicant has a right to gain access to their personal information that Imagion Biosystems and the Share Registry hold about that person, subject to certain exemptions under law.

A fee may be charged for access. Access requests must be made in writing or by a telephone call to Imagion Biosystems' registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. Applicants can obtain a copy of Imagion Biosystems' privacy policy by visiting the Imagion Biosystems website (www.imagionbiosystems.com.au).

By submitting an Application, you agree that Imagion Biosystems and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Use of trademarks

This Prospectus includes Imagion Biosystems' registered and unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

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KEY OFFER DETAILS

THE OFFER

Offer price per Share	$0.20
Shares on issue as at the date of this Prospectus	124,616,385
Shares to be issued to Lead Manager	14,000,000
Shares to be issued on conversion of Manhattan Scientifics Note	1,666,667
Shares to be issued on conversion of Mason Notes	3,333,333
Shares available under the Offer	60,000,000
Shares to be issued to Consultants	450,000
Gross proceeds from the Offer	$12,000,000
Total number of Shares on issue at completion of the Offer	204,066,385 [1]
Indicative market capitalization of the Company at the Offer price	$40,813,277

1) An additional 15,550,000 rights over Shares may be issued under the company's Long Term Incentive Plan. Please refer to section 7.1.6 for a summary of the Company's Capital Structure following the issue of these rights over Shares.

IMPORTANT DATES

Original Prospectus lodged with ASIC	Wednesday 3 May 2017
Lodgement of Prospectus	Tuesday 30 May 2017
Offer Opening Date	Tuesday 30 May 2017
Offer Closes	Friday 9 June 2017
Issue of Shares	Wednesday 14 June 2017
Expected ASX Listing Date	Tuesday 20 June 2017

Notes: This timetable is indicative only. Unless otherwise indicated, all times given are AEST. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Completion of the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If an Offer is cancelled or withdrawn before Completion of the Offer, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after an Offer opens.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Imagion Biosystems Limited, it is my pleasure to present this Prospectus for our initial public offer.

Imagion Biosystems Limited will raise $12 million under the Offer. Through Imagion Biosystems, Inc., a wholly owned subsidiary of the Company incorporated and operating in the United States, the Company has developed the MagSense™ medical device technology and associated cancer diagnostic tests.

The proceeds of the Offer will be used to develop the MagSense™ instrument and cancer diagnostic tests for clinical use and commence the Company's commercialisation strategy.

There has long been an unmet medical need for a non-invasive means to detect specific cancerous tumors. The MagSense™ superparamagnetic relaxometry technology has broad applicability in the diagnosis and staging of cancers and other diseases and provides a platform to commercialize a wide range of products and applications.

Imagion Biosystems, Inc. has directly and through funding grants, invested approximately $US18 million to-date in developing the MagSense™ technology and initial end use applications.

As a result of the progress to-date, the Company believes it is now appropriate to invest in developing the MagSense™ technology towards meeting regulatory requirements for use in humans and the initial commercial uses identified in this Prospectus.

The Offer is subject to risks, and there can be no assurance that the MagSense™ technology will meet all regulatory requirements and be successfully commercialised. Please refer to Section 5.0 (Risk Factors) for more information about the risks of the Offer.

On behalf of the board of Directors, I present the Offer to you and recommend that you read this Prospectus in full. I look forward to welcoming you as a supportive shareholder of the Company.

Yours sincerely,

Robert Proulx
Executive Chairman

1.0 INVESTMENT OVERVIEW

1.0 INVESTMENT OVERVIEW

Topic	Summary	Further information
1.1 OVERVIEW OF IMAGION BIOSYSTEMS AND KEY FEATURES OF ITS BUSINESS MODEL		
Who is Imagion Biosystems?	Imagion Biosystems Limited (ACN 616 305 027) is an Australian company which was incorporated in December 2016. Through its wholly owned subsidiary, Imagion Biosystems Inc (**Imagion US**), the Company carries on a business of research and development of medical imaging technology, which is known as the MagSense™ technology.	Section 3
What is Imagion Biosystems' history?	The MagSense™ technology now controlled by Imagion Biosystems Inc was initially developed by Senior Scientific, LLC, a company incorporated in the United States (**Senior Scientific**). Senior Scientific was acquired in June 2011 by Manhattan Scientifics Inc (**Manhattan Scientifics**). In November 2016, Senior Scientific was spun out from Manhattan Scientifics, and merged into a new U.S. entity, Imagion Biosystems, Inc (**Imagion US**), a company wholly owned by Manhattan Scientifics. By a merger of Senior Scientific into Imagion US, the intellectual property and know-how associated with the MagSense™ technology became assets of Imagion US. Shortly after its incorporation in December 2016, Imagion Biosystems Limited purchased all of the issued share capital in Imagion US from Manhattan Scientifics. In consideration for the purchase, Manhattan Scientifics has been issued 62,432,789 Shares, in addition to the 20 Shares issued to Manhattan Scientifics on incorporation of the Company.	Section 3.1.2
What is the MagSense™ technology?	Through Imagion US, the Company has developed a technology which can detect specific types of diseased cells non-invasively. The technology uses nanoparticles labelled with cell specific targeting antibodies which can be injected intravenously or by other routes of administration. The nanoparticles subsequently can be magnetised by a low-field magnetic pulse, and their location detected by ultra-sensitive superconducting quantum interference device (**SQUID**) detectors in the Company's proprietary MagSense™ instrument. A MagSense™ nanoparticle attached to bio-marked cancer cells lose their induced magnetisation more slowly than an unattached particle. Therefore, only those particles which are attached to their target site (i.e. the tumour) are measured by the MagSense™ sensors, while unattached nanoparticles are not detected. Unlike positron emission tomography (**PET**) scans or X-rays the MagSense™ medical imaging/detection technology does not expose the patient to ionizing radiation or radioactive tracers, and uses magnetic fields orders of magnitude less than that used in MRI. The technology has not yet been tested in humans.	Section 3.2
In what market does Imagion Biosystems operate?	The majority of the Imagion Group's business operations are currently in the United States. The markets for the MagSense™ technology are global and the Company intends to commercialize the technology for global markets.	Section 3.2
How does Imagion Biosystems generate its income?	The Company does not expect to generate revenue in the near term as its focus will be primarily on further developing the MagSense™ instrument and associated cancer diagnostic tests through Imagion US. Further details about the Company's audited historical profit and loss and cash flow statements and pro-forma balance sheet are set out in the Financial Information Section of this Prospectus.	Section 4

1.0 INVESTMENT OVERVIEW

Topic	Summary	Further information
What is Imagion Biosystems' business model?	Imagion Biosystems operates within the medical device and imaging sector and is focused on developing the MagSense™ product and partnering with leading industry players to commercialise the MagSense™ instrument and associated diagnostic tests. Following Completion of the Offer, the Company intends to focus development efforts on: • identifying qualified third party manufacturers for the nanoparticles that can meet the supply needs for clinical grade diagnostic testing; • finalising instrument specification and identifying qualified third party medical device manufacturers for the MagSense™ instrument; • undertaking pre-clinical safety and toxicology studies for the lead nanoparticle formulation; • identifying licensees or strategic commercial partners to bring the MagSense™ technology to the market after first-in-human testing; and • commercialising Imagion US' existing PrecisionMRX® brand of nanoparticles (for research use only). To-date Imagion US has undertaken limited commercial efforts to market the core iron oxide nanoparticle used in the MagSense™ technology. However, there are many uses for iron oxide nanoparticles outside of the MagSense™ technology that may provide revenue to the Company.	Section 3.2.
Why is the Offer being conducted?	The purpose of the Offer is to: • facilitate the Company's application for admission to the Official List of the ASX; • to pay down the balance in arrears under the MD Anderson Research Collaboration and Equipment Loan Agreement; • to raise funds to advance product development to first-in-human testing by undertaking nanoparticle safety and toxicology studies, clinical instrument design and outsourcing manufacturing of nanoparticles and instruments; and • to meet the ongoing administrative costs of the Company and provide working capital.	Section 7.1.2
1.2 KEY STRENGTHS		
Unmet Medical Need	Many of today's medical imaging methods are not sensitive enough to detect cancer at the early stages, where it would be best treated and patient survival would be improved. Additionally, they most often do not specifically differentiate malignant from benign tumours. The Imagion Group's MagSense™ technology is expected to be both more sensitive than many current imaging technologies and better able to identify specific types of tumours.	Sections 2 and 3
Large Addressable Markets within Cancer Diagnostics	Cancer diagnostics, globally, is a $US100 billion market, and growing, being driven by: • The rising incidence of cancer amongst an aging global population; and • Increased spending on healthcare in both diagnostics and therapeutics that will result in increased need for medical imaging. The Imagion Group is not limited to the diagnosis of one type of cancer but can be applied to many types of solid tumours. Today the Company has three programs in its research and development pipeline: • For the staging of Her2+ breast cancer as an alternative to Sentinel Lymph Node Biopsy; • For the primary diagnosis of Prostate adenocarcinoma as an alternative to a prostate biopsy; and • For the detection of an epithelial ovarian carcinoma in women with an elevated CA125 blood test as an alternative to trans-vaginal ultrasound. MagSense™ technology can be expanded to include multiple uses with each use generating revenue as a new form of test: • As a cancer screening tool; • For primary diagnosis of a specific type of cancer; and • As an aid in the monitoring of therapy or recurrence.	Sections 2 and 3

Topic	Summary	Further information
Competitive Advantage	The Company's MagSense™ technology has certain performance and cost advantages over current medical imaging technologies that should make it competitive and facilitate commercial adoption. These include: • The use of antibody-targeted nanoparticles, which ensures specificity of detection and minimizes risk of false positive results. • The surrounding tissue or bone does not interfere with the measurement. • Ultra-sensitive SQUID detectors should be (once commercialised) orders of magnitude more sensitive than most current imaging methods which should allow the detection of smaller tumours. • The technology generates a very brief low magnetic pulse making it safer for the patient and less expensive to make. • It does not require radiation or electro-magnetic shielding making it less expensive to install. • One instrument can be used for all of the different specific cancer tests that may be developed, improving the return on investment of the initial capital expense for the hospital.	Section 2
Collaborative Relationships with Leading Cancer Institutions	The Company has research and development collaborations with preeminent cancer centers, such as the MD Anderson Cancer Center and Weill Cornell Medical, to help develop and validate the technology.	Sections 3, 10.3
Business Model	The Company's technology includes both a measuring technology and diagnostic test to be administered to each patient, resulting in the opportunity for the Company to monetize a "printer and ink" business model in a variety of ways through licensing and/or partnerships.	Section 3
Intellectual Property	Patents have been issued in what the Company believes are key markets, affording certain competitive protection.	Sections 3, 9
Strong Board & Management	The Company has a strong board of non-executive and independent directors and management team experienced in the development and commercialization of medical devices.	Section 6
Opportunities Beyond Cancer	The technology is not limited to the detection of cancer and should be applicable to other large markets where known specific diseased cell types can be identified, such as: • Neurodegenerative disorders such as Parkinson's or Alzheimer's disease; and • Cardiovascular diseases.	Sections 3, 9
1.3 KEY RISKS		
Reliance on key personnel	The Company's operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel by Imagion US. The loss of key personnel may have an adverse effect on Imagion US' ability to conduct research and development, which may affect the Company's operations and financial performance.	Section 5
Regulated Industry	The medical device industry is highly regulated in Australia, the United States and other countries in which the Company may conduct business operations. Stringent regulations govern the Company's proposed operations, and the capabilities, testing, maintenance and stability of Imagion US' technology is subject to regulatory and legal requirements. Following commercialisation of Imagion US' MagSense™ technology, Imagion US will be subject to United States and Australian laws and regulations concerning the post market surveillance of medical device products. Any actual or alleged breach of such legislation or regulations could result in Imagion US being subject to remedial actions, such as product recalls, or penalties, or litigation, and the Company's financial performance and profitability being adversely affected.	Section 5
Product Risk	The MagSense™ technology and associated cancer tests are still at the pre-clinical development stage and safety and toxicology studies and clinical studies in humans have not yet been conducted. The application of this technology incorporates innovative applications which have not been fully proven, and there is an inherent risk that development will not progress as planned and may encounter delays.	Section 5

Topic	Summary	Further information
Commercialisation Risk	To the extent that the MagSense™ technology is relatively untested, there is no certainty that the technology will be commercially viable, and the profitability and sustainability of the Company's business model is uncertain. There can be no assurance that the Company will successfully license to, or partner with, third parties to commercialise the proposed business model for the MagSense™ instrument and associated diagnostic tests, and there can be no assurance that existing markets for the technology will continue to grow or that new markets will develop. There is no guarantee that any of the Company or Imagion US' research, development or commercialisation plans and activities in relation to the MagSense™ technology will be successful, that the Company will reach its development milestones or that the MagSense™ technology and related diagnostic tests will be commercially exploitable. The Company may fail to have the nanoparticle formulation(s) or MagSense™ instrument manufactured at the scale or cost necessary to support the Company's proposed business model. Even if the MagSense™ technology is successfully commercialised, there is no guarantee that medical professionals or other potential consumers will take up the Imagion Group's products. The diagnostic products retailed by Imagion US, its licensees, or partners, may be unable to compete with established medical diagnostic technologies on price or accuracy or may be unsuited to the established preferences or methods of medical professionals or other potential consumers.	Section 5
Product Liability	Developing and commercialising a medical diagnostic technology carries an inherent risk of product liability. The Company or Imagion US may be unable to secure or renew adequate product liability insurance, or defend itself against liability claims. Any product liability claims are likely to disrupt Imagion US' and 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 financial performance.	Section 5
Competition	There are many competitors that operate in the medical diagnostic technology industry, and competitors may be working on developing new technologies that are superior to the Imagion Group's technology. The development of a new and superior diagnostic test in a field where the Company is planning to operate (such as prostate cancer, Her2+ breast cancer or ovarian cancer) by a competitor could affect the Company's ability to commercialise the MagSense™ technology. There is a risk that existing competitors or new entrants to the market may develop more cost effective technologies, which could have an adverse effect on the Company's business and financial position. The Company and Imagion US may be unable to develop further products or keep pace with rapid technological developments in its market space, and may lose market share to competitors.	Section 5
Intellectual Property Rights	Imagion US holds the patents described in Section 9 (**Patents**), which constitute a primary asset of the Company. The ability of the Imagion Group to license the technology or attract commercial partners successfully is largely dependent on Imagion US protecting the monopoly rights to exploit the inventions and methods described in the Patents. While the Company is not aware of the MagSense™ technology infringing any third party's patent, it has not undertaken an exhaustive assessment of existing patents to determine any overlapping technology or potential infringement, as the costs of such would be prohibitive. Accordingly, there is a risk that a third party may claim that the MagSense™ technology (including as set out in the Patents) infringes that third party's patent. Any event that would jeopardise Imagion US' proprietary rights or any claims of infringement by third parties could have an adverse effect on the Company's ability to market or exploit the MagSense™ technology. There is no guarantee that the Patents will provide adequate protection for Imagion US' intellectual property, or that third parties will not infringe or misappropriate its Patents or similar proprietary rights. In addition, there can be no assurance that the Company will not have to pursue litigation against other parties to assert its or Imagion US' rights.	Section 5

Topic	Summary	Further information
Inversion	US anti-inversion tax rules are intended to dissuade US corporations from "inverting" offshore. An "inversion" occurs when: • a foreign corporation acquires, directly or indirectly, substantially all the assets of a US corporation (an indirect acquisition includes the acquisition of stock of the US corporation); • the foreign acquiring corporation does not have substantial business activities in its country of organization; and • immediately after the acquisition, the former shareholders of the US corporation own at least 60% of the vote or value of the foreign corporation. In the event of an inversion, either: • the foreign acquiring corporation is taxable as a US domestic corporation, which includes US taxation (withholding) of dividends, or • the US corporation is subject to tax on certain transactions without the benefit of US tax attributes, such as net operating loss carry-overs. The impact of US anti-inversion legislation on the Company has not yet been determined. It is possible that the acquisition of Imagion US by the Company may be deemed an inversion by US regulatory authorities, and a special tax regime may be applied. The Company has been advised that steps can be taken to mitigate or eliminate the consequences of an inversion, and management and the Company's tax advisors will further analyse the legislation and take appropriate steps as deemed necessary.	Section 5.2.9
1.4 FINANCIALS AND DIVIDEND POLICY		
Dividend Policy	The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the Company's operations and activities, rather than distributing these funds as dividends. This policy will be reviewed when the Company starts generating cash but there is no present intention to implement a dividend policy at any time in the foreseeable future.	Section 7.12.4
1.5 DIRECTORS AND KEY MANAGEMENT		
Who are the Directors of the Company?	The following individuals will form the Board of the Company: **Robert Proulx, Executive Chairman** Robert Proulx has over 25 years' experience bringing life science and medical device products through development and commercialisation and joined the predecessor company, Senior Scientific as President and Chief Operating Officer. Previous employment experience includes President and General Manager for Silicon Biosystems developing an imaged-based "liquid biopsy" diagnostic platform for circulating tumor cells. His career in marketing and sales management spans the computer, life science and medical diagnostics industries. Robert holds a Master of Arts and Bachelor of Arts from The State University of New York at Albany and an Executive Master of Business Administration from the Penn State Smeal College of Business. Robert is also a director of Imagion US. **Mark Van Asten, Non-Executive Director** As the Managing Director and founder of Diagnostic Technology Pty Ltd, Mark has been responsible for the development, introduction, and mainstream healthcare adoption of technologies throughout Australia and Asia, such as HPV DNA testing for cervical cancer screening and molecular monitoring for both viral infections and cancer treatments. Concurrent with his founding and leadership of Diagnostic Technology Pty Ltd, Mark has held several director-level business development positions with US and Australian diagnostics corporations. Mark holds a Bachelor of Science Degree from the University of New South Wales.	

Topic	Summary	Further information
Who are the Directors of the Company? ***continued***	**David Ludvigson, Non-Executive Director** David is currently President and CEO of Nanomix, Inc, a mobile diagnostics company. Previously, David held executive leadership positions with Nanogen, Matrix Pharmaceutical, IDEC Pharmaceuticals, MIPS Computer Systems, and other biotechnology and technology companies. He began his career at Price Waterhouse. David holds a Bachelor of Science in Accountancy degree, and a Masters in Accounting Science degree, both from the University of Illinois. **Dr John Hazle, Ph.D., Non-Executive Director**[1] John is Professor and Chair of the Department of Imaging Physics at the University of Texas MD Anderson Cancer Centre, one of the world's largest cancer research and treatment centres. John is a medical physicist with over 25 years of experience. His research interests include image-guided therapy, pre-clinical imaging, and novel early detection technologies. John serves on multiple institutional committees, engages as a medical imaging expert with industry partners, and is a reviewer for six peer-reviewed scientific journals. John holds the Barnard W. Biedenharn Chair in Cancer Research. Following Bachelor's and Master's degree studies at the University of Kentucky, John earned his Ph.D. degree in Biophysics from the University of Texas Graduate School of Biomedical Sciences at Houston. 1) See section 6.1 **Michael (Mike) Harsh, Non-Executive Director** As the Global Technology Leader of Imaging Technologies at GE Global Research, Mike has directed research in X-ray, CT, MRI, ultrasound, nuclear medicine, PET, and optical imaging, as well as research associated with computer visualization, image analysis and superconducting systems. Mike now serves as a board-level advisor to technology companies and is Chief Product Officer and a co-founder of Terapede Systems, a California start-up which focuses on low-dose, high-resolution X-ray imaging. In 2008, Mike was elected to the America Institute for Medical and Biological Engineering College of Fellows for his contributions to medical and biological engineering. Mike earned his Bachelor's Degree in Electrical Engineering from Marquette University. **Peter DiChiara, Non-Executive Director** Peter is the founding partner of Carmel, Milazzo & DiChiara, LLP, a boutique law firm specializing in corporate and securities law. With over 30 years of experience, his practice is concentrated on advising public companies, private companies, and investors on securities issuance, complex business transactions, regulatory compliance, and corporate governance. Prior to founding Carmel, Milazzo & DiChiara, Peter served at several professional firms including Willkie Farr & Gallagher, Cadwalader Wickerham & Taft, and Ernst & Young. Peter is licensed both as an attorney and as a certified public accountant in the State of New York. He holds a Bachelor of Business Administration degree from the University of Notre Dame and a Juris Doctor degree from Pace University School of Law. **Jovanka Naumoska, Non-Executive Director and Company Secretary** Jovanka is a corporate lawyer with board-level experience in legal issues pertaining to medical imaging technology. Jovanka has served as Senior Corporate Lawyer and Policy Advisor for the Australian Nuclear Science and Technology Organization (**ANSTO**), and currently holds the position of Manager, Business Excellence at ANSTO. Jovanka also serves on the Board of Directors for PETNET Australia Pty Ltd, a state-of-the-art PET (Positive Emission Tomography) radiopharmaceutical production facility. Jovanka holds Bachelor of Science and Bachelor of Law degrees and a Graduate Diploma of Legal Practice from the University of Wollongong. Jovanka also holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.	Section 6.1

Topic	Summary	Further information
Who are the key members of Imagion Biosystems' executive management?	**Robert Proulx, Executive Chairman** See Section 1.5 **Brian Conn, Chief Financial Officer** Brian has a strong background in early and growth stage biotechnology companies both within and outside the life science industry. Brian has 25 years' experience in raising both private and public capital and mergers and acquisitions. From 2011 to 2016, Brian served as Chief Financial Officer for Verdezyne Inc, raising $US170 million in equity, debt, project finance and government incentives. Prior to Verdezyne, Brian held executive positions, including Chief Financial Officer with Chemicon International, Serologicals Corporation, Millipore Corporation and MicroIslet Inc. He has extensive experience with capital transactions, mergers and acquisitions, commercial operations and startups. Brian holds a Bachelor of Science degree in Finance from Arizona State University. Brian is also a director of Imagion US. **Giulio Paciotti, Ph.D., Vice President Research & Development** Dr. Paciotti is an accomplished scientist in tumor biology and the development of nanotechnologies for the early diagnosis and treatment of cancer. Prior to joining Imagion Biosystems, Dr. Paciotti was Chief Scientific Officer at CytImmune Sciences developing a gold nanoparticle-based therapeutic. His scientific credentials include a 15-year record of developing complex nanoparticle-based medicines and biologics to meet medical regulatory demands including good manufacturing practices (**GMP**) manufacturing and analytical program development, toxicology and Investigational New Drug Investigational Device Exemption submission. Dr. Paciotti has authored multiple patents in nanotechnology for use in oncology, drug delivery, cancer detection, human monoclonal antibody generation, infectious disease and biodefense. Dr. Paciotti received his Ph.D. from the University of Maryland at College Park.	Section 6.2
1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND STAKEHOLDERS		
Who are the Existing Shareholders and what will be their interest in the Company at Completion of the Offer?	As at the date of this Prospectus, the Company has 124,616,384 Shares on issue: • Manhattan Scientifics currently holds 62,432,809 Shares, of which 62,432,789 have been issued by the Company as consideration for the purchase of the share capital of Imagion US from Manhattan Scientifics and 20 have been issued by the Company upon incorporation. Imagion US owes a debt to Manhattan Scientifics under a convertible note with principal amount $US6,900,000, which was previously convertible into Imagion US shares (**Manhattan Scientifics Note**). The Manhattan Scientifics Notes has been amended and is now convertible into 1,666,667 Shares in the Company in consideration of $250,000 of debt. The remaining principal and interest under the Manhattan Scientifics Notes, being $US6,650,000, will be extinguished on Completion of the Offer, with one Share being issued as consideration for the extinguishment, in addition to the 62,432,808 Shares already issued to Manhattan Scientifics; and • seed shareholders hold 62,183,576 Shares, which will constitute 28.31% of the Company's share capital following completion of the the Offer. After Completion of the Offer, the Existing Shareholders will hold 57.50% of the Company's share capital.	Section 7.1.6

<table>
<tr><th>Topic</th><th>Summary</th><th>Further information</th></tr>
<tr><td>What are the Mason Notes?</td><td>In 2013 and 2014, Manhattan Scientifics issued convertible notes to Raymond A Mason, William B Jones and Ferdinand J Crovato (Mason Group), with a total face value of US$2,500,000 (Mason Notes). Proceeds from the Mason Notes were raised by Imagion US and applied to fund the building of a pre-clinical MagSense™ instrument, establish the collaboration with the University of Texas MD Anderson Centre under the Research Collaboration and Equipment Loan Agreement, and for working capital.

The Mason Notes were amended in January 2017 to enable:
• redemption of Mason Notes by the Company by the payment of $US2,000,000 in cash, the notes having a total face value of $US2,000,000 and accruing 8% interest per annum, which were redeemed in February 2017; and
• conversion of the remaining Mason Notes, having a total face value of $US500,000, a maturity date of 24 months and accruing 8% interest per annum, into a total of 3,333,333 Shares issued in the Company. This conversion will occur on Completion of the Offer.</td><td>Section 10.3.2</td></tr>
<tr><td>What are the Interim Notes?</td><td>Imagion US has issued successive tranches of subordinated non-convertible notes to Robert Proulx, Brian Conn and Robert (“Mike”) Reveley (Interim Investors), with a total value of $US340,000 (Interim Notes), as follows:

<table><tr><th>Investor</th><th>Relationship to Company</th><th>Total face value of Interim Notes held ($US)</th><th>Payout upon IPO ($US)</th></tr><tr><td>Robert Proulx</td><td>Executive Chairman</td><td>$200,000</td><td>$206,597.26</td></tr><tr><td>Brian Conn</td><td>Chief Financial Officer</td><td>$75,000</td><td>$77,263.01</td></tr><tr><td>Robert (‘Mike’) Reveley</td><td>Financial Advisor to Imagion Group and associate of the Lead Manager</td><td>$65,000</td><td>$66,595.62</td></tr></table>
Each Interim Note has a maturity date of 12 months after the date of issue and accrues 8% interest per annum. The Interim Notes are not convertible into equity and are expected to be repaid by Imagion US on Completion of the Offer.</td><td>Section 10.3.3</td></tr>
</table>

Topic	Summary	Further information
What significant benefits and interests are payable to Directors and other stakeholders connected with the Company?	Significant benefits and interests payable to Directors and other stakeholders connected to the Company are as follows:	Section 6.3.1.5

Stakeholder	Relationship to Company	Benefit	Reason for benefit
David Ludvigson	Non-Executive Director	150,000 Shares	Remuneration[1]
Michael Harsh	Non-Executive Director	150,000 Shares	Remuneration[1]
John Hazle	Non-Executive Director	150,000 Shares	Remuneration[1]
Jovanka Naumoska	Non-Executive Director	150,000 Shares	Remuneration[1]
Mark van Asten	Non-Executive Director	150,000 Shares	Remuneration[1]
Peter Di Chiara	Non-Executive Director	150,000 Shares	Remuneration[1]
Robert Proulx	Executive Chairman	8,700,000 Shares[2]	Long Term Incentive Plan Award[2]
Brian Conn	Chief Financial Officer	1,700,000 Shares	Long Term Incentive Plan Award[2]
Giulio Paciotti	Vice President of R&D	1,700,000 Shares	Long Term Incentive Plan Award[2]
Other Employees	Senior and Junior Employees	2,550,000 Shares collectively	Long Term Incentive Plan[2]
David Roth	Consultant	300,000 Shares	In partial consideration for consultancy services provided to Imagion US (product engineering)[3]
Mingxiong Huang	Consultant	150,000 Shares	In partial consideration for consultancy services provided to Imagion US (research and development)[3]
Focus Capital Partners Pty Ltd	Lead manager	14,000,000 Shares	Consideration for Lead Management services provided

1) Upon Completion of the Offer, 900,000 rights to Shares shall be issued to non-executive Directors of the Company under the Long Term Incentive Plan, which will vest at 2 years after Listing. Under the Long Term Incentive Plan, 2,550,000 rights to Shares shall also be issued to employees of the Company, which will vest quarterly over 2 years after Listing. These rights to Shares will not be subject to performance milestones being met.

2) Up to 12,100,000 rights over Shares will be issued to Key Management Personnel as an initial grant under the Long Term Incentive Plan, which will vest over 2 years and be subject to certain performance milestones being met.

3) Upon Completion of the Offer, 450,000 Shares will be issued to the Consultants.

Topic	Summary	Further information
Will any Shares be subject to restrictions on disposals following Completion of the Offer?	Shares issued to Applicants under the Offer will not be subject to escrow. However, part or all of the: a) Shares issued to the Lead Manager; b) rights over Shares issued to the Key Management Group under the Long Term Incentive Plan; c) Shares issued to the Consultants; d) rights over Shares issued to the Non-Executive Directors of the Company; and e) Shares issued to Manhattan Scientifics; may be escrowed for up to 24 months following the admission of the Company to the Official List under the ASX Listing Rules. It is also anticipated that up to 62,183,576 Shares held by seed capitalists (primarily held by unrelated Shareholders) and 3,333,333 Shares issued to the Mason Group upon the conversion of the outstanding Mason Notes will be escrowed for up to 12 months from the date of allotment, which may be reduced by the ASX cash-formula rules. No Shares will be subject to voluntary escrow.	Section 7.6
1.7 OVERVIEW OF THE OFFER		
What is the Offer?	The Company is undertaking an Offer of 60,000,000 Shares at $0.20 per Share to raise $12 million (before costs) (**Offer**).	Section 7.3
Are there any additional Shares that will be issued upon completion of the Offer?	Upon Completion of the Offer. the Company will also issue: a) 14,000,000 Shares to the Lead Manager; b) 2,550,000 rights over Shares to senior and junior employees (excluding the Key Management Group) under the Long Term Incentive Plan; c) 12,100,000 rights over Shares to the Key Management Group under the Long Term Incentive Plan (subject to certain vesting conditions being met d) 450,000 Shares to the Consultants; e) 1,666,667 Shares to Manhattan Scientifics upon conversion of the Manhattan Scientifics Notes; f) 3,333,333 Shares to the Mason Group upon conversion of the Mason Notes; and g) a total of 900,000 rights over Shares to the Non-Executive Directors under the Long Term Incentive Plan.	Section 1.6
Who is the issuer of the Prospectus?	The issuer of the Prospectus is Imagion Biosystems Limited (ACN 616 305 027).	Section 1
What is the purpose of the Offer?	The purpose of the Offer is to: • provide funds for further research and development of the MagSense™ technology and associated cancer tests; • pay down the balance in arrears under the MD Anderson Research Collaboration and Equipment Loan Agreement; • facilitate the Company's application for admission to the Official List of the ASX; • fund the expenses of the Offer and the associated costs of listing the Company on ASX; • meet the ongoing administrative costs of the Company and provide working capital; and • provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company.	Section 7.1.2

1.0 INVESTMENT OVERVIEW

Topic	Summary	Further information
How will the proceeds of the Offer be used?	The proposed use of funds raised from the Offer include: • payment of fees associated with the listing of the Company and listing of the Shares offered under this Prospectus; • payment of the balance in arrears under the MD Anderson Research Collaboration and Equipment Loan Agreement; • payment of expenses associated with the Offer; • repayment of the Interim Notes; and • to meet the ongoing administrative costs of the Company and provide working capital.	Section 7.1.3
How is the Offer structured / who is eligible to participate?	The Offer comprises: • a Broker Firm Offer, being an offer to Australian resident retail clients of Brokers, who have received a firm allocation from their Broker; and • the Institutional Offer, being an invitation to bid for Shares which is made to Institutional Investors in Australian and in certain other eligible jurisdictions.	Section 7,3.
What is the Offer Price?	The Offer Price is $0.20 per Share.	Section 7.3
Is the Offer underwritten?	The Offer is not underwritten.	Section 7.3
Will the Shares be quoted?	The Company will apply for admission to the Official List of the ASX and quotation of Shares on ASX under the code "IBX". Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.	Section 7.3
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Company and Lead Manager, having regard to the allocation policy detailed in section 7.3.	Section 7.3
Will the Company accept over-subscriptions?	The Company will not accept over-subscriptions.	Section 7.3
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	Section 10.5 provides a general summary of the potential Australian tax implications of participating in the Offer. However, the tax consequences of participation will depend on the individual investor's circumstances and, as such, Applicants should obtain their own tax advice before subscribing for Shares pursuant to the Offer.	Section 10.5

1.0 INVESTMENT OVERVIEW

Topic	Summary	Further information
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed by standard post as soon as possible after the close of the Offer on or about Wednesday 14 June 2017.	Key Offer Details, Section 7.2
What is the minimum Application size?	The minimum Application size under the Offer is $2,000, being an Application for 10,000 Shares. There is no maximum Application size, subject to any restrictions pursuant to section 611 of the Corporations Act 2001 (Cth.).	Section 7.2
How can I apply?	Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or via the relevant electronic Application Form attached to the electronic version of this Prospectus, available at www.imagionbiosystems.com.au.	Section 7.3.2
When are the Shares expected to commence trading?	Please refer to the indicative timetable in the Key Offer Details section for the key dates of the Offer. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Share Registry, by a Broker or otherwise.	Key Offer Details
Can the Offer be withdrawn?	The Offer is conditional on: • the Company being granted in principle approval for Admission; and • the Company raising the Minimum Subscription under the Offer. If any of these conditions are not met, the Offer will not proceed and investors' Application monies will be returned. The Company may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application monies without interest at the earliest practicable time.	Section 7.2
Where can I find out more information about this Prospectus or the Offer?	You can obtain further information from: • your accountant, solicitor, stockbroker or other independent professional financial adviser; • from the Company's share registry Boardroom on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia); • from the Company by contacting the Company Secretary, Jovanka Naumoska on +1 505-243-1058; or on corpsecretary@imagionbio.com; or • from the Lead Manager on +61 450 400 153.	N/A

2.0 INDUSTRY OVERVIEW

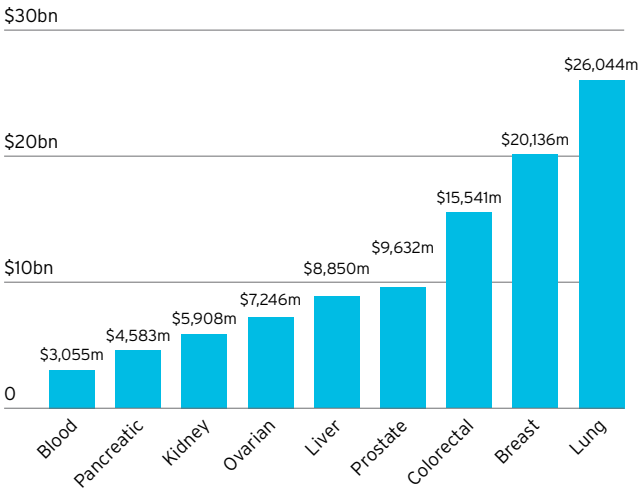
2.0 INDUSTRY OVERVIEW

2.1 Introduction

In 2013 the global cancer diagnostics market was valued at $US100 billion and expected to grow at a compound annual growth rate of 7.6% during the period 2014-2020.[1] Imaging diagnostic methods account for the majority of the expenditures in diagnosing and staging of cancers, with biopsy and biomarker testing accounting for most of the remaining market. Unfortunately, despite the enormous sums spent annually, cancer continues to be a leading cause of mortality and morbidity as shown by the SEER Cancer Statistics[2] 5-year survival charts.

US$100bn Global Cancer Diagnostics Market

Source: Transparency Market Research – Global Cancer Diagnostics Market 2014-2020



Historically, screening for cancer has relied on non-specific methods such as mammograms, ultrasound, or blood based biomarker tests, such as a prostate specific antigen (PSA) test for men for prostate cancer or the newer CA-125 antibody test for ovarian cancer. However, because these screening methods have relatively low specificity for cancer, and are more an indicator of risk, final diagnosis and staging still requires additional testing. More recently, blood-based molecular biomarker testing, i.e. so called "liquid biopsy" tests for circulating tumour cells or circulating nucleic acids, have improved specificity but still lack the ability to locate the primary site and extent of the disease. As such, a physician's ability to adequately diagnose and stage cancer is aided largely by two areas of medical specialties, medical imaging and pathology. Pathology relies on the assessment (anatomical and molecular) of tissue which requires laboratory analyses of tissue samples taken from the patient either by surgical excision or biopsy. These are typically expensive and invasive procedures that may put the patient at risk. By contrast, current medical imaging techniques are not invasive but are limited in both sensitivity and specificity.

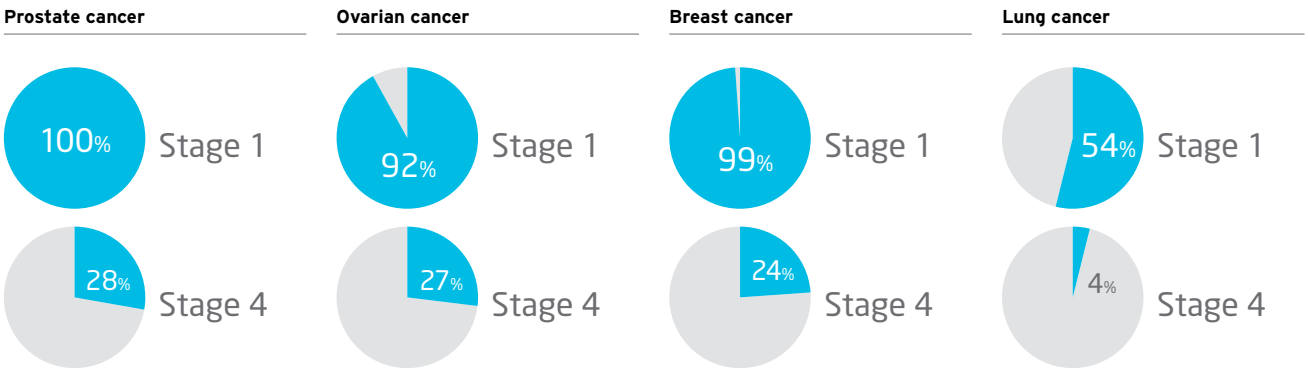
2.2 Key sectors and markets

Cancer diagnostics is often segmented by the type of cancer: solid tumours such as prostate, breast, ovarian, or lung cancers and blood-based cancers such as lymphoma or leukaemia. The MagSense™ technology will be most applicable in the detection of certain solid tumour cancers.

Cancer continues to be a leading cause of death in Australia with more than 44,000 deaths reported in 2014 and 1 in 2 Australians being diagnosed with cancer by age 85. Prostate cancer is the most commonly diagnosed cancer in Australia with 19,233 new cases diagnosed in 2013.[3]

5 year survival rate, depending on **early** or **late** diagnosis

Source: SEER Cancer Statistics, U.S. National Cancer Institiute, 2013.



1) Transparency Market Research – Global Cancer Diagnostics Market 2014 – 2020.
2) SEER Cancer Statistics, U.S. National Cancer Institiute, 2013.
3) Cancer Council Australia website: http://www.cancer.org.au/about-cancer/what-is-cancer/facts-and-figures.html.

2.0 INDUSTRY OVERVIEW

In 2011 it was reported [4] that more than one million prostate cancer biopsies were performed among U.S. Medicare beneficiaries and the 2013 National Cancer Institute SEER cancer statistics showed prostate cancer prevalence in the U.S. at 2.8 million, suggesting that that population could be monitored for surveillance or recurrence.

For each type of cancer there are multiple uses for a diagnostic imaging tool in the course of managing patients, for example:

- as a screening exam and as an aid in the initial diagnosis of primary tumors;
- as an aid in the staging of cancer or relapse; and
- as an aid in the monitoring the effectiveness of treatment.

The United States represents the largest market for the staging and diagnosis of cancer, followed by Europe and the Asia-Pacific. All markets are currently growing, with the Asia-Pacific market likely to grow disproportionately faster due to the increasingly large aging population and investment in the healthcare sector as this region catches up to Western economies.

2.3 Major market trends

The World Health Organization (WHO) has estimated that by 2025 there will be approximately 20 million new cases of cancer occurring each year globally. The rising incidences of cancer and an increase in health care spending are expected to drive global cancer diagnostics markets. Advances in technology and the advent of breakthrough detection techniques, such as Next Generation Sequencing, a relatively recent method of detecting fractions of DNA or RNA from cancer cells in blood, are also expected to boost demand for and growth of diagnostic medical imaging. Importantly, the burgeoning development of cancer immunotherapies and personalized medicines create opportunities for companion diagnostic tests that can improve the diagnosis and assessment of cancer and may help to determine which drug is most efficacious for each individual patient's condition.

2.4 Key competitors

The Imagion Group's MagSense™ technology is an in vivo (i.e. in the body) detection system and will therefore be marketed to the medical imaging professional rather than to the pathologists that deal with in vitro (i.e. in a test tube or dish) laboratory specimens. The medical imaging field is dominated by large global industry players (e.g. GE Healthcare, Siemens, and Philips) and a host of second tier companies such as Elekta and Hologic.

There are multiple imaging technologies in use today. The MagSense™ technology may, in some instances, replace them or be used in conjunction with them in a multi-modal diagnostic protocol.

They include:

- **X-ray Computed Tomography (CT)** Relatively fast scan (~15 minutes) with high resolution of bone-air-tissue anatomical features or bodily structures. CT has poor soft tissue contrast resolution of differences and exposes the patient to radiation.
- **Magnetic Resonant Imaging (MRI)** Provides high-resolution soft-tissue anatomical information, but is slower, more expensive than CT, and can't easily detect tumours smaller than about 5mm or ~100M cells for reasonable scan times due to the increased number of phase steps and scan time required.
- **Projection X-ray** Inexpensive and able to differentiate bone-air-tissue anatomical features but not good for differentiating features of soft tissue and uses ionising radiation. Inherently a 2D imaging technique that can be extended to 3D with newer technology being developed.
- **Positron Emission Tomography (PET)** Uses a radioactive isotope attached to a molecule that targets areas of higher metabolic activity. Newer approaches attach the radioactive tracer to an antibody or ligand for targeting specific tumours, e.g. PSMA-PET. The half-life of the radioactive PET tracer requires the injectable to be made near to the PET scanner installation, which, in many countries, has limited the number of PET scanning facilities.
- **Mammograms** A special-use case of 2D X-ray high-resolution (spatial) projection imaging using equipment optimised to detect the small micro-calcifications characteristic of breast cancer. Can be extended to 3D using tomographic approaches available from several vendors of CT-like approaches. Soft-tissue contrast is still limited in this technique and it still has relatively low specificity but remains a low cost screening method of choice.
- **Ultrasonography** Tends to be used as a follow up to screening methods. Is relatively inexpensive but requires a skilled technician and the procedure time can be long. Currently, ultrasound lacks specificity and is not sensitive for small tumours. Photo-acoustic ultrasound techniques are being developed that may improve specificity and may provide tissue characterisation.
- **Single-Photon Emission Computed Tomography (SPECT)** Like PET, SPECT uses radioactive isotopes to identify regions of suspicious uptake. Relatively low spatial resolution and moderate sensitivity.
- **Magnetic Particle Imaging (MPI)** A new approach to imaging magnetic particles using zero-field magnetic field approaches. While promising in pre-clinical imaging of vascular structures, extension to human imaging of cancer still has unresolved technical and system siting issues.

4) Loeb et al. 2011 Journal of Urology, Complications After Prostate Biopsy: Data From SEER-Medicare, Vol. 186, pp1830-1834.

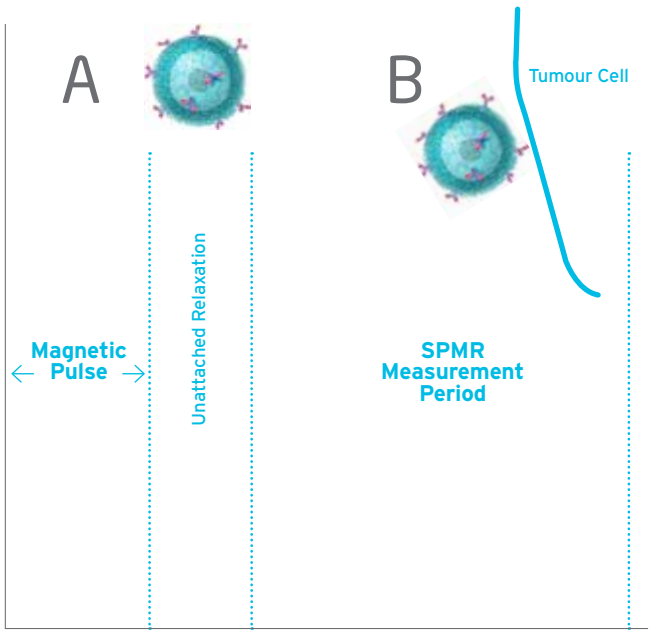
3.0 BUSINESS / COMPANY OVERVIEW

3.1 Introduction

The Company's MagSense™ technology presents a potentially broad and far reaching business opportunity. Unlike many other biotech businesses with a single drug or therapeutic or a single diagnostic test, the MagSense™ technology represents a true platform, able to be developed and extended over time to a variety of applications and markets, as discussed in section 3.2.1. Issued patents concern the use of magnetic relaxometry for cancer as well as other diseases.

MagSense™ technology uses unique properties of specialised nanoparticles to locate and quantify diseased cells based on specific cell surface features. The cells are targeted by nanoparticles conjugated with antibodies or small molecules that bind to the specific antigens expressed on the surface of the cells of interest. Nanoparticles that have been bound to a cell have a unique magnetic signature in our system; no other structure in the body (including unbound nanoparticles) has that signature. This allows the detection system to locate and quantify the targeted cells, without interference from any other substance or tissue in the body. The physics and principles of magnetic relaxation of been well characterized by and described within the scientific research community as "superparamagnetic relaxometry" (**SPMR**). Each specific cancer test uses the same principle of magnetic relaxometry, and therefore like other medical imaging technologies the instrument can be used to detect different types of tumours. However, there is no "pan cancer" marker and not all cancers have specific receptors that will allow them to be targeted. Therefore, the detection of different types of cancer will require that each cancer test to be developed separately. See below for further details regarding the cancer tests under development and the process of clinical testing required before commercialization.

Figure 2: Magnetising the particles and measuring the relaxation takes just a few seconds



Nanoparticles that are attached to cells relax from a magnetised state at a slower rate than particles that are free of attachment (Figure 2).

a) Nanoparticles not attached to cells relax instantly.

b) Nanoparticles attached to cells relax more slowly and can be measured by an ultra sensitive detector.

Figure 1: Expected MagSense™ Clinical Procedure

PHYSICIAN ASSESSMENT AND/OR SCREENING

- Patient symptoms and/or cancer screening protocols such as mammograms or biood-based biomarker tests lead to cause for concern that the patient may have a form of cancer
- Physician's clinical examination and/or other risk assessment factors indicate need for confirmatory diagnosis or staging of tumour development

ADMINISTRATION OF NANOPARTICLE DOSE

- Patient given a small intravenous injection (or injection via other route of administration) of cancer specific targeting nanoparticles, e.g. a Her2 breast cancer test or a prostate cancer test
- Patient waits 0.5 – 2 hours for nanoparticles to circulate or migrate and bind to tumour (if present)

DETECTION OF NANOPARTICLES

- Patient moved to room with MagSense™ Instrument
- Technician positions patient on bed with MagSense™ detector located directly against skin surface over area of interest
- Technician activates a series of brief magnetizations and detections (approximately 2-3 minutes)
- Technician may reposition patient one or more times to obtain additional "views"

ANALYSIS AND REPORTING

- Patient returned to waiting area
- MagSense™ instrument generates a report based on the intended use and clinical validation, e.g. results could be reported as a simple "yes/no" outcome or may include a "heat map" of magnetic signatures for interpretation by the medical imaging professional

The Company's preclinical studies indicate that the MagSense™ technology should be more sensitive than other medical imaging technologies. However, since there is no known cancer biomarker that would allow the MagSense™ technology to be used as general early cancer screening tool, the initial commercial applications of the MagSense™ technology focus on its use as a non-invasive confirmatory diagnostic for specific tumour types based on a physician's assessment of other clinical evidence and risk factors. Figure 1 illustrates the expected testing procedure for a MagSense™ test.

3.1.1 Overview of the Business

Figure 3 illustrates the typical product development process for medical devices. Development of the MagSense™ technology has progressed over the past 10 years from the initial product concept and proof-of-principle experiments through pre-clinical research and is now poised to enter the clinical phase of product development and testing for its initial target application in breast cancer.

If the initial breast cancer clinical product development and testing is successful, the Company will work towards commercialising the technology based on the regulatory approval received for its intended use.

The patent portfolio, both issued and pending, includes the detection instrument and the magnetically detectable nanoparticles, as applied to the use of SPMR for the detection of specific disease targets.

More Sensitive & Specific

MagSense™ technology uses cancer specific targeting biomarkers to detect small tumours and is expected to be one to two orders of magnitude more sensitive than MRI or Ultrasound.

"Printer and Ink" Revenue Model

The technology platform includes both a proprietary measuring instrument and the disease specific nanoparticles, which provides a recurring source of revenue on an installed base of machines.

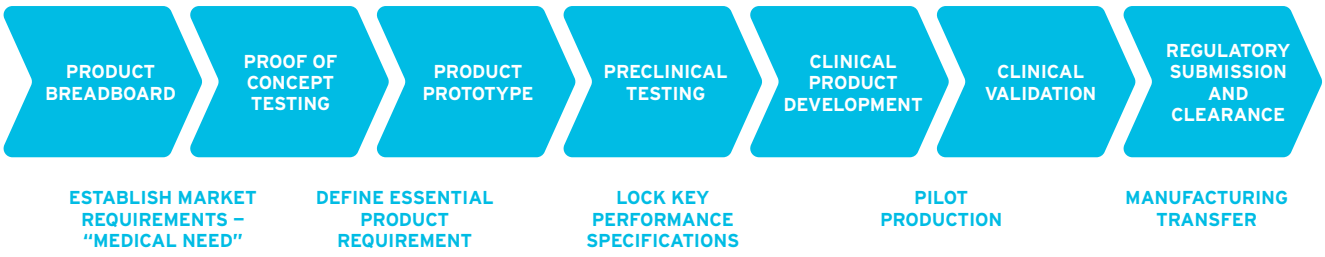
Non-invasive and Non-Harmful

Nanoparticles used for targeting the cancer can be administered intravenously and are made of known bio-safe materials and do not require ionising radiation.

Lower Cost Capital Expense

MagSense™ instruments use small magnetic coils and a simple localized detector, which are expected to lower system costs and eliminate the need for expensive shielding at installation.

Figure 3: Typical Medical Device Development Process



Through its wholly owned subsidiary Imagion US, the Company has developed expertise in the medical and biological applications of metallic nanoparticles, and the Company intends for Imagion US to transition from a pre-revenue research and development organization to a profit oriented enterprise by developing the breast cancer application as the first commercial use of the MagSense™ technology followed by other cancer specific tests as they each progress through preclinical validation and transition through to clinical use.

Three specific opportunities for the diagnosis or staging of cancers where a non-invasive, sensitive detection of a specific cancer phenotype will have a competitive advantage, have been identified.

The Company's near-term business objectives will focus on:

- Completing the development of the MagSense™ instrument and breast cancer targeting nanoparticles for the initial human clinical use;
- Continuing the research and validation of additional pre-clinical models for other cancer targets to expand the market potential; and
- the identification of commercial partners.

3.1.2 History of the Business

The Company's underlying business was founded in the United States by Senior Scientific, LLC, a company incorporated by Edward R. Flynn, Ph.D.

Dr. Flynn was formerly employed at the Los Alamos National Laboratory (LANL) and is a recipient of the Alexander von Humboldt Award for Senior American Scientists and is recognized as a Fellow of LANL and the American Physical Society. Senior Scientific, LLC was established by Dr. Flynn to develop a more sensitive technology to find cancer after Dr. Flynn's wife developed breast cancer. Dr. Flynn pioneered the field of SPMR and funded the proof-of-principle development of the technology through Small Business Innovative Research grants from the U.S. National Institutes of Health and the U.S. Department of Defense.

Senior Scientific LLC was acquired in June 2011 by Manhattan Scientifics Inc (OTCQB: MHTX) and in November 2016 Senior Scientific LLC was spun out from Manhattan Scientifics and merged into a new U.S. entity, Imagion US, a company wholly owned by Manhattan Scientifics. By merger of Senior Scientific LLC into Imagion US all the intellectual property and know-how associated with the MagSense™ technology became assets of Imagion US.

On 6 December 2016, the Company was incorporated in Australia, and on 30 December 2016, the Company acquired all shares in Imagion US from Manhattan Scientifics in exchange for equity in the Company.

3.2 Operations of the Business

The Company's underlying business operations are largely focused on research and development of the MagSense™ SPMR technology, including both the technology employed in the measuring instrument and various formulations of nanoparticles for detecting specific types of diseases.

The majority of the Company's business operations are through its wholly owned U.S. subsidiary, Imagion US., based in Albuquerque, New Mexico, where it maintains a small office, engineering lab, and nanoparticle and biology research lab. Imagion US' research and development programs, both in-house and through third party collaborations, are in the pre-clinical phase of development, establishing cell-based assays and animal models to validate SPMR as a detection technology for specific disease targets.

The Company's near term business goals are aimed at minimising technical risks of the MagSense™ technology and minimising time and cost to achieve a minimally viable product and establish commercial viability.

Following the Offer, the Company intends to transition the breast cancer program, described below, to clinical product development which will enable human clinical testing in the near future and lead to first product commercialisation.

While the Company is not aware of any reason why pre-clinical safety and toxicology studies would not be successful, or that human studies would not demonstrate sufficient efficacy in humans, there can be no assurance that such studies will be successful. There can also be no guarantee that the Company will be able to attract commercial partners or licensees, or enter into agreements with partners or licensees on favourable terms or at all.

3.2.1 Products and Technology

The MagSense™ technology employs both a measuring instrument and an injectable dose of tumour targeting nanoparticles. The nanoparticle formulation will be different for each type of cancer test and each must be developed and validated as a new product. The measuring instrument, however, can be used for all tests so once the initial clinical instrument has been developed and tested, future tests will be less expensive to bring to market. See below for a description of the path through clinical product development and regulatory clearance.

Patent applications concerning the technology have been granted in the US, Australia, Canada, China, Japan, Russia, and Israel. Additional patent applications are pending in the US, India, South Korea, and the EU. The Company has patented, or is seeking to patent, various aspects of the technology including the measuring instrument and the injectable, and contemplates continuing to file patent applications concerning new technology developments in both the detector technology and the nanoparticle technology employed for SPMR.

MagSense™ Nanoparticles

Each cancer specific test is achieved by an injectable solution of uniformly formed superparamagnetic 25nm magnetite (Fe3O4) nanoparticles that have a protective polymer coating. Polyethylene glycol (**PEG**) is added to make the particles 'stealth' to the body's immune system, allowing them to remain in circulation longer, and a specific targeting antibody or ligand is conjugated (chemically attached). It is the antibody that enables the circulating particles to bind to specific receptors on target cells.

The size of the superparamagnetic core is important for the measuring time. The Company has developed a proprietary nanoparticle synthesis method which allows the nanoparticles to be manufactured to a very narrow tolerance of core particle size, shape and magnetic properties and enabling high detection sensitivity.

Each of the MagSense™ nanoparticle formulations will be packaged and supplied to the customer by the Company or a commercialisation partner as a single use vial, or prepacked syringe, with injection instructions for use only with the MagSense™ instrument. For each type of cancer test, the optimal volume or dose will be determined in the clinical setting. Based on Imagion US's early animal studies, the volume administered to the patient is anticipated to have a wide tolerance.

MagSense™ SQD Clinical Instrument

As at the date of this Prospectus, the Company (through Imagion US) has made multiple prototypes of the measuring instrument for use in the preclinical research programs but has not designed the instrument for use with human patients. The Company's initial commercialisation plans are focused on development of a floor standing measuring instrument with one or more magnetizing coils and a small array of SQUID-based sensors. The initial instrument will not perform a whole-body scan like MRI or CT, but instead will be used for the localised detection of an expected known tumour type with the antibody employed in the nanoparticle formulation providing the tumour targeting specificity. The Company believes the instrument platform can be further developed over time to increase the area of detection, including whole-body scanning, but is currently focused on using the detector configuration employed in the preclinical systems to speed time to market.

Figure 4: MagSense™ Nanoparticles

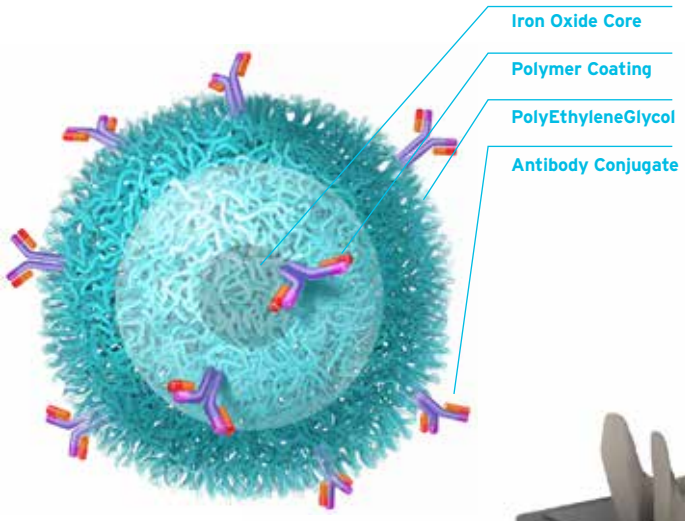
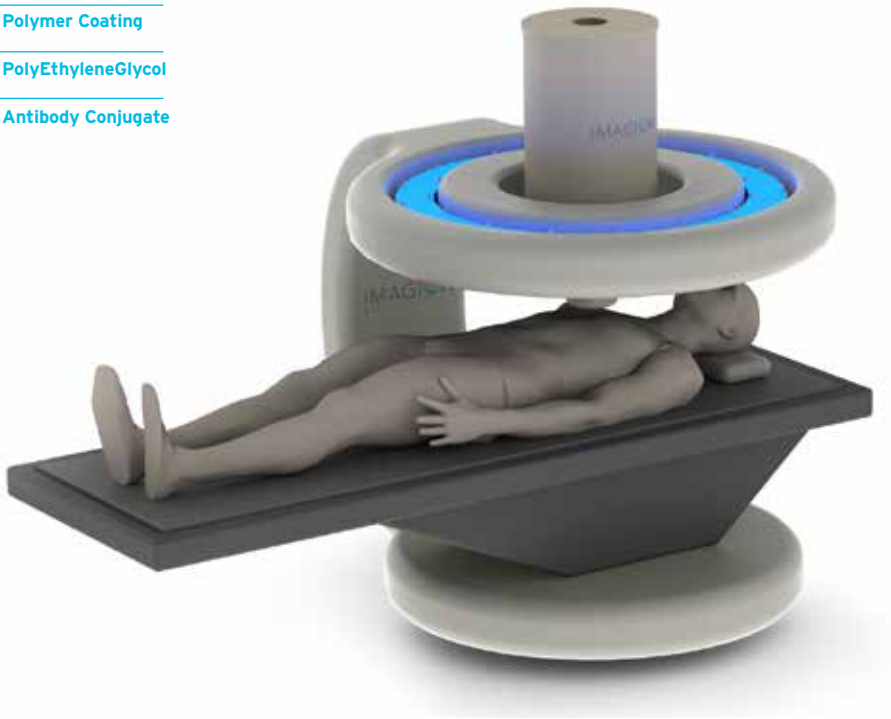


Figure 5: MagSense™ SQD Clinical Instrument



PrecisionMRX Nanoparticles

The iron oxide core nanoparticles are currently manufactured in Imagion US' Albuquerque, New Mexico laboratory as a research use only product. The PrecisionMRX brand of nanoparticles are available for purchase on the Company's website and the Company intends to expand the PrecisionMRX product line and extend efforts to generate revenue from this product line.

Clinical Testing and the Regulatory Process

The Company has been given guidance by the US Food and Drug Administration (FDA) that the MagSense™ technology, with its combination of measuring instrument and injectable nanoparticles, will be considered a "medical device" and will be assessed by the Center for Devices and Radiological Health (**CDRH**), the arm of the FDA that reviews medical devices. The Company anticipates it will receive similar regulatory classification in most global markets, i.e. the Therapeutic Goods Administration in Australia (**TGA**), the China Food and Drug Administration in China, and the European Commission in EU. The Company has engaged regulatory consultants experienced in medical device regulations and able to assist in communication with regulatory authorities.

The Company has not yet formally engaged with either the FDA or other regulatory authorities, to discuss its intended clinical plan. Following the Offer, the Company expects to initiate formal engagements with both the FDA and other regulatory authorities related to its initial clinical testing plan.

Figure 6 illustrates the typical regulatory process for medical devices. The process for medical device testing in the US through the FDA is similar but is typically preceded by a submission for investigational use and may, therefore, have more steps and more costs.

3.2.2 Research & Development Programs

There are a range of possibilities for the MagSense™ technology to diagnose, stage, or monitor cancer treatment or progression.

The Company has focused research and development of the MagSense™ technology on specific targets, using the following selection criteria:

- Solid tumours with global incidence of >20,000 new cases annually to ensure there is an attractive and sizable market.
- Cancers with a known targeting ligand or antibody that has already been cleared for use in humans to minimize regulatory concerns of use of a new biologic.
- Cancers for which the limits of detection and positioning. will pose a low technical risk for the technology.
- Indications of use that would minimise the size and length of a clinical study.

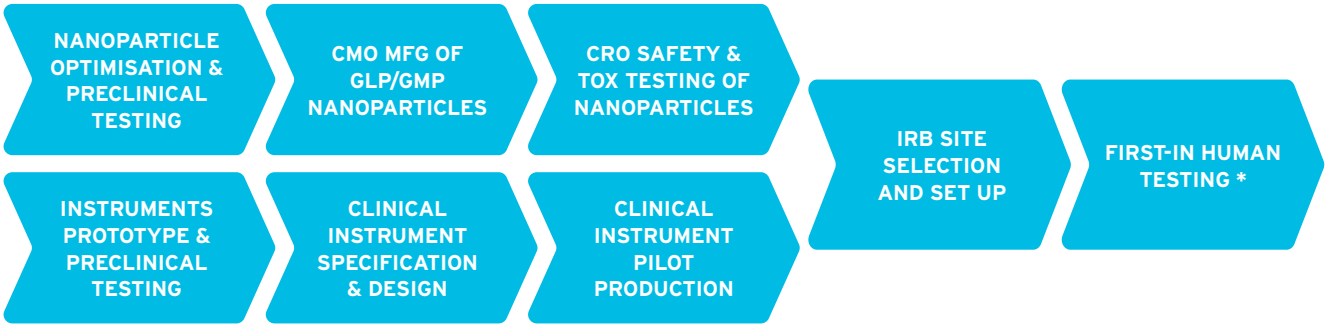
Imagion US currently has three research programs in various stages of preclinical development, as outlined in Section 10.3:

- Staging of Her2+ breast cancer following primary tumour diagnosis as an alternative to Sentinel Lymph Node Biopsy (SLNB) under a Research Collaboration with the University of New Mexico (Section 10.3.6). This program is the most advanced and will be the first program to transition to clinical development and will serve as the initial application for first-in-human testing.
- The detection of a prostate adenocarcinoma in men with an elevated PSA blood test as an alternative to a prostate biopsy under a Research Collaboration and Loan Agreement with Cornell University (Section 10.3.8). This program is in early stage preclinical development characterizing the nanoparticle formulation that may best provided specificity for prostate cancer.
- The detection of an epithelial ovarian carcinoma in women with an elevated CA125 blood test as an alternative to trans-vaginal ultrasound under a Research Collaboration and Loan Agreement with MD Anderson (Section 10.3.7). This program is in early stage preclinical development characterizing the nanoparticle formulation that may best provided specificity for ovarian cancer.

Figure 6: Medical Device Regulatory Path

* IRB = Institution Review Board – the study site's governing body for clinical testing

Figure 7: MagSense™ Technology Path to Clinical Testing



* The Offer is anticipated to provide sufficient funding to arrive at first-in-human testing; additional funds will be needed for the clinical studies.

If clinical development and human clinical testing of the MagSense™ technology for the breast cancer application is successful, the Company anticipates that it will move to commercialising the MagSense™ technology. While the Company is not currently aware of any reasons why the MagSense™ technology would not be able to transition from pre-clinical to the clinical product development and human clinical testing stages, the Company can provide no assurance that this will occur in a timely manner or at all.

The Company believes there is opportunity to improve and expand the functionality and utility of the platform in general. Certain research and development efforts are aimed at expanding the functionality of the nanoparticles which may lead to new products with new indications for use. Additionally, the detector technology may be able to be improved in ways that will expand the market potential of MagSense™ technology by making it easier to install and operate, opening the possibility for doctor's office use, for example.

3.2.3 Key Drivers to Commercialization

Pre-Clinical Validation For each cancer application (or other disease target) the Company will require sufficient pre-clinical evidence to minimize risk of failure in the clinical setting. Pre-clinical research includes cell-based assays as well as testing using various animal models, e.g. using artificially or spontaneously generated tumours in mice. Pre-clinical testing is necessary to ensure that nanoparticles bind specifically to the targeted cancer cell types and are able to be delivered sufficiently to provide the sensitivity of detection needed for the intended clinical use. While the Company expects that the nanoparticle formulation will be similar for each target use, the specific bio-functionality of each targeting nanoparticle will need to be determined through empirical research and well characterised. The Company believes that it will have sufficient pre-clinical validation of the Her2+ detecting nanoparticles by the end of 2017 to proceed towards human clinical testing. As at the date of this Prospectus, the Company anticipates that the costs involved in human testing are likely to be around $2 million to $5 million, depending on which country such testing is undertaken in, the number of patients involved and what the study protocol entails. The funds raised under the Offer will not be applied towards the costs of human testing.

Nanoparticle Manufacturing Each nanoparticle formulation intended for use in humans, including use in clinical studies before commercialisation, must be made under GMP conditions to meet the regulatory requirements for use in humans. The Company intends to engage a third party contract manufacturing organisation (**CMO**) able to scale initial production under GMP. The lead Her2+ nanoparticle formulation will be transferred to a qualified CMO and batches of Her2+ targeting nanoparticles will be made initially for use in pre-clinical safety studies, and, if such studies are successful, followed by production for human clinical studies. Each successive MagSense™ test, e.g. prostate cancer or ovarian cancer, will undergo the same process. The outsourcing of nanoparticle manufacturing is expected to be part of the use of funds of the Offer.

Pre-Clinical Safety & Toxicology Testing Each nanoparticle formulation must pass safety and toxicology testing to ensure it will be safe for use in humans. This entails a series of well-known standard tests that characterize the adsorption, distribution, metabolism, and excretion (**ADME**), and therefore the toxicity, of chemical entities. The Company intends to engage an experienced contract research organisation (**CRO**) to undertake the pre-clinical safety/toxicology testing. The MagSense™ iron oxide nanoparticles are similar to iron oxide nanoparticles made by other companies that have already passed safety testing for use as magnetic contrast agents. Additionally, the PEG and antibodies that are expected to be employed each also have been previously cleared as safe for use in humans. Therefore, the Company believes the preclinical safety testing of its nanoparticle formulation(s) represents a relatively low technical risk.

Clinical Instrument Design To-date the Company has designed and made prototype instruments for measuring SPMR in cells and small animals. The instrument intended for use in the clinical setting must be designed and made to meet regulatory requirements. The Company intends to use funds from the Offer to outsource the design and development of the initial commercial product by engaging an engineering firm experienced with medical devices and familiar with regulated product requirements. As part of the initial clinical study protocol the instrument will be required to pass certain analytical performance tests for clearance by regulatory authorities, such as the FDA in the US, and the TGA in Australia.

3.2.4 Growth and Expansion

The Company is currently focused on, and intends to use the proceeds of the Offer for, the development of the MagSense™ technology for a limited number of initial clinical applications for the diagnosis or staging of certain solid tumours. However, there are multiple opportunities for growth and expansion of the business which the Company believes will add long term value for shareholders but which are beyond the scope of current business operations and not funded by the Offer, such as:

- Detecting disease targets other than cancers, such as neurodegenerative and cardiovascular diseases where specific diseased cell phenotypes can be targeted by biomarkers.
- Commercialising the technology for use in clinical studies.
- Commercialising the technology for use in pre-clinical research.
- Commercializing the technology for non-human use such as veterinary diagnostics.
- Developing new detectors that may improve the form and function of the technology to enable more ubiquitous distribution or extend utility to whole body scanning.
- Adding therapeutic agents to combine diagnostic and therapeutic utility.

3.2.5 Commercial Model

The Company expects to establish one or more partners, or licensees, to commercialize the MagSense™ technology and believes the technology represents an attractive and competitive business opportunity for the medical imaging markets. Unlike most current imaging technologies, the MagSense™ technology includes both the measuring instrument and the consumable test, both of which have cost/business advantages over existing medical imaging modalities which should help attract commercial partners or licensees.

- The MagSense™ instrument is expected to be relatively low cost to manufacture compared to PET, MRI, or CT, making it affordable for most hospitals.
- MagSense™ technology uses low magnetic fields and is expected to work in an unshielded environment, lowering the cost for installation and reducing capital expenditure amortisation for the hospital facility.
- SPMR has the potential to work with newer magnetic field detectors that would allow a smaller form factor, e.g. doctor's office or hand held detectors, for more ubiquitous commercialisation.
- The nanoparticles can be made in bulk with long shelf-life at a relatively low cost, which the Company anticipates will provide a high gross margin and recurring revenue stream for each installed MagSense™ system.

The Company does not expect significant revenues to be generated until one or more of the MagSense™ tests are cleared for commercial use. Revenue, in the form of partnering or licensing fees will likely be tied to development milestones, including regulatory clearance. If the MagSense™ technology is cleared for commercial use, the Company expects that the individual tests, not the sale of the instrument system, will be the major source of revenue.

3.3 Key Investment Highlights

The Directors are of the opinion that an investment in the Company provides the following non-exclusive list of key highlights:

- the funds raised under the Offer will allow the Company to advance development of the MagSense™ technology by achieving an initial nanoparticle formulation and instrument design to support the first in-human testing of one or more of its diagnostic applications;
- the funds raised under the Offer will provide the opportunity to further address any risks of the technology; and
- the Directors and Management team have extensive experience developing and commercialising medical device technologies.

4.0 FINANCIAL INFORMATION

4.0 FINANCIAL INFORMATION

Introduction

This Section 4 contains financial information on Imagion Biosystems and its subsidiary, Imagion US for the years ended 31 December 2016, 2015 and 2014.

Imagion Biosystems is an Australian company while Imagion US is based in the United States.

Imagion US formerly operated as Senior Scientific. Senior Scientific was the wholly-owned subsidiary of Manhattan Scientifics until it was spun out from Manhattan Scientifics and merged into Imagion US in November 2016. Financial information contained herein for the time prior to the spin-out reflects the results of Senior Scientific separated from its former parent company.

The Company is a research stage company and, accordingly has not generated significant revenue to date. Most expenses incurred are attributable to research efforts to develop the MagSense™ Instrument and related assays as well as to fund research collaborations with development partners.

The information set forth in this Section 4 should be read together with:

- the risk factors described in Section 5;
- the use of funds described in Section 7;
- the Investigating Accountant's Report in Section 8; and
- other information contained in this Prospectus.

This Financial Section of the Prospectus sets out the following:

The Historical Financial Information, comprising the:

- the amalgamated Audited Statement of Financial Performance of the Company for the year ended 31 December 2016, and the Audited Statement of Financial Performance of Senior Scientific for the years ended 31 December 2015 and 31 December 2014;
- the amalgamated Audited Statement of Cash Flows of the Company for the year ended 31 December 2016 and the Audited Statement of Cash Flows of Senior Scientific for the years ended 31 December 2015 and 31 December 2014; and
- the consolidated Audited Statement of Financial Position of the Company as at 31 December 2016.

The Pro Forma Financial Information, comprising the Pro Forma Statement of Financial Position at 31 December 2016, assuming the completion of the transactions summarised in Note 1, Section 4 of the Prospectus.

Basis of preparation

The Pro Forma Financial Information has been reviewed by RSM Corporate Australia Pty Ltd, Melbourne. A copy of RSM Corporate Australia Pty Ltd's Investigating Accountant's Report is set out in Section 8 of this Prospectus.

The Financial Information has been prepared and presented in accordance with the accounting policies set out in Note 2.

The Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Australian Accounting Standards, and the Company's adopted accounting policies.

The Historical Financial Information for the Company for the year ended 31 December 2016 has been extracted from the Company's financial statements from the period of incorporation, being 6 December 2016 to 31 December 2016, Imagion US's financial statements from the period of incorporation, being 17 November 2016 to 31 December 2016, and Senior Scientific's financial statements for the period 1 January 2016 to 17 November 2016, which were audited by RSM Australia Pty Ltd and on which an unqualified audit opinion was issued. For the year ended 31 December 2016, RSM Australia Pty Ltd's opinion included an emphasis of matter that, without qualifying their conclusion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern. The proceeds of this offering are intended to fund the Company's operations for a period of greater than one year.

The Historical Financial Information of Senior Scientific for the years ended 31 December 2015 and 31 December 2014 has been extracted from Senior Scientific's financial statements for each financial year, which were audited by RBSM LLP in accordance with auditing standards generally accepted in the United States of America, and on which an unqualified audit opinion was issued for each financial year.

The Company considers that if the Historical Financial Information of Senior Scientific had been prepared in accordance with Australian Accounting Standards, there would be no material differences to the financial information presented.

The Financial Information has been solely prepared for the purpose of inclusion in this Prospectus and is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

At 31 December 2016, amounts due from Imagion US to the University of Texas MD Anderson Cancer Centre totaled $498,267. The MD Anderson liability was identified and included in the financial statements after the audit had taken place, and was not included in the Original Prospectus. Despite the late discovery of the MD Anderson amount, RSM Australia Pty Ltd are still of the opinion that the accounts represent a true and fair view of the financial position of the Company.

4.0 FINANCIAL INFORMATION

Historical Statement of Financial Performance

Set out below is the historical amalgamated Audited Statement of Financial Performance of the Company for the year ended 31 December 2016 and the historical Audited Statement of Profit or Loss of Senior Scientific for the years ended 31 December 2015 and 31 December 2014.

	Audited Year ended 31 Dec 16 $	Audited Year ended 31 Dec 15 $	Audited Year ended 31 Dec 14 $
Revenue	4,564	5,316	5,538
Operating costs:			
General and administrative expenses	(303,396)	(237,905)	(78,636)
Research and development	(4,549,048)	(3,759,968)	(2,029,018)
	(4,852,444)	(3,997,873)	(2,107,653)
Loss from operations before other income and expenses	(4,847,880)	(3,992,557)	(2,102,115)
Other expenses:			
Interest	(1,651,149)	(267,145)	(177,207)
Loan forgiveness	120,789	–	–
Foreign exchange loss	(359,253)	–	–
Fair value movement	124,567	–	–
	(6,612,926)	(4,259,702)	(2,279,322)
Other comprehensive income			
Items have may be reclassified subsequently to profit or loss:			
Foreign currency translation	453,368	–	–
Total comprehensive income for the period/year	**(6,159,558)**	**(4,259,702)**	**(2,279,322)**

The historical amalgamated Statement of Financial Performance of the Company has been extracted from the Company's financial statements from the period of incorporation, being 6 December 2016 to 31 December 2016, Imagion US's financial statements from the period of incorporation, being 17 November 2016 to 31 December 2016, and Senior Scientific's financial statements for the period ended 17 November 2016.

The historical Statement of Financial Performance of Senior Scientific has been extracted from the audited financial statements of Senior Scientific for the years ended 31 December 2015 and 31 December 2014.

The US Dollar denominated statements of financial performance of Senior Scientific and Imagion US have been translated to Australian Dollars using average exchange rates (source: RBA) in respect of each financial year ended as follows:

- year ended 31 December 2016 – A$1:US$0.7443;
- year ended 31 December 2015 – A$1:US$0.7524; and
- year ended 31 December 2014 – A$1:US$0.9029.

Investors should note that past results are not a guarantee of future performance.

Historical Statement of Cash Flows

Set out below is the historical amalgamated Audited Statement of Cash Flows of the Company for the year ended 31 December 2016 and the historical Audited Statement of Cash Flows of Senior Scientific for the years ended 31 December 2015 and 31 December 2014.

	Audited Year ended 31 Dec 16 $	Audited Year ended 31 Dec 15 $	Audited Year ended 31 Dec 14 $
Cash Flows from Operating Activities			
Receipts from customers	4,564	5,316	5,538
Payments to suppliers	(4,139,756)	(4,093,567)	(2,208,439)
Net cash used in operating activities	(4,135,192)	(4,088,251)	(2,202,902)
Cash Flows from Investing Activities			
Purchase of plant and equipment	(17,196)	(345,561)	(39,872)
Net cash used in investing activities	(17,196)	(345,561)	(39,872)
Cash Flows from Financing Activities			
Proceeds from note payable – related party	3,821,603	4,633,174	862,776
Proceeds from long term convertible note payable	–	–	1,107,542
Net cash from financing activities	3,821,603	4,633,174	1,970,318
Net Increase/(Decrease) In Cash and Cash Equivalents	**(330,785)**	**199,362**	**(272,455)**
Cash and cash equivalents, beginning of the year	387,353	162,156	423,558
Pro forma foreign translation reserve	(28,927)	25,835	11,053
Cash held at the end of the financial year	**27,641**	**387,353**	**162,156**

The historical amalgamated Statement of Cash Flows of the Company has been extracted from the Company's financial statements from the period of incorporation, being 6 December 2016 to 31 December 2016, Imagion US's financial statements from the period of incorporation, being 17 November 2016 to 31 December 2016, and Senior Scientific's financial statements for the period ended 17 November 2016.

The historical Statement of Cash Flows of Senior Scientific has been extracted from the historical audited financial statements of Senior Scientific for the years ended 31 December 2015 and 31 December 2014.

The US Dollar denominated statements of cash flows of Senior Scientific and Imagion US have been translated to Australian Dollars using average exchange rates (source: RBA) where relevant, in respect of each financial year ended as follows:

- year ended 31 December 2016 – A$1:US$0.7443;
- period 1 January 2016 to 17 November 2016 – A$1:US$0.7451;
- year ended 31 December 2015 – A$1:US$0.7524; and
- year ended 31 December 2014 – A$1:US$0.9029.

Cash at the beginning and end of each financial period has been translated using the following spot rates:

- as at 31 December 2013 – A$1:US$0.8948;
- as at 31 December 2014 – A$1:US$0.8202;
- as at 31 December 2015 – A$1:US$0.7306; and
- as at 31 December 2016 – A$1:US$0.7560.

Investors should note that past results are not a guarantee of future performance.

Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position as at 31 December 2016, set out below, has been prepared to illustrate the completion of the pro forma transactions set out in Note 1 as if they had occurred on 31 December 2016.

	Notes	Audited 31 Dec 16 $	Pro Forma Transactions $	Unaudited Pro Forma $
ASSETS				
Current assets				
Cash and cash equivalents	3	27,641	11,886,300	11,913,941
Prepayments		9,224	–	9,224
Total current assets		36,865	11,886,300	11,923,165
Non-current assets				
Plant and equipment		218,477	–	218,477
Total non-current assets		218,477	–	218,477
Total assets		**255,342**	**11,886,300**	**12,141,642**
LIABILITIES				
Current liabilities				
Trade and other payables	4	950,260	(498,267)	451,993
Manhattan Scientifics Note	5	9,094,074	(9,094,074)	–
Mason Notes	6	4,470,153	(4,470,153)	–
Interim Notes	7	365,904	(365,904)	–
Total current liabilities		**14,880,391**	**(14,428,398)**	**451,993**
Total liabilities		**14,880,391**	**(14,428,398)**	**451,993**
NET ASSETS		**(14,625,049)**	**26,314,698**	**11,689,649**
EQUITY				
Issued capital	8	2	30,104,545	30,104,547
Foreign translation reserve		453,368	–	453,368
Accumulated losses	9	(15,078,419)	(3,789,847)	(18,868,266)
TOTAL EQUITY		**(14,625,049)**	**26,314,698**	**11,689,649**

The Pro Forma Statement of Financial Position represents the consolidated Audited Statement of Financial Position of the Company as at 31 December 2016, and adjusted for the pro forma transactions outlined in Note 1 relating to the Offer pursuant to this Prospectus and other transactions.

The historical consolidated Audited Statement of Financial Position of the Company at 31 December 2016 has been extracted from the audited financial statements of the Company for the period ended 31 December 2016. The consolidated Pro Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.

The US Dollar denominated balances of Imagion US have been translated to Australian dollars using the spot rate of A$1:US$0.7560 as at 31 December 2016 (source: ATO).

4.0 FINANCIAL INFORMATION

1 Introduction

The financial information consists of the Company's statements of financial performance and cash flows for the three years ended 31 December 2016 and a statement of financial position at 31 December 2016, as if Imagion Biosystems had been operating for the three years then ended ("Historical Financial Information"), together with a pro forma consolidated statement of financial position as at 31 December 2016, reflecting the Directors' pro forma adjustments ("Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been compiled by adjusting the consolidated statements of financial position of the Company for the impact of the following subsequent events and pro forma adjustments.

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period since 31 December 2016 and the date of this Prospectus:

Subsequent events

i) The issue of 62,432,789 additional Shares to Manhattan Scientifics as at the date of this Prospectus, in addition to the 20 Shares issued to Manhattan Scientifics on incorporation of the Company. US$6,650,000 of the Manhattan Scientifics Note will be extinguished on completion of the Offer, with 1 Share (included in the 62,432,789 additional shares issued), being issued as consideration for the extinguishment. US$250,000 of the Manhattan Scientifics Note is convertible to Shares in the Company upon the Company successfully listing on a public stock exchange and in accordance with note 1(viii) below;

ii) The issue of US$65,000 in additional Interim Notes in January 2017, and adjustment for additional accrued interest of US$8,833 to the date of this Prospectus in relation to the Interim Notes;

iii) The issue of 62,183,576 Shares to raise $3,580,938 and US$2,000,000 for seed capital;

iv) Redemption of Mason Notes by the payment of US$2,000,000 in cash;

v) Material expenses to the date of this Prospectus of approximately $1,818,783 (US$1,311,000) incurred in the ordinary course of business;

Pro forma adjustments

and the following pro forma transactions to reflect the financial effects of the following transactions as if they had occurred at 31 December 2016:

vi) The Offer issue of 60,000,000 Shares at an issue price of $0.20 per Share to raise $12,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Offer is fully subscribed;

vii) Expected cash costs of undertaking the Offer of $1,000,000;

viii) Conversion of US$250,000 of the Manhattan Scientifics Note to 1,666,667 Shares in the Company;

ix) Conversion of the remaining Mason Notes to 3,333,333 Shares in the Company;

x) Repayment of the Interim Notes totalling US$340,000 plus accrued interest of US$10,456 as at the date of this Prospectus;

xi) The issue of 14,000,000 Shares at an issue price of $0.20 per Share to the Lead Manager;

xii) The issue of 450,000 Shares at an issue price of $0.20 per Share to Consultants; and

xiii) Repayment of amounts due to MD Anderson.

2 Statement of significant accounting policies

The principle accounting policies adopted in the preparation of the financial information are set out below.

Basis of preparation

These are special purpose financial statements that have been prepared for the purposes of complying with Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Imagion Biosystems Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Imagion Biosystems Limited.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Imagion Biosystems Limited ('company' or 'parent entity') as at 31 December 2016 and the results of all subsidiaries for the period then ended. Imagion Biosystems Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or director's valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the assets charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Income Tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred Tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

As it is not probable that future taxable profit will be available against the unused tax losses we have not recognised a deferred tax asset

Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid.

The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Foreign Currency Translation

The financial statements are presented in Australian dollars, which Imagion Biosystems Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition, or (ii) when the acquirer receives all the information possible to determine fair value.

Research and development costs

Research costs for the development of the intellectual property and prototypes are expensed as incurred. An asset arising from the development expenditure on an internal project is recognised only when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impartment losses. Any expenditure is capitalised and amortised over the period of expected benefits from the related project.

Accrued Leave

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related costs.

3 Cash and cash equivalents

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Cash and cash equivalents	27,641	11,913,941
Cash at 31 December 2016		27,641
Subsequent events are summarised as follows:		
Issue of additional Interim Notes in January 2017 (note 1(ii), 7)		85,979
Shares issued to raise seed capital of $3,508,938 and US$2,000,000 (note 1(iii), 8)		6,226,441
Redemption of US$2,000,000 of the Mason Notes in January 2017 (note 1(iv), 6)		(2,645,503)
Less material expenses incurred subsequent to 31 December 2016 (note 1(v), 9)		(1,818,783)
		1,848,134
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Proceeds from the issue of 60,000,000 Shares in relation to the Offer pursuant to the Prospectus (note 1(vi), 8)		12,000,000
Less costs of undertaking the Offer (note 1(vii), 8)		(1,000,000)
Repayment of Interim Notes (note 1(x), 7)		(463,567)
Repayment of amounts due to MD Anderson (note 1(xiii), 4)		(498,267)
		10,038,166
Pro Forma Balance		**11,913,941**

4 Trade and other payables

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Trade and other payables	950,260	451,993
Trade and other payables at 31 December 2016		950,260
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Repayment of accrued amounts due to MD Anderson (note 1(xiii), 3)		(498,267)
Pro Forma Balance		**451,993**

At 31 December 2016, amounts due to MD Anderson totalled $498,267. Whilst a pro forma adjustment has been made to reflect payment of this balance, the Company intends to negotiate payment in instalments. In 2017, the Company has continued to incur additional costs under the MD Anderson agreement which remain unpaid at the date of this Prospectus. The Company also intends to negotiate payment of these additional costs in instalments.

5 Manhattan Scientifics Note

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Manhattan Scientifics Note	9,094,074	–
Manhattan Scientifics Note at 31 December 2016		9,094,074
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Extinguishment of US$6,650,000 of the Manhattan Scientifics Note, with 1 Share being issued as consideration for the extinguishment, subject to the completion of the Offer (note 1(i), 8)		(8,764,579)
Conversion of US$250,000 of the Manhattan Scientifics Note to 1,666,667 shares (note 1(viii), 8)		(329,495)
		(9,094,074)
Pro Forma Balance		**–**

6 Mason Notes

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Mason Notes	4,470,153	–
Mason Notes at 31 December 2016		4,470,153
Subsequent events are summarised as follows:		
Redemption of US$2,000,000 of the Mason Notes (note 1(iv), 3, 9)		(2,390,094)
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Conversion of the remaining Mason Notes to 3,333,333 shares (note 1(ix), 8)		(894,030)
Fair value of the convertible note derivative converted to equity recognised through the profit and loss (note 1(ix), 9)		(1,186,029)
Pro Forma Balance		**–**

AASB 132 Financial Instruments: Presentation provides guidance on whether a financial instrument should be classified as a liability or as equity. A convertible note is considered to have 'two components' (a host liability plus a separate embedded derivative). The embedded derivative may or may not qualify for equity classification under the fixed for fixed test. The fixed for fixed test under AASB 132 classifies the embedded derivative component of a convertible note as an equity instrument if the contract is to be settled by the entity delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash. Under AASB 132, the fixed for fixed test is not met if the convertible note is denominated in a foreign currency. As the Mason Notes are denominated in US$, the financial derivative component of the Mason Notes were recognised as liabilities. The fair value of the financial derivative component of each convertible note was assessed using the Black Scholes model and exchange rate movements were taken into account. The financial liability component of the Mason Notes were recognised at amortised cost using effective interest rates of 20% to 21%.

The redemption of US$2,000,000 of the Mason Notes comprised the redemption of 80% of the total face value of $2,500,000. 80% of the financial derivative value at 31 December 2016 ($1,186,029) was settled and credited to the profit and loss. 20% of the financial liability value and 20% of the financial derivative value (totalling $894,030) was converted to equity, and the difference between the cash paid and 80% of the financial liability value was recognised as an expense in the profit and loss (note 9).

7 Interim Notes

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Interim Notes	365,904	–
Interim Notes at 31 December 2016		365,904
Subsequent events are summarised as follows:		
Issue of additional US$65,000 Interim Notes in January 2017 (note 1(ii), 3)		85,979
Adjustment for accrued interest (note 1(ii), 9)		11,684
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Repayment of the Interim Notes totalling US$340,000 plus accrued interest of US$10,456 (note 1(x), 3)		(463,567)
Pro Forma Balance		–

As of 31 December 2106, a principal amount of US$275,000 was due to the Interim Investors. In January 2017, the Company borrowed an additional US$65,000. As of the date of the Prospectus, US$340,000 was due to Interim Investors. The entire balance of the principal amount and accrued interest is expected to be paid at the close of the Offer.

8 Issued capital

	Number of ordinary shares	$
Issued capital at 31 December 2016	20	2
Subsequent events are summarised as follows:		
Shares issued to Manhattan Scientifics subsequent to 31 December 2016 (note 1(i))	62,432,788	–
1 Share issued as consideration to extinguish US$6,650,000 of the Manhattan Scientifics Note, subject to the completion of the Offer (note 1(i), 5)	1	8,764,579
Shares issued to raise seed capital of $3,508,938 and US$2,000,000 (note 1(iii), 3)	62,183,576	6,226,441
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Shares issued under the Offer pursuant to this Prospectus (note 1(vi), 3)	60,000,000	12,000,000
Less costs of undertaking the Offer (note 1(vii), 3)	–	(1,000,000)
Conversion of the Manhattan Scientifics Note to 1,666,667 shares (note 1(viii), 5)	1,666,667	329,495
Conversion of the remaining Mason Notes to 3,333,333 shares (note 1(ix), 6)	3,333,333	894,030
Shares issued to Lead Manager (note 1(xi), 9)	14,000,000	2,800,000
Shares issued to Consultants (note 1(xii), 9)	450,000	90,000
Pro Forma Balance	**204,066,385**	**30,104,547**

9 Accumulated losses

	Audited 31 Dec 16 $	Unaudited Pro Forma $
Accumulated losses	(15,078,419)	(18,868,266)
Accumulated losses at 31 December 2016		(15,078,419)
Subsequent events are summarised as follows:		
Accrued interest on the Interim Notes subsequent to 31 December 2016 (note 1(ii), 7)		(11,684)
Settlement of Mason Notes convertible note liability expensed to the profit and loss (note 1(iv), 6)		(255,409)
Material expenses incurred subsequent to 31 December 2016 (note 1(v), 3)		(1,818,783)
		(2,085,876)
Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:		
Fair value of Mason Notes convertible note derivative converted to equity recognised through the profit and loss (note 1(ix), 6)		1,186,029
Cost of equity issued to the Lead Manager (note 1(xi), 8)		(2,800,000)
Cost of equity issued to Consultants (note 1(xii), 8)		(90,000)
		(1,703,971)
Pro Forma Balance		**(18,868,266)**

10 Incentive Plans

Details of performance rights to be issued under the Long Term Incentive Plan (LTI Plan) are set out in Section 6.3.3 of the Prospectus.

No adjustment has been made in the Pro Forma Statement of Financial Position for the 12,100,000 performance rights to be issued to the Key Management Group, the 900,000 performance rights to be issued to the non-executive Directors and the 2,550,000 performance rights to be issued to the employees of Imagion US under the LTI Plan on the basis that, in accordance with AASB 2 Share-based payment, the total expense in relation to the performance rights will be recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

11 Related party disclosure

a) The Directors of the Company at the Prospectus Date are:

- Robert Proulx
- Michael Harsh
- John Hazle
- David Ludvigson
- Jovanka Naumovska
- Mark Van Asten
- Peter Di Chiara

b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 6.3.1 of this Prospectus.

c) There have been no related party transactions other than the directors' transactions set out in Sections 6 and those relating to material contracts set out in Section 9 of this Prospectus.

12 Commitments and contingent liabilities

The Company has no commitments or contingent liabilities as at the date of the Prospectus.

5.0 RISK FACTORS

5.0 RISK FACTORS

5.1 Introduction

This Section describes some of the potential material risks associated with the Company's business and the industry in which it operates and risks associated with an investment in Shares. The Company is subject to a number of risks, both specific to its business activities and of a general nature. These risks may either individually or in combination materially adversely impact the future operating and financial performance of the Company, the investment returns and the value of Shares.

The occurrence or consequences of some of the risks described here are partially or completely outside of the control of the Company, its Directors and management team. Investors should note that this Section 5 does not purport to list every risk that may be associated with the Company's business or the industry in which it operates, or an investment in Shares, now or in the future. The selection of risks has been based on the Company's assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that the Company will achieve its stated objectives, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance may not be a reliable indicator of future performance.

Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.

5.2 Risks specific to an investment in Imagion Biosystems

5.2.1 Reliance on Key Personnel Risk

The Company's research and development and its operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel. In particular, the Company's ability to successfully develop and commercialise the MagSense™ technology will substantially depend on the continued employment by the Company or Imagion US of key technical personnel experienced in the life science and medical device product development, such as Robert Proulx, Mike Harsh and John Hazle. The loss of key personnel is likely to have an adverse effect on the Company's operations and financial performance.

5.2.2 Regulatory Risk

The medical device technology industry is highly regulated in Australia, the United States and other countries which the Company may conduct business operations. The Company has not yet formally engaged with the FDA, TGA or other regulatory authorities regarding the initial clinical testing plan for the MagSense™ instrument.

While the Company is not aware of any reason why the MagSense™ instrument would not be able to transition from pre-clinical to clinical product development and human testing stages, 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 may adversely affect the Company's business operations. Any actual or alleged breach of such legislation or regulations could result in Imagion US or the Company being subject to remedial actions, such as product recalls, or penalties, or litigation. Following commercialisation of the MagSense™ technology, the Company will, through Imagion US, be subject to United States and Australian laws and regulations concerning the post market surveillance of medical device products. If the Company's business expands to other countries, the business operations will be subject to the laws and regulations of that market.

5.2.3 Product Risk

The MagSense™ technology and associated specific cancer tests are still at the development stage and each is a new application and has not been fully proven. The detection of a specific type of cancer depends on the availability and functionality of tumour 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, safety and toxicology studies and clinical studies in humans have not yet been conducted. If safety and toxicology studies demonstrate adverse effects associated with the technology or clinical trials fail to prove the technology's efficacy, there is an inherent risk that development and commercialisation of the technology will not progress as planned. Achieving regulatory clearance may take longer than planned or may result in restrictions to the commercial use of the MagSense™ technology.

5.2.4 Liability Risk

Developing and commercialising medical device carries an inherent risk of product liability. Any product liability claims are likely to disrupt Imagion US and 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 financial performance.

5.2.5 Manufacturing Risk

Through Imagion US, the Company intends to license or procure the specific antibodies or ligands from third party suppliers for each type of test and may not be able to obtain or secure commercial rights to certain components critical to making a specific type of test.

The Company may fail to have either the nanoparticle formulation(s) or the MagSense™ instrument made at scale or cost needed to support the commercial model.

5.2.6 Commercialisation Risk

To the extent that the MagSense™ technology is relatively untested, there is no certainty that the 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 commercialisation plans and activities in relation to the MagSense™ technology will be successful, that the Company will reach its development milestones or that the MagSense™ technology and related tests will be commercially exploitable. There can be no assurance that the Company will attract a commercial licensee or partner, which may delay commercial onset or require the Company to raise more capital to build a commercial organization.

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

5.2.7 Competition Risk

The development of a new and superior diagnostic test in a field where the Company is planning to operate (such as prostate cancer, Her2+ breast cancer or ovarian cancer) by a competitor could adversely affect the Company's ability to commercialise the MagSense™ technology. There is a risk that existing competitors or new entrants to the market may develop more cost effective technologies, or technologies better suited to the needs of medical practitioners, which could have an adverse effect on the Company's business and financial position. The Company may be unable to develop further products or keep pace with rapid technological developments in its market space, and may lose market share to its competitors.

5.2.8 Intellectual Property Rights

The Company's ability to license the technology or attract commercial partners to retail its products is largely dependent on Imagion US protecting the monopoly rights to exploit the inventions and methods described in the Patents held by Imagion US.

The Company cannot provide any assurance that the Patents will provide adequate protection for Imagion US' intellectual property, or that third parties will not infringe or misappropriate its Patents or similar proprietary rights. In such an event, Imagion US may have to pursue litigation against other parties to assert its rights.

While the Company is not aware of the MagSense™ technology infringing any third party's patent, it has not undertaken an exhaustive assessment of existing patents. Accordingly, there is a risk that a third party may claim that the MagSense™ technology (including as set out in the Patents) infringes that third party's patent.

Any event that would jeopardise Imagion US' proprietary rights or any claims of infringement by third parties could have an adverse effect on the Company's commercial plans for the MagSense™ technology or the ability to exploit its rights.

5.2.9 Inversion

US anti-inversion tax rules are intended to dissuade US corporations from "inverting" offshore. An "inversion" occurs when all the following conditions are present:

- a foreign corporation acquires, directly or indirectly, substantially all the assets of a US corporation (an indirect acquisition includes the acquisition of stock of the US corporation);
- the foreign acquiring corporation does not have substantial business activities in its country of organization; and
- immediately after the acquisition, the former shareholders of the US corporation own at least 60% of the vote or value of the foreign corporation (generally, stock issued by the foreign acquiring corporation in a public offering is ignored for purposes of this test.)

In the event of an inversion, one of two special tax regimes applies depending on the facts:

- the foreign acquiring corporation is taxable as a US domestic corporation, which includes US taxation (withholding) of dividends, or
- the US corporation is subject to tax on certain transactions without the benefit of US tax attributes, such as net operating loss carry-overs.

The impact of US anti-inversion legislation on the Company has not yet been determined. It is possible that the acquisition of Imagion US by the Company may be deemed an inversion by US regulatory authorities, and a special tax regime may be applied.

The Company has been advised that steps can be taken to mitigate or eliminate the consequences of an inversion without fundamentally changing its structure in an adverse way. Management and the Company's tax advisors will further analyse the legislation and take appropriate steps as deemed necessary.

5.2.10 Funding Risk

The Company does not intend to apply the funds raised under the Offer towards the costs of human clinical testing, and anticipates that it will meet the costs of human testing from other sources of funding, such as grants. As at the date of this Prospectus, the Company anticipates that the costs involved in human testing are likely to be around $2 million to $5 million, depending on which country such testing is undertaken in, the number of patients involved and what the study protocol for the tests entail. If the Company is unable to raise funds to conduct human testing, the Company's commercial plans for the MagSense™ technology are likely to be delayed and its financial performance are likely to be adversely affected.

5.3 General risks of an investment in Imagion Biosystems

5.3.1 Price of Shares

Once the Company become a publicly listed company on the ASX, the Company will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the Company's' fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may adversely impact the price of the Shares include:

- fluctuations in the domestic and international market for listed securities;
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings;
- changes in legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which the Company operates; and
- general operational and business risks.

5.3.2 Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the Offer.

5.3.3 Shareholder dilution

Following the Offer, the Company will have sufficient working capital to fund its near term business operations including the business objectives set out in this Prospectus. However, in the future, the Company may elect to engage in further capital raisings to fund operations, undertake other strategic initiatives, and facilitate employee share plans. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

5.3.4 Inability to pay dividends or make other distributions

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

Moreover, to the extent that the Company pays any dividends, its ability to offer fully franked dividends is contingent on making taxable profits. The Company's taxable profits may be volatile, making the payment of dividends unpredictable. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.3.5 Imagion Biosystems may be subject to changes in tax law

Changes in Australian or US tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Company's tax liabilities or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

5.3.6 Possible changes in Australian Accounting Standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of the Company and its Directors. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the consolidated financial statements of the Company.

5.3.7 Possibility of force majeure events

Events may occur within or outside Australia and the US that could impact on the Australian and/or US economy, the Company's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business. While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company's needs and circumstances, no assurance can be given as to the Company's ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

6.0 KEY PEOPLE, INTERESTS AND BENEFITS

6.0 KEY PEOPLE, INTERESTS AND BENEFITS

6.1 Board of Directors

The Directors of the Company bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Robert Proulx, Executive Chairman

Robert Proulx has over 25 years' experience bringing life science and medical device products through development and commercialisation and joined the predecessor company, Senior Scientific as President and Chief Operating Officer. Previous employment experience includes President and General Manager for Silicon Biosystems developing an imaged-based "liquid biopsy" diagnostic platform for circulating tumor cells. His career in marketing and sales management spans the computer, life science and medical diagnostics industries. Robert holds a Master of Arts and Bachelor of Arts from The State University of New York at Albany and an Executive Master of Business Administration from the Penn State Smeal College of Business.

Mike Harsh, Non-Executive Director

With almost 36 years service to GE, mostly with GE Healthcare on his résumé, Mike Harsh is extraordinarily fluent in the complex processes of transforming high-potential platform technologies into successful medical diagnostic products. At GE, Mike's technical acumen, big-picture thinking, and the ability to form and sustain important relationships propelled his rise to the C-suite. As the Global Technology Leader of Imaging Technologies at GE Global Research, he directed the company's research in X-ray, CT, MRI, Ultrasound, Nuclear Medicine, PET, and Optical Imaging, as well as research associated with computer visualization/image analysis and superconducting systems. Mike now serves as a board-level advisor to technology companies and is Chief Product Officer and a co-founder of Terapede Systems, a California start-up focused on low-dose, high-resolution X-ray imaging. In 2008, Mike was elected to the America Institute for Medical and Biological Engineering (AIMBE) College of Fellows for his contributions to medical and biological engineering. Mike earned his Bachelor's degree in Electrical Engineering from Marquette University.

John Hazle Ph.D, Non-Executive Director

John Hazle, Ph.D. is Professor and Chair of the Department of Imaging Physics at The University of Texas M.D Anderson Cancer Centre, one of the world's largest cancer research and treatment centers. In his role on the Imagion Biosystems' Board of Directors, John represents the interests and professional requirements of an uncompromising customer who buys and uses advanced diagnostic instrumentation on a daily basis. Dr. Hazle is a medical physicist with over 25 years of experience. He is board-certified and licensed in Texas for both therapeutic and diagnostic medical physics. His research interests include image-guided therapy, pre-clinical imaging, and novel early detection technologies. Dr. Hazle is highly sought-after as an academic and business collaborator, and he services on multiple institutional committees, engages as a medical imaging expert with industry partners, and is a reviewer for six peer-reviewed scientific journals. Dr. Hazle holds the Barnard W. Biedenharn Chair in Cancer Research. Following Bachelor's and Master's degree studies at the University of Kentucky, Dr. Hazle earned his PhD degree in Biophysics from the University of Texas Graduate School of Biomedical Sciences at Houston.

Dr. Hazle's appointment to the IBL Board of Directors is pending approval by the MD Anderson Cancer Center's Conflict of Interest Committee.

6.0 KEY PEOPLE, INTERESTS AND BENEFITS

David Ludvigson, Non-Executive Director

A financial expert with deep domain experience, David Ludvigson knows how to properly structure and capitalize medical technology businesses for growth. In both senior director and advisory roles, David has proven himself adept at guiding life science businesses both large and small through the regulatory challenges they must overcome to succeed. His portfolio of completed transactions includes acquisitions, corporate partnerships, OEM arrangements, and licensing agreements. Financing experience includes venture capital, corporate, mezzanine, lease, bank credit, leveraged buyouts, initial offerings and secondary public sources. Currently, David is President and CEO of Nanomix, Inc, a mobile diagnostics company. Previously, David held executive leadership positions with Nanogen, Matrix Pharmaceutical, IDEC Pharmaceuticals, MIPS Computer Systems, and other high-tech companies. He began his career at Price Waterhouse. David holds a Bachelor of Science. in Accountancy degree, and a Masters in Accounting Science degree, both from the University of Illinois.

Jovanka Naumoska, Independent Non-Executive Director – Company Secretary

Jovanka Naumoska is an Australian-qualified corporate lawyer with board-level experience in legal issues pertaining to medical imaging technology. With a specialization in corporate governance, Jovanka adds essential expertise to Imagion Biosystems' Board of Directors as the company moves forward with the development of a sustainable, successful corporate presence in Australia. Jovanka has served as Senior Corporate Lawyer and Policy Advisor for ANSTO, and currently holds the position of Manager, Business Excellence, serving a cross-functional role in business operations, intellectual property development, and regulatory compliance. Jovanka also serves on the Board of Directors for PETNET Australia Pty Ltd, a state-of-the-art PET (Positive Emission Tomography) radiopharmaceutical production facility. After receiving her Bachelor of Science degree from the University of Wollongong, Jovanka earned both the Bachelor of Law degree and the Graduate Diploma in Legal Practice, also from the University of Wollongong. In addition, she holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Mark Van Asten, Independent Non-Executive Director

Australian entrepreneur Mark Van Asten enriches Imagion Biosystems' Board of Directors with successful Director-level market development experience and a passion for getting new, life-saving diagnostic technologies into the hands of medical practitioners. Mark's talents in the areas of medical cost reimbursement, competitive product differentiation, and other essential business practices have been refined by over thirty years of experience in international business development, strategic planning, and new technology introduction. As the Managing Director and Founder of Diagnostic Technology Pty Ltd, Mark has been responsible for the development, introduction, and mainstream healthcare adoption of technologies throughout Australia and Asia, such as human papillomavirus DNA testing for cervical cancer screening and molecular monitoring for both viral and infections and cancer treatments. Concurrent with his founding and leadership of Diagnostic Technology, Mark has held several director-level business development positions with US and Australian diagnostics corporations. Mark holds a Bachelor of Science Degree from the University of New South Wales. He has maintained his relationship with the University as an active research collaborator and industry partner on numerous research projects.

6.0 KEY PEOPLE, INTERESTS AND BENEFITS

Peter DiChiara, Independent Non-Executive Director

Peter is the founding partner of Carmel, Milazzo & DiChiara, LLP, a boutique law firm specializing in corporate and securities law. With over 30 years of experience, his practice is concentrated on advising public companies, private companies, and investors on securities issuance, complex business transactions, regulatory compliance, and corporate governance. Prior to founding Carmel, Milazzo & DiChiara, Peter served at several professional firms including Willkie Farr & Gallagher, Cadwalader Wickerham & Taft, and Ernst & Young. Peter is licensed both as an attorney and as a certified public accountant in the State of New York. He holds a Bachelor of Business Administration degree from the University of Notre Dame and a JD degree from Pace University School of Law.

6.1.1 Director disclosures

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares.

Apart from David Ludvigson and Robert Proulx, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

- **David Ludvigson** David Ludvigson was the president and Chief Operating Officer of Nanogen Inc (OTC:NGEN), a company incorporated in the United States which developed molecular and diagnostic products. In January 2009, Nanogen Inc announced that certain closing conditions to a proposed merger between the Elitech Group and Nanogen Inc were unlikely to be met, being Nanogen Inc obtaining shareholder approval for the merger and additional working capital financing.

  In May 2009, Nanogen Inc filed a voluntary petition under Chapter 11 of Title 11 of the United States Code, seeking bankruptcy court approval of the sale of its assets to the Elitech Group, subject to a court-supervised auction pursuant to Section 363 of the US Bankruptcy Code and designating Elitech as the bidder.

- **Robert Proulx** Robert Proulx was a director of Pharmacogenetics Diagnostic Laboratory LLC (**PGXL**), a company incorporated in the United States which operated a pharmacogenetic test laboratory (a laboratory which conducts tests predicting how patients will respond to drug therapy based on their individual genetic makeup). In November 2016, PGXL filed a voluntary petition under Chapter 11 of Title 11 of the US Bankruptcy Code.

6.2 Senior management

Robert Proulx, Executive Chairman

Refer to Section 6.1.

Guilio Paciotto, Vice President Research & Development

Dr. Paciotti is an accomplished scientist in tumor biology and the development of nanotechnologies for the early diagnosis and treatment of cancer. Prior to joining Imagion Biosystems, Dr. Paciotti was Chief Scientific Officer at CytImmune Sciences developing a gold nanoparticle-based therapeutic. His scientific credentials include a 15-year record of developing complex nanoparticle-based medicines and biologics to meet medical regulatory demands including GMP manufacturing and analytical program development, toxicology and Investigational New Drug Investigational Device Exemption submission. Dr. Paciotti has authored multiple patents in nanotechnology for use in oncology, drug delivery, cancer detection, human monoclonal antibody generation, infectious disease and biodefense. Dr. Paciotti received his Ph.D. from the University of Maryland at College Park.

6.0 KEY PEOPLE, INTERESTS AND BENEFITS

Brian Conn, Chief Financial Officer

Brian has a strong background in early and growth stage biotechnology companies both within and outside the life science industry. Brian has 25 years' experience in raising both private and public capital and mergers and acquisitions. From 2011 to 2016, Brian served as Chief Financial Officer for Verdezyne Inc., raising $170 million in equity, debt, project finance and government incentives. Prior to Verdezyne, Brian held executive positions, including Chief Financial Officer with Chemicon International, Serologicals Corporation, Millipore Corporation and MicroIslet Inc. He has extensive experience with capital transactions, mergers and acquisitions, commercial operations and startups. Brian holds a Bachelor of Science degree in Finance from Arizona State University.

Jovanka Naumoska, Company Secretary

Refer to Section 6.1.

6.3 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Directors' interests and remuneration

6.3.1.1 Executive Directors

Robert Proulx is not entitled to directors' fees or other remuneration in his role as Executive Chairman of the Company. However, Robert Proulx is also the President and Chief Executive Officer of Imagion US, and receives remuneration in that capacity.

The key terms of Robert Proulx's executive employment agreement with Imagion US are as follows:

- the term of the employment agreement is 3 years from 1 May 2017, unless extended by mutual agreement;
- Robert is entitled to a base salary of $US200,000 per annum, but shall be subject to periodic review and adjustment as recommended by the Remuneration Committee of the Company's Board of Directors and approved by the Board of the Company from time to time. Robert is also entitled to up to 8,700,000 Shares under the Long Term Incentive Plan (subject to certain milestones being met) as an initial grant upon Listing;
- Imagion US shall own all rights created by Robert during the term, and all confidential information shall remain the exclusive property of Imagion US;
- if Robert's employment is terminated:
  - without cause or because he has resigned due to a material reduction in his duties or responsibilities (**Good Reason**), he shall be entitled to a termination payment of 12 months' base salary,
  - as a result of a transaction that results in a change of control of Imagion US (or the Company), he shall receive a termination payment of 12 months' salary, plus the 100% acceleration of any vesting schedules associated with any equity compensation programs;
  - because of cause, he shall not be entitled to receive any further compensation other than any salary or expenses accrued but unpaid.
- if Robert's employment is terminated:
  - without cause, because of breach by Imagion US or because of Good Reason, his non-compete period shall end when his entitlement to any accrued benefits or expenses cease;
  - because of disability, his non-compete period shall end upon such termination;
  - for cause or for other than Good Reason, the non-compete period shall otherwise end at the end of the term or the one year anniversary of termination, whichever is later.

6.3.1.2 Non-executive Director remuneration

Each of the non-executive Directors has entered into appointment letters with the Company confirming the terms of their appointment, their roles and responsibilities, and Imagion Biosystems' expectations of them as Directors.

The Board of Directors decide the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting.

Annual Directors' fees currently agreed to be paid by Imagion Biosystems Limited are $5,333 paid to each non-executive Director, plus superannuation at 9.5% of those fees. These fees are inclusive of fees in respect of service on the various Committees. The Directors' fees do not include a commission on, or a percentage of, profits or income. Each non-executive Director will also receive 150,000 Shares.

6.3.1.3 Deeds of access, insurance and indemnity

The Company has entered a deed of indemnity, insurance and access with each Director that confirms the Director's right of access to Board papers (for a period of seven years after the Director ceases to hold office, which can be extended where certain proceedings or investigations commence during that period) and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) suffered or incurred by the Director as an officer of the Company or of a related body corporate.

Under the deeds of indemnity, insurance and access, the Company must maintain a Directors and officers liability insurance policy insuring each Director and officer against liability as a Director and officer of the Company and its related bodies corporate until seven years after each Director or officer ceases to hold office with the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

6.3.1.4 Directors' shareholdings

The Directors are not required by the Constitution to hold any Shares. On Completion of the Offer, the Directors will hold the Shares set out below either personally, or through entities associated with the Director (excluding any Shares applied for under the Offer). Some of these shares will be subject to escrow arrangements. Refer to Section 7.6 for further details.

The Directors are entitled to apply for Shares under the Offer. The Directors' holdings immediately prior to Completion of the Offer, and that are expected to be acquired in the Offer and held on Completion of the Offer is outlined below. Final Directors' Shareholdings will be notified to the ASX before listing on ASX.

Director	Shareholding (prior to Completion of the Offer)	Shares expected to be acquired (or sold) in connection with the Offer	Expected Shareholding (on Completion of the Offer)
Robert Proulx	Nil	Nil	Nil[1]
David Ludvigson	150,000	Nil	150,000
Michael Harsh	150,000	Nil	150,000
John Hazle	150,000	Nil	150,000
Jovanka Naumoska	150,000	Nil	150,000
Mark van Asten	150,000	Nil	150,000
Peter Di Chiara	150,000	Nil	150,000

1) Under the Long Term Incentive Plan, Robert Proulx is eligible to receive up to 8,700,000 rights over Shares as an initial grant upon Listing if certain performance milestones are met. Please refer to Section 6.3.3 for further information regarding the Long Term Incentive Plan.

2) Under the Long Term Incentive Plan, the non-executive Directors are eligible to receive up to a total of 900,000 rights over Shares as an initial grant upon listing. Please refer to section 6.3.3 for further information regarding the Long Term Incentive Plan.

6.3.1.5 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is:

a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Through Imagion US, the Company has entered into certain related party arrangements, as described in section 6.4.6:

- (**Interim Notes**): Imagion US has issued subordinated non-convertible notes with a total face value of $US340,000 to Robert Proulx (Chairman and Chief Executive Officer of Imagion US), Brian Conn (Chief Financial Officer of Imagion US) and Mike Reveley (Financial Advisor to Imagion Group);
- (**MD Anderson**) Imagion US has entered into a Research Collaboration and Equipment Loan Agreement with the University of Texas MD Anderson Cancer Centre, under the direction of John Hazle, a faculty member of MD Anderson and a non-executive director of the Company.

6.3.1.6 Other information about Directors' interests and benefits

Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or its Subsidiaries.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3.2 Senior Management's interests and remuneration

6.3.2.1 Managing Directors

See Section 6.3.1.1 above.

6.3.2.2Chief Financial Officer

Brian Conn is the Chief Financial Officer of Imagion US and the Company.

Brian's base salary is $US120,000 per annum. Brian is also eligible to receive up to 1,700,000 rights over Shares as an initial grant upon Listing under the Long Term Incentive Plan.

6.3.2.3Company Secretary

See Section 6.3.1.2 above.

6.3.2.4 Senior management service agreements

Each senior manager in the Imagion Group has entered into an executive employment agreement with Imagion US.

The key terms of each senior manager's employment are as follows:

- the term of each agreement is three years from a specified effective date, unless extended by mutual agreement;
- the senior manager's base salary shall be determined in accordance with Imagion US' customary payroll practices, but shall be subject to periodic review and adjustment as recommended by the Remuneration Committee of Imagion US' (or the Company's) Board of Directors and approved by the Board of Imagion US (or the Company) from time to time;
- Imagion US shall own all rights created by the senior manager during the term, and all confidential information shall remain the exclusive property of Imagion US;
- if the senior manager's employment is terminated:
  - without cause or because the senior manager has resigned due to a material reduction in their duties or responsibilities (**Good Reason**), the senior manager shall be entitled to a termination payment of 6 months' base salary,
  - as a result of a transaction that results in a change of control of Imagion US (or the Company), they shall receive a termination payment of 6 months' salary, plus the 100% acceleration of any vesting schedules associated with any equity compensation programs;
  - because of cause, the senior manager shall not be entitle to receive any further compensation other that any salary or expenses accrued but unpaid.
- if the senior manager's employment is terminated:
  - without cause, because of breach by Imagion US or because of Good Reason, their non-competition period shall end when their entitlement to any accrued benefits or expenses cease;
  - because of disability, their non-competition period shall end upon such termination;
  - for cause or for other than Good Reason, the non-competition period shall otherwise end at the end of the term or the one year anniversary of termination, whichever is later.

6.3.3 Employee incentive arrangements

The Group's other Management Team are employed under individual executive services agreement. These generally establish:

- total compensation, inclusive of base salary and
- superannuation contribution to a fund of the individual's election;
- eligibility to participate in the Company's bonus policy in place from time to time.
- notice and termination provisions in accordance with the applicable US legislation);
- restraint of trade provisions (generally for a 6 to 12 month period, subject to legal usual requirements) and confidentiality obligations; and
- for employees, leave entitlements as per the applicable US legislation.

Interests and annual remuneration

The Company has established various incentive arrangements to assist in the attraction, retention and motivation of its employees and management of the Group as set out below.

The annual remuneration package of each member of the Key Management Group is comprised of a base salary, and participation in a new Long Term Incentive Plan (**LTI Plan**). Non-executive directors of the Company and certain employees of Imagion US are also entitled to participate in the LTI Plan. The initial allocation of performance rights under the LTI Plan is as set out below, with any further allocation to be determined by the Board.

The LTI Plan is governed by the LTI Plan Rules.

Key Management Group

It is intended that, following Listing, the Key Management Group will receive, in aggregate up to a total of 12,100,000 performance rights under the LTI Plan (representing approximately $2,420,000 at the Offer Price).

The performance rights granted to the Key Management Group shall vest on certain performance milestones being achieved, as outlined below:

Member	Shares	Reason	KPI
Robert Proulx	8,700,000	Senior Management Remuneration	Vests over 2 years and subject to the following milestones: • 50% on first in human testing • 50% on achievement of regulatory clearance from FDA or TGA or European Medicines Agency or equivalent in relevant Western country Subject to ASX escrow
Brian Conn	1,700,000	Senior Management Remuneration	
Giulio Paciotti	1,700,000	Senior Management Remuneration	
Total	**12,100,000**		

Non-Executive Directors and Employees

It is intended that, on Listing, the non-executive directors and employees will receive in aggregate up to a total of 3,450,000 performance rights under the LTI Plan (representing approximately $690,000 at the Offer Price) as follows'

Member	Relationship to Company	Shares	Reason
David Ludvigson	Non-Executive Director	150,000	Board Remuneration
Michael Harsh	Non-Executive Director	150,000	Board Remuneration
John Hazle	Non-Executive Director	150,000	Board Remuneration
Jovanka Naumoska	Non-Executive Director	150,000	Board Remuneration
Mark Van Asten	Non-Executive Director	150,000	Board Remuneration
Peter Di Chiara	Non-Executive Director	150,000	Board Remuneration
Vreeland, E.	Employee of Imagion US	500,000	Employee Remuneration
Karaulanov, T.	Employee of Imagion US	500,000	Employee Remuneration
Nettles, C.	Employee of Imagion US	500,000	Employee Remuneration
Minser, K.	Employee of Imagion US	250,000	Employee Remuneration
Weldon, C.	Employee of Imagion US	250,000	Employee Remuneration
Gomez, A.	Employee of Imagion US	250,000	Employee Remuneration
Condrey, E.	Employee of Imagion US	250,000	Employee Remuneration
Sims, B.	Employee of Imagion US	50,000	Employee Remuneration
Total		**3,450,000**	

A total of 2,550,000 rights over Shares will be issued to employees of Imagion US under the Long Term Incentive Plan, which will vest quarterly over the 2 years following Listing, and will not be subject to performance milestones. A total of 900,000 rights over Shares will be issued to non-executive Directors under the Long Term Incentive Plan, which will vest over 2 years.

Mingxiong Huang, a consultant to Imagion US, will receive 150,00 Shares as compensation for his consultancy services, while David Roth, a consultant to Imagion US, will receive 300,000 Shares as compensation for his consultancy services. It is intended that the Shares be issued to the Consultants upon Listing.

It is intended that the performance rights shall vest, and Shares be issued, with effect from Completion of the Offer.

Long Term Incentive Plan (LTI Plan)

The LTI Plan offers eligible employees (including executives) selected by the Board rights to subscribe for, or be granted, performance rights.

The invitations issued to eligible employees will include information such as performance conditions and any trading restrictions on dealing with Shares allocated on vesting or exercise of a performance right.

Upon acceptance of an invitation, the Directors will grant performance rights in the name of the eligible employee or their nominee (as permitted by the terms of the LTI Plan). On vesting, one performance right is exercisable into or entitles the holder to one Share.

Participants in the LTI Plan will not pay any consideration for the grant of the performance rights.

Performance rights will not be listed on ASX and may not be transferred, assigned or otherwise dealt with except with the approval of the Directors (or by force of law upon death due to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy).

Performance rights will only vest where the performance conditions (if any) and any other relevant conditions advised have been satisfied unless otherwise determined by the Board. An unvested performance right will lapse in certain circumstances, including where performance conditions are not satisfied within the relevant time period, where the participant deals with the performance right in breach of the rules of the LTI Plan or where, in the opinion of the Board, a participant has acted fraudulently or dishonestly.

If a participant's employment or engagement with the Company (or its subsidiaries) terminates before the performance rights have vested, the performance rights will lapse, unless the invitation provides otherwise, or, in the case of retirement in certain circumstances, death, total and permanent disablement or redundancy, the Board resolves otherwise.

Where there is a takeover bid made for Shares in the Company, the Directors may determine that all or part of the participant's unvested performance rights, will become vested performance rights.

If there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan in accordance with the provisions of the ASX Listing Rules.

A performance right issued pursuant to the LTI Plan does not entitle its holder to dividends nor rights to vote at meetings of Shareholders of the Company until that performance right is exercised and the participant is a holder of a valid Share in the Company. Shares acquired on vesting of the performance rights will upon allotment rank equally in all respects with other Shares and the Company will apply to ASX for quotation of the relevant Shares.

No performance right or Share may be offered under the LTI Plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.

6.3.4 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- **Focus Capital Partners Pty Ltd** have acted as Lead Manager to the Offer. The Company has paid, or agreed to pay, Focus the fees described in Section 10.3.1 for these services;
- **Holding Redlich** has acted as Australian legal adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $130,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Holding Redlich in accordance with its normal time-based charges;
- **RSM Corporate Australia Pty Ltd** has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries in connection with the Offer. The Company has paid, or agreed to pay, approximately $20,000 (excluding disbursements and GST) for the above services up until the Prospectus Date;
- **RSM Australia Pty Ltd** has provided taxation advice to the Company in connection with the Offer. The Company has paid, or agreed to pay in accordance with customary rates (excluding disbursements and GST) for the above services up until the Prospectus Date;
- **BoardRoom Pty Ltd** has acted as the Share Registry to the Company. The Company has paid, or agreed to pay, normal commercial rates for the share registry services provided by Boardroom.
- **The Maxham Firm** has provided an Intellectual Property Report to the Company. The Company has paid, or agreed to pay, approximately $US5,000 (excluding disbursements and GST) for those services up until the Prospectus Date. Further amounts may be paid to The Maxham Firm in accordance with its normal time based charges.

The Lead Manager or its affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Lead Manager and their affiliates may act as a market maker or buy or sell securities issued by the Company or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Offer or available cash (unless otherwise indicated). Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.

6.4 Corporate Governance

6.4.1 Overview

This Section explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released the ASX Recommendations for ASX-listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptive, but guidance. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period.

Except as set out below, the Board does not anticipate that it will depart from the ASX Recommendations; however, it may do so in the future if it considers that such a departure would be reasonable:

- (**Diversity Policy**): ASX Recommendation 1.5 requires that the Company has a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity, and to assess annually both the objectives and the Company's progress in achieving them, The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experience and this diversity is recognised, valued and respected. While the Company is committed to gender diversity in its workplace, the Board believes that the Company is not yet at a size where it is appropriate to implement a Diversity Policy or to implement measurable objectives for achieving gender diversity.
- (**Chair**): ASX Recommendation 2.5 requires that the Chair of the Board should be an independent director, and should not be the same person as the Chief Executive Office of the Company. The Company's Executive Chairman, Robert Proulx, is an executive director of the Company and is not an independent director, as defined in the ASX Recommendations. The Board believes that the Company is not yet at a size where it is appropriate to appoint an independent director as the Chair of the Board.

The main policies and practices adopted by the Company, which will take effect from ASX listing, are summarised below. In addition, many governance elements are contained in the Constitution. The Company's Code of Conduct outlines the standards of conduct expected of the Company's business and personnel in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, relevant laws and regulations and other policies and procedures of the Company. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available from Listing at www.imagionbiosystems.com.au.

6.4.2 Independence of Directors

In determining whether a Director is "independent", the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered "independent" if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard. The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

The Board considers that four of the six non-executive Directors, being Mike Harsh, David Ludvigson, Mark van Asten and Jovanka Naumoska are free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement and so each is considered an independent Director.

John Hazle is the Chair in Imaging Physics at the University of Texas MD Anderson Cancer Centre, an institution which currently provides research services to Imagion US. Peter DiChiara currently provides legal services to Manhattan Scientifics, a substantial shareholder in the Company. Therefore, the Board does not consider the non-executive directors John Hazle or Peter Di Chiara to be independent directors.

6.4.3 Board Charter

The Company has approved a Board Charter to apply on Listing. The Board Charter sets out:

- the composition and operation of the Board;
- the roles and responsibilities of the Board, Chair, company secretary, committees and management; and
- the delegation of authority by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- optimise the Company's performance and build sustainable value for Shareholders;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of the Company's performance and major developments.

Matters which are specifically reserved for the Board or its committees include:

- appointment of a Chair;
- appointment and removal of the Executive Chairman and company secretary;
- ratifying the appointment and removal of senior executives;
- approving the remuneration policies and framework and determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- establishing and monitoring succession planning;
- setting the specific limits of authority for management;
- calling meetings of Shareholders; and
- approving criteria for assessing performance of senior executives and monitoring and evaluating their performance.

The Executive Chairman is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out these responsibilities, the Executive Chairman must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

The role of management is to support the Executive Chairman and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

6.4.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Remuneration and Nomination Committee and a Disclosure Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board Charter, Board committee performance evaluations will occur annually.

6.4.4.1 Audit and Risk Management Committee

Under its charter, the Audit and Risk Management Committee must be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Audit and Risk Management Committee must have at least three members, a majority of whom (including the chair) must be independent and all of whom must be non-executive Directors. A member of the Audit and Risk Management Committee, who does not chair the Board, shall be appointed the chair of the Committee.

Currently, the Committee comprises David Ludvigson, Peter DiChiara, Mike Harsh and Mark Van Asten, and David Ludvigson will act as chair. In accordance with its charter, it is intended that all members of the Committee should be financially literate and have familiarity with financial management, and at least one member should have relevant qualifications and experience.

The primary role of the Audit and Risk Management Committee includes:

- overseeing the Company's process of internal control structure, continuous disclosure, financial and non-financial risk management systems, and compliance and external audit;
- providing advice to the Board and reports on the status and management of the risks to the Company, to ensure the that risks are identified, assessed and appropriately managed;
- monitoring the Company's compliance with laws and regulations and the Company's codes of conduct and ethics; and
- encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor.

The Board has adopted a policy regarding the services that the Company may obtain from its auditor. It is the policy of the Company that its external auditor:

- must be independent of the Company and the Directors and senior executives. To ensure this, the Company requires a formal confirmation of independence from its external auditor on an annual basis; and
- may not provide services to the Company that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor's judgement or independence are not appropriate. However, the external auditor may be permitted to provide additional services which are, and are not perceived to be, materially in conflict with the role of the auditor, if the Board or Audit and Risk Management Committee has approved those additional services.

6.4.4.2 Disclosure Committee

Pursuant to the Company's Disclosure and Communication Policy, the Company will establish a Disclosure Committee. Under its charter, this Committee must have at least three members consisting of the Company Secretary and two independent Directors. The Disclosure Committee will be responsible for considering disclosures of potentially market sensitive information to be made by the Company, and providing assurance to the Board that all potentially market sensitive information has been assessed for compliance with the Company's continuous disclosure obligations.

6.4.4.3 Remuneration and Nomination Committee

Under its charter, this Committee must have at least three members, a majority of whom (including the chair) must be independent Directors and all of whom must be non-executive Directors. Currently, the Committee comprises David Ludvigson, John Hazle, Jovanka Naumoska and Mark van Asten, and Mark van Asten will act as chair. David Ludvigson, Jovanka Naumoska and Mark van Asten are independent directors. In accordance with its charter, it is intended that at least one member will have expertise in remuneration. The main functions of the Remuneration and Nomination Committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity, experience and commitment to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company:

- has coherent remuneration policies and practices which enable the Company to attract and retain executives and Directors who will create value for Shareholders, including succession planning for the Board and executives;
- fairly and responsibly remunerate Directors and executives, having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the Company's needs.

The Remuneration and Nomination Committee will meet as often as is required by its Charter or other policy approved by the Board to govern the operation of the Committee. Following each meeting, the Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval.

6.4.5 Corporate Governance Principles and Policies

6.4.5.1 Continuous disclosure policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately disclose to the ASX any information concerning the Company which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of the Company's securities, once the Company is aware of such information. The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a Continuous Disclosure Policy to take effect from ASX listing, which establishes procedures to ensure that Directors and senior management are aware of, and fulfil their obligations in relation to continuous disclosure, including the timely, full and accurate disclosure of material price-sensitive information when required. The Continuous Disclosure Policy also sets out procedures for communicating with Shareholders, the media and the market. Under the Continuous Disclosure Policy, the Disclosure Committee Company Secretary will be primarily responsible for managing the Company's compliance with its continuous disclosure obligations, with the Company Secretary responsible for Shareholder, media and market communications.

6.4.5.2 Share trading policy

The Company has adopted a Securities Trading Policy which will apply to the Company and its Directors, officers, employees and senior management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly.

The Policy is intended to explain the types of conduct in relation to dealings in the securities of the Company that is prohibited under the Corporations Act and establish procedures in relation to Directors, senior management or employees dealing in the securities.

Subject to certain exceptions, including exceptional financial circumstances, the Securities Trading Policy defines certain "closed periods" during which trading in securities of the Company by the Directors, officers and certain employees is prohibited. Those closed periods are currently defined as the following periods:

- the Company's year end until the business day after the release of the full year results;
- the Company's half year end until the business day after the release of the half yearly results; and
- any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to ASX Listing Rule 3.1A).

Outside of these periods, Directors, senior management and certain employees must receive clearance for any proposed dealing in securities of the Company. In all instances, buying or selling securities of the Company is not permitted at any time by any person who possesses price-sensitive information concerning the Company.

6.4.5.3 Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, to take effect from listing on the ASX, to be followed by all employees, contractors and officers. The key aspects to the code are to:

- act with, honesty, integrity and fairness, and in the best interests of the Company as a whole;
- act in strict compliance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- avoid conflicts of interest; and
- use the Company's resources and property properly.

The Code of Conduct outlines the Company's policies on various matters including protection of confidential information, avoiding conflicts of interest, ethical conduct, business and personal conduct, privacy and financial integrity.

6.4.5.4 Communications with Shareholders

The Board aims to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that Shareholders are properly informed of all major developments affecting the affairs of the Company. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website, www.imagionbiosystems.com.au.

The Company's website will also contain information about the Company, including media releases, key policies and the charters of Board committees.

6.4.5.5 Risk management policy

The identification and proper management of the Company's risks are an important priority of the Board. The Board has adopted a Risk Management Policy appropriate for its business, which will ensure appropriate systems are implemented to identify material risks that may impact on the Company's business and delegate appropriate responsibilities to control any identified risk. The Policy will also ensure that any material changes to the Company's risk profile will be disclosed in accordance with the Company's Continuous Disclosure Policy.

The Board will be responsible for overseeing and approving the Company's risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major risks to the business are identified, assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future.

The Board will regularly undertake review of its risk management procedures to ensure that it complies with its legal obligations.

6.4.6 Related party transactions

Through Imagion US, the Company has an interest in the following related party transactions:

- (**Interim Notes**): As outlined in sections 1.1 and 10.3.3, Imagion US has issued successive tranches of subordinated non-convertible notes to Robert Proulx (Executive Chairman of the Company and Chief Operating Officer of Imagion US), Brian Conn (Chief Financial Officer of Imagion US) and Mike Reveley (Financial Advisor to Imagion Group), with the total face value of all Interim Notes totalling $US340,000. Each Interim Note accrues 8% interest per annum.
- (**MD Anderson**): as outlined in section 10.3.7, Imagion US has entered into a Research Collaboration and Equipment Loan Agreement with the University of Texas MD Anderson Cancer Centre, pursuant to which MD Anderson shall conduct trial and validation studies under the direction of John Hazle, a faculty member of MD Anderson and a non-executive director of the Company.

  In consideration for the conduct of the research program, Imagion US shall:

  - loan a MagSense™ instrument to MD Anderson for the term of the program;
  - fund a cancer biology research program, computational methods research program and nanoparticle conjugation research program for the MagSense™ technology, including the costs of personnel, supplies and equipment expenses, estimated at a total of $US2,447,370 over 3 years.

John Hazle will oversee the cancer biology research program and Imagion US will provide salary support to MD Anderson for John Hazle's participation during the term of the project, such support totalling $US170,004.

7.0 DETAILS OF THE OFFER

7.0 DETAILS OF THE OFFER

7.1 The Offer

This Prospectus relates to the Offer. The Company is undertaking an Offer of up to 60,000,000 Shares at $0.20 per Share to raise $12 million (before costs). The Shares issued under this Prospectus will represent approximately 27% of Shares on issue upon Completion of the Offer.

The Offer is made to raise the necessary funds required by the Company, and will be applied towards the Company's working capital requirements.

7.1.1 Structure of the Offer

The Offer comprises the Offer and the Institutional Offer, each described below:

- the Offer, which consists of the Broker Firm Offer and
- the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus.

The allocation of Shares between the Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager, having regard to the allocation policies outlined in Section 7.2.

No general public offer of Shares will be made under the Offer.

7.1.2 Offer and Purpose

Pursuant to this Prospectus, the Company is offering up to 60,000,000 Shares at an issue price of $0.20 per Share to raise $12,000,000 before costs.

Please refer to the Key Offer Details section 1 for the Opening Date and Closing Dates for the Offer, and refer to Section 7.3 for details on how to apply for Shares pursuant to the Offer.

The purpose of the Offer is to:

- facilitate the Company's application for admission to the Official List of the ASX;
- to raise funds to advance product development to first-in-human testing by undertaking nanoparticle safety and toxicology studies, clinical instrument design and outsourcing manufacturing of nanoparticles and instruments; and
- to provide funds for general working capital.

A summary of the budgeted intended use of the funds is set out in Section 7.1.3 below.

7.1.3 Use of Offer proceeds

The total gross proceeds of the Offer will be equal to the number of Shares issued under the Offer multiplied by the Offer Price.

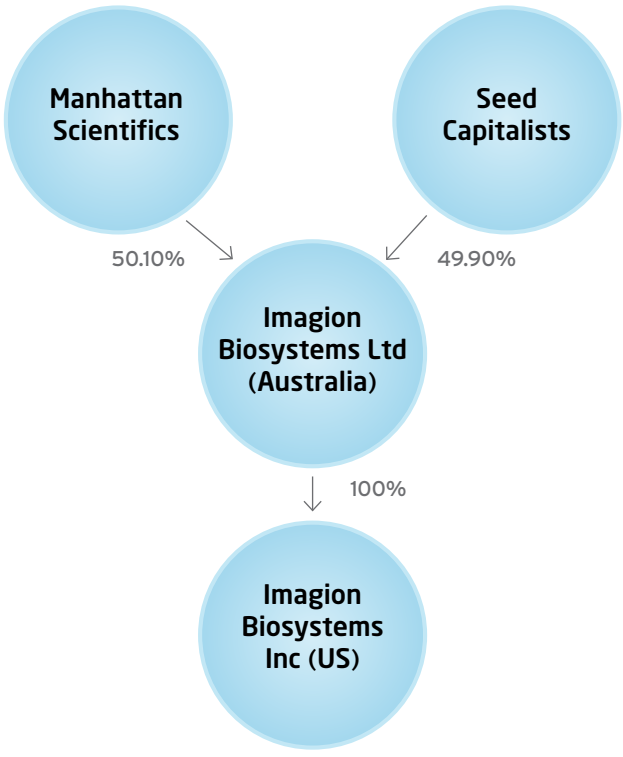
The total sources of funds under the Offer is expected to be $12,000,000. The funds raised under the Offer, plus current cash reserves, are expected to be allocated over the first eighteen (18) months following Listing as follows:

Use of Funds	
Internal R&D labor and supplies	$2.7m
Design of clinical instrument	$2.0m
External collaborations	$1.3m
Paydown of balance in arrears to MD Anderson	$0.7m
Preclinical manufacturing	$1.4m
General and administrative	$2.4m
Retirement of debt	$0.5m
Cost of offer (incl advisers)	$1.0m
Total	**$12.0m**

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including commercialisation success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

7.1.4 Corporate structure of Imagion Biosystems

The following diagram represents the Imagion Group's corporate structure at the date of this Prospectus.



7.1.5 Existing Shareholders

The details of Shares owned by Existing Shareholders immediately prior to the Offer, and on Completion of the Offer, are set out below:

Existing Shareholder	Shares held prior to the Offer %	Shares held prior to the Offer	Shares held at Completion of the Offer%	Shares held at Completion of the Offer
Manhattan Scientifics	50.10%	62,432,809	29.18%	64,099,476
Mason Group	Nil	Nil	1.52%	3,333,333[1]
Seed Shareholders	49.90%	62,183,576	28.31%	62,183,576
Shares issued to the Lead Manager	Nil	Nil	6.37%	14,000,000
Shares issued to Key Management Group[1]	Nil	Nil	5.51%	12,100,000
Shares issued to Consultants	Nil	Nil	0.20%	450,000
Shares issued to employees[2]	Nil	Nil	1.16%	2,550,000
Shares issued to non-executive Directors[3]	Nil	Nil	0.41%	900,000
Shares issued under Offer	Nil	Nil	27.32%	60,000,000
Total	**100%**	**124,616,385**	**100%**	**219,616,385**

1) Up to 12,100,000 rights over Shares will be issued to Key Management Personnel as an initial grant under the Long Term Incentive Plan, which will vest over 2 years and be subject to certain performance milestones being met.

2) 2,550,000 rights to Shares will be issued to employees under the Long Term Incentive Plan, which will vest quarterly over 2 years.

3) 900,000 rights to Shares will be issued to non-executive Directors under the Long Term Incentive Plan, which will vest at 2 years after Listing.

7.1.6 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shareholders	Shares
Shares issued to Seed Shareholders	62,183,576
Shares issued to Mason Group	3,333,333
Shares issued to Manhattan Scientifics	64,099,476
Shares to be issued to Applicants under the Offer	60,000,000
Shares issued to Lead Manager	14,000,000
Shares issued to Consultants	450,000
Subtotal	**204,066,385**
Rights over Shares issued to Key Management Group[1]	12,100,000
Rights over Shares issued to employees of Imagion US[2]	2,550,000
Rights over Shares issued to non-executive Directors[3]	900,000
Total	**219,616,385**

1) Up to 12,100,000 rights over Shares will be issued to the Key Management Group as an initial grant under the Long Term Incentive Plan, which will vest over 2 years and be subject to certain performance milestones being met.

2) A total of 2,550,000 rights over Shares will be issued to employees of Imagion US under the Long Term Incentive Plan, which will vest quarterly over 2 years, and will not be subject to performance milestones.

3) A total of 900,000 rights over Shares will be issued to non-executive Directors under the Long Term Incentive Plan, which will vest at 2 years after Listing.'

The Company will not have any Options on issue.

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

7.1.7 Substantial Shareholders

Shareholders holding or controlling 5% or more of the Share on issue as at the date of this Prospectus are set out below:

Name	Number of Shares pre-Offer	%
Manhattan Scientifics Inc	62,432,809	50.10
Anthony Fallace	10,361,838	8.31%

Those Shareholders holding or controlling 5% or more of the Shares on issue following Completion are set out below:

Name	Approximate % of Shares post-Offer
Manhattan Scientifics Scientific Inc	29.19%
Lead Manager	6.37%

7.1.8 Financial and other information about Imagion Biosystems

The Company's Pro Forma Historical Statement of Financial Position following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.

The Company's capitalisation and indebtedness as at 1 May 2017, before and following Completion of the Offer, are set out in Section 4.

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available to fulfil the purposes of the Offer and meet its stated business objectives.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in Imagion Biosystems Limited).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them is set out in Section 7.12.
What is the consideration payable for the Shares?	The Offer Price is $0.20 per Share.
What is the Offer period?	The key dates, including the details of the Offer period, are set out on page 03.
What are the cash proceeds to be raised?	$12,000,000 is expected to be raised under the Offer based on the Offer Price.
What is the minimum and maximum Application size under the Broker Firm Offer?	The minimum Application size under the Broker Firm Offer is $2,0000, being an Application for 10,000 Shares. There is no maximum Application size under the Broker Firm Offer, subject to any restrictions pursuant to section 611 of the Corporations Act 2001 (Cth.).
What is the allocation policy?	The allocation of the Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager. With respect to the Broker Firm Offer, it is a matter for the Brokers (and not the Company) how they allocate Shares amongst eligible retail clients. The allocation of Shares under the Institutional Offer will be determined by agreement between the Company and the Lead Manager.
When will I receive confirmation whether my Application has been successful?	It is expected that initial holding statements will be mailed by standard post on or about Wednesday 14 June 2017.

Will the Shares be quoted?	The Company will apply for admission to the Official List of the ASX and quotation of Shares on ASX under the code "IBX". Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by us from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit us to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on Tuesday 20 June 2017. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Share Registry, by a Broker or otherwise.
Is the Offer underwritten?	No.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.6.
Have any ASX confirmations or ASIC modifications been obtained or relied on?	No ASX confirmations or ASIC modifications have been obtained or relied on.
Are there any taxation considerations?	Yes. Please refer to Section 10.5 and note it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 10.3.1 for details of various fees payable by the Company to the Lead Manager.
What should I do with any enquiries?	Enquiries in relation to this Prospectus may be directed to the Share Registry on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) from 9am until 5pm (Melbourne time) Monday to Friday. Enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who May Apply

The Broker Firm Offer constituted by this Prospectus in electronic form is available only to persons with a registered address within Australia and who have a firm allocation of Shares from their Broker. If you have been offered a firm allocation of Shares by a Broker, you will be treated as an Applicant under the Broker Firm Offer in relation to that allocation. You should contact your Broker to determine whether you may be allocated Shares under the Broker Firm Offer.

7.3.2 How to Apply

Applications for new Shares offered under the Broker Firm Offer this Prospectus may only be made on the Offer Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

Applications for Shares under the Broker Firm Offer must be made using the Application Form. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form and Application Monies with the Broker from whom you received your firm allocation of Shares. Applicants under the Broker Firm Offer must not be sent to the Share Registry.

Applications for Shares under the Broker Firm Offer must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share. The Company and Lead Manager reserve the right to aggregate any applications which they believe are multiple applications from the same person, or to reject or scale back any applications.

A completed Application Form is an offer by an Applicant to the Company to apply for the amount of Shares specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded. Acceptance of an Application will give rise to a binding contract.

Completed Application Forms and accompanying cheques, made payable to "**IMAGION BIOSYSTEMS LIMITED**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date. The Company and the Lead Manager may elect to extend the Offer or any part of it, or to accept late applications in particular cases or generally. The Offer, or any part of it, may be closed at an earlier date or time without notice, or your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Application Forms as soon as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.3.4 Broker Firm allocation policy

The allocation of firm stock to Brokers has been determined by agreement between the Company and the Lead Manager. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Lead Manager to reject or scale back Applications). It will be a matter for those Brokers how they allocate Shares among their retail clients and they (and not the Company) will be responsible for ensuring that retail clients, who have received an allocation of Shares from them, receive the relevant Shares.

7.3.5 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any Application Monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

7.3.6 Announcement of final allocations in Broker Firm Offer

Applicants in the Broker Firm Offer will be able to confirm their allocation through the Broker from whom they received their allocation.

7.4 Institutional Offer

7.4.1 Invitation to Bid

The Institutional Offer is an invitation to Australian resident Institutional Investors and other eligible Institutional Investors in jurisdictions outside the United States to bid for Shares, made under this Prospectus. The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.4.2 Institutional Offer allocation policy

The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by agreement between the Company and the Lead Manager. The Lead Manager, in consultation with the Company, determined the basis of allocation of Shares among Institutional Investors. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced by the following factors:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall levels of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

7.5 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable securities laws.

Each Applicant in the Broker Firm Offer and Institutional Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.6 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that once the Company receives an Application Form it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective Officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends;
- acknowledged that any dividends paid by the Company may be unfranked or only partially franked and that the unfranked portion of any such dividends may not attach conduit foreign income;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not investment advice or taxation advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s); and
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer).

7.7 Restricted Securities

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is estimated that up to 157,066,385 Shares (being 71.52% of the Company's fully diluted capital) may be subject to escrow under the ASX Listing Rules, as follows:

a) up to 79,449,476 Shares for 24 months from the date of Official Quotation, being:
   i) 900,000 rights over Shares held by non-executive Directors upon the vesting of Shares under the Long Term Incentive Plan;
   ii) 64,099,476 Shares held by Manhattan Scientifics;
   iii) 14,000,000 Shares issued to the Lead Manager; and
   iv) 450,000 Shares held by the Consultants;
b) up to 65,516,909 Shares for 12 months from the date of issue, which may be reduced by the ASX cash formula rules, being:
   i) up to 62,183,576 Shares issued to seed Shareholders (primarily held by unrelated Shareholders), which may be subject to escrow for 12 months from the date of allotment of the seed capital on 7 February 2017; and
   ii) up to 3,333,333 Shares to be issued to the Mason Group upon the conversion of the Mason Note, which may be subject to escrow for 12 months from the date of conversion; and
c) upon the vesting of the 12,100,000 performance rights issued to the Key Management Group, the performance rights and Shares issued upon vesting may be subject to escrow for a total period of 24 months from the date of issue of those performance rights.

The 2,550,000 Shares issued to employees under the Long Term Incentive Plan will not be subject to escrow, and no Shares will be subject to voluntary escrow. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

7.8 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants or bidders. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.9 ASIC relief

No ASIC relief or modification of the Corporations Act have been obtained or relied on.

7.10 ASX Waivers

No waivers of the ASX Listing Rules have been obtained or relied on.

7.11 ASX listing, registers and holding statements, deferred settlement trading

7.11.1 Application to ASX for listing and quotation of Shares

The Company will apply to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code "IBX").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Imagion Biosystems or the Shares offered for subscription under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), all application monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by us from time to time), the Company will be required to comply with the ASX Listing Rules.

7.11.2 CHESS and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.11.3 Deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX (on a deferred settlement basis) will commence on or about Tuesday 20 June 2017.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Share Registry or confirmed your firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on or about Friday 23 June 2017.

7.12 Description of Shares

7.12.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution of the Company; and
- in certain circumstances, regulated by statute, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.12.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each fully paid Share held.

7.12.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

7.12.4 Dividends

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Constitution, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend and the time and the method of payment of the dividend.

7.12.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

7.12.6 Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

7.12.7 Winding up

Subject to the Constitution, the Corporations Act and any special resolution or preferential rights or restrictions attached to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

7.12.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.12.9 Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

7.12.10 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

7.12.11 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

7.12.12 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum may not be more than 10. Directors are elected at general meetings of the Company.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) retires at each annual general meeting of the Company.

7.12.13 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote.

7.12.14 Directors – remuneration

The Directors, other than the executive Directors, shall be paid by way of fees for services, with the maximum aggregate sum approved from time to time by the Company in a general meeting or, until so determined, as the Board determines.

The current maximum aggregate sum approved by the Board is $125,000. Any change to that maximum aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of the Company. Subject to the Corporations Act and the Constitution, remuneration of executive Directors shall be the amount that the Board decides.

7.12.15 Directors – powers and duties

The Directors have the power to manage the business of the Company and may exercise all powers which are not expressly required by law, the ASX Listing Rules or the Constitution to be exercised by the Company in a general meeting.

7.12.16 Indemnities

The Company, to the extent permitted by law, indemnifies each of its Directors and Secretaries (past and present) against any liability incurred by that person as an officer of the Company or one of its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director or Secretary of the Company or its Subsidiaries against any liability incurred by such person as an officer of the Company or its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis).The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of the Company or its Subsidiaries, under which the Company must do all or any of the following:

- keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability and certain legal costs incurred by that person (on a solicitor-and-client basis);
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of certain legal costs incurred by that person (on a solicitor-and-client basis); and
- keep that person insured in respect of any act or omission by that person while an officer of the Company or a Subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

7.12.17 Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

8.0 INVESTIGATING ACCOUNTANT'S REPORT

8.0 INVESTIGATING ACCOUNTANT'S REPORT

RSM Corporate Australia Pty Ltd

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18 May 2017

The Directors
Imagion Biosystems Limited
Level 8, 555 Bourke Street
Melbourne VIC 3000

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on the Historical and Pro Forma Historical Financial Information of Imagion Biosystems Limited

We have been engaged to report on the historical financial information and pro forma historical financial information of Imagion Biosystems Limited ("Imagion Biosystems" or "the Company") as at 31 December 2016 for inclusion in the Company's replacement prospectus to be lodged with the Australian Securities and Investments Commission and dated on or around 18 May 2017 ("the Prospectus") and relating to the proposed initial public offering of the Company.

The pro forma historical financial information of the Company includes the following pro forma adjustments:

- the issue of US$65,000 in additional Interim Notes in January 2017;
- the issue of 62,432,789 additional Shares to Manhattan Scientifics subsequent to 31 December 2016 and as at the date of this Prospectus, in addition to the 20 Shares issued to Manhattan Scientifics on incorporation of the Company. US$6,650,000 of the Manhattan Scientifics Note will be extinguished on completion of the Offer, with 1 Share being issued as consideration for the extinguishment. US$250,000 of the Manhattan Scientifics Note is convertible to Shares in the Company upon the Company successfully listing on a public stock exchange;
- the issue of 62,183,576 Shares to raise $3.6 million and US$2.0 million for seed capital;
- redemption of Mason Notes by the payment of US$2,000,000 in cash;
- material expenses to the date of the Prospectus of $1,818,783 (US$1,311,000) incurred in the ordinary course of business)
- the Offer issue of 60,000,000 Shares at an issue price of $0.20 per Share to raise $12,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Offer is fully subscribed;
- expected cash costs of undertaking the Offer of $1,000,000;
- conversion of US$250,000 of the Manhattan Scientifics Note to 1,666,667 Shares in the Company;
- conversion of the remaining Mason Notes to 3,333,333 Shares in the Company;
- repayment of the Interim Notes totalling US$340,000 plus accrued interest of US$10,456 as at the date of the Prospectus;
- the issue of 14,000,000 Shares at an issue price of $0.20 per Share to the Lead Manager;
- the issue of 450,000 Shares at an issue price of $0.20 per Share to Consultants; and
- repayment of amounts due to MD Anderson.

Expressions and terms defined in the Prospectus have the same meaning in this report.

Scope

Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd to review the following historical financial information of the Company included in the Prospectus:

- the amalgamated Audited Statement of Profit and Loss and other Comprehensive Income of the Company for the year ended 31 December 2016, and the Audited Statement of Profit and Loss and other Comprehensive Income of Senior Scientific for the years ended 31 December 2015 and 31 December 2014;
- the amalgamated Audited Statement of Cash Flows of the Company for the year ended 31 December 2016 and the Audited Statement of Cash Flows of Senior Scientific for the years ended 31 December 2015 and 31 December 2014; and
- the consolidated Audited Statement of Financial Position of the Company as at 31 December 2016.

The Historical Financial Information of the Company for the period ended 31 December 2016 has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Australian Accounting Standards, and the Company's adopted accounting policies.

Imagion Biosystems is an Australian company which was incorporated in December 2016.
Through its wholly owned subsidiary, Imagion Biosystems Inc ("Imagion US"), the Company carries on a business of research and development of medical imaging technology known as the MagSense™ technology.

The MagSense™ technology now controlled by Imagion US was initially developed by Senior Scientific, LLC, a company incorporated in the United States ("Senior Scientific").

Senior Scientific was acquired in June 2011 by Manhattan Scientifics Inc ("Manhattan Scientifics"). In November 2016, Senior Scientific was spun out from Manhattan Scientifics, and merged into a new U.S. entity, Imagion US, a company wholly owned by Manhattan Scientifics.

The Historical Financial Information for the Company for the year ended 31 December 2016 has been extracted from the Company's financial statements from the period of incorporation, being 6 December 2016 to 31 December 2016, Imagion US's financial statements from the period of incorporation, being 17 November 2016 to 31 December 2016, and Senior Scientific's financial statements for the period 1 January 2016 to 17 November 2016, which were audited by RSM Australia Pty Ltd and on which an unqualified audit opinion was issued. For the year ended 31 December 2016, RSM Australia Pty Ltd's opinion included an emphasis of matter that, without qualifying their conclusion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

The Historical Financial Information of Senior Scientific for the years ended 31 December 2015 and 31 December 2014 has been extracted from Senior Scientific's financial statements for each financial year, which were audited by RBSM LLP in accordance with auditing standards generally accepted in the United States of America, and on which an unqualified audit opinion was issued for each financial year.

The Company considers that if the Historical Financial Information of Senior Scientific had been prepared in accordance with Australian Accounting Standards, there would be no material differences to the financial information presented.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd to review the pro forma historical financial information of Imagion Biosystems included in the Prospectus comprising the Pro Forma Statement of Financial Position as at 31 December 2016.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Imagion Biosystems, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial performance, cash flows and financial position.

Directors' responsibility

The directors of Imagion Biosystems are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of the Company's work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in Note 1 in Section 4 of the financial information; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in Section 4 of the Prospectus, and comprising:

- the amalgamated Audited Statement of Profit and Loss and other Comprehensive Income of the Company for the year ended 31 December 2016, and the Audited Statement of Profit and Loss and other Comprehensive Income of Senior Scientific for the years ended 31 December 2015 and 31 December 2014;
- the amalgamated Audited Statement of Cash Flows of the Company for the year ended 31 December 2016 and the Audited Statement of Cash Flows of Senior Scientific for the years ended 31 December 2015 and 31 December 2014; and
- the consolidated Audited Statement of Financial Position of the Company as at 31 December 2016;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in Section 4 of the Prospectus, and comprising the Pro Forma Statement of Financial Position as at 31 December 2016, is presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Restriction on Use

Without modifying our conclusions, we draw attention to the financial information – basis of preparation section, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM Corporate Australia Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM Corporate Australia Pty Ltd has not authorised the issue of the Prospectus. Accordingly, RSM Corporate Australia Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Declaration of Interest

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

Glyn Yates
Director

9.0 INTELLECTUAL PROPERTY REPORT

9.0 INTELLECTUAL PROPERTY REPORT

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27 April 2017

Imagion Biosystems, Inc.

RE: Intellectual Property Report
Your Ref. No.: IPR-032817
Our File No.: 3130-1

Dear Madam, Sir:

1. REPORT SUMMARY

Set out below is our report (the "Report") outlining the current status of the issued patents, active patent applications, registered trademarks, and trademark applications, and copyrights owned by Imagion Biosystems, Inc. (hereafter "the Company").

The Report summarizes the details and status of the issued patents owned by the Company in Schedule 1, issued non-U.S. patents in Schedule 2, pending patent applications in Schedule 3, and registered trademarks and trademark applications in Schedule 4. It further summarizes the practices of the Company directed to the capture and protection of its intellectual property by means of patent, trademark, copyright, and trade secret. To the best of our knowledge, the Report is accurate as of its date, subject to the limitations and qualifications set out in Section 6.

2. INTELLECTUAL PROPERTY

2.1. Meaning of Intellectual Property

The term "intellectual property" refers to a group of registerable (and, in some cases, non-registerable) rights, including rights to patents, designs, trademarks, plant varieties, copyright, confidential information, and trade secrets. Intellectual property has many of the characteristics possessed by real and personal property. For example, an intellectual property right is an asset that can be bought, sold, licensed, exchanged, or otherwise transferred. An intellectual property owner has the right to prevent the unauthorized making, using or selling of the property.

This Report is directed only to intellectual property that is in the form of patents and patent

applications as well as registered trademarks and trademark applications, copyrights, and trade secrets.

2.2 Patents

Patents protect new, useful, and unobvious inventions and provide a monopoly in exchange for an inventor's full disclosure of the invention to the public. A patent provides protection for a fixed period, typically up to 20 years from the filing date, provided that renewal or maintenance fees are paid on an annual or periodic basis. Patents may be granted for a wide range of subject matter, such as new or improved products, new uses for products, and methods for doing things. Such subject matter must, however, be useful, or industrially applicable. A patent cannot be granted on a worldwide basis. Instead, patents are obtained in every country where protection is desired. Although some patent granting procedures and standards are similar throughout the world regarding what is patentable, the scope of a patent can vary from country to country and indeed a patent may not be granted in a particular country for failure to comply with the relevant procedures or standards.

2.3. Inventorship and Ownership

A patent for an invention is granted to the inventor or inventors, or to a person with an entitlement to the invention by way of assignment or other transfer. The ownership and entitlement of the Company to the patents and applications in Schedule 1 are discussed in more detail below in Section 3.

2.4. Patenting Process

The process of protecting patent rights begins with the submission of a patent application including a written description of the claimed invention. Filing an initial patent application may take place in the applicant's country of origin or in a foreign country that permits such a filing.

The patent system requires that the invention is new, novel, and not obvious at the time of filing, relative to what was publicly known or in some cases used, sold, or offered for sale publicly at the date of the application. Accordingly, it is important that the application contains a full disclosure of the invention. A patent specification consists of a description of the invention and so called claims that define the scope of the invention. The description may provide background information, such as a description of existing products, manufacturing or testing methods or processes and related problems, that enable an examiner and others to assess the application.

Once the initial application has been filed, further applications in foreign countries must be filed within twelve months, under an international treaty called the Paris Convention.

Otherwise, rights to the invention can be lost in those countries. In this regard, the Paris Convention provides that the filing of an initial patent application establishes a priority date for the invention in all other countries that are party to the Paris Convention, including countries such as Canada, Japan, and Australia, among others, as well as regional offices such as the European Patent Office. The filing of further applications in foreign countries can be pursued individually in some instances by filing an application with a regional patent office. Under the latter system, an applicant requests protection for an invention in one or more countries, and each country decides as to whether to offer patent protection within its borders.

Another means for obtaining patent protection in multiple countries is to file an application under the auspices of the Patent Cooperation Treaty, a treaty to which 148 countries are party. Such a filing (often referred to as a PCT application) establishes a priority date for the application in all of the member countries and provides a preliminary examination of the application and an international search report as to the novelty of the filed invention. At a later time, the applicant may designate individual countries in which to pursue national protection with the benefit of the priority date established by filing the PCT application. The PCT application itself does not mature into an issued patent. Failure to enter filings with individual countries by 30 months after the PCT filing date will result in abandonment of the ability to secure patent protection for the invention in those countries.

In most jurisdictions, such as Canada, Europe, and the United States, examination by the relevant patent office comprises an examination of the art to which the invention pertains as it existed at the priority date of the application. This examination establishes what is referred to as the "state of the art." The patent application is compared against the state of the art, and an assessment is made regarding whether the invention described in the application is new, useful and unobvious. The time required to complete the process of examination differs from country to country and the scope of protection may differ depending upon the law of each country. In general, it will take several years from the date of application until a patent is granted. With regional applications, such as a European application, a single application designates any of the countries that are signatories to the Convention covering that region; the single application is subjected to examination, and assuming that the application is allowed, it will proceed to the grant phase. The applicant can then elect to have patents validated in all or some of the originally designated countries, and the individual patents then function as though they were patents granted under standard national procedures.

2.5. Renewal fees, validity, exploitation and enforcement

Once a patent has been granted (and in some countries during prosecution as well), renewal or maintenance fees will need to be paid to maintain the patent (or application, as the case may be). It should also be noted that grant of a patent does not guarantee that the patent is valid or enforceable. There is no assurance that the Company's pending patent applications will be granted or will be held valid and enforceable following grant.

Once a patent has been granted, the owner has the exclusive right to bar others from using the patented technology throughout the lifetime of that patent unless the validity of the patent is challenged. Alternatively, the owner can allow others to use it under the terms of a license agreement; typically the terms of a license agreement define a limited scope of the use of the patent and the consideration to be paid for the use of it.

Enforcement of patent rights varies from country to country. The remedies for unauthorized use (patent infringement) available to the patent owner can include an injunction, which stops further infringement of the patent, damages or account of profits, and legal costs involved in infringement proceedings.

2.6. Trademarks

Trademarks can be one or a combination of words, sounds or designs (also known as logos or devices) used to distinguish the goods or services of one person or organization from those of others in the marketplace. For example, a trademark can function as the brand name for a product, for a product line, or for a service. A trade name or a business name is a trademark if it functions both as a business name and as a trademark.

In the U.S. and some other jurisdictions, there are trademarks that are registered under the Lanham Act or similar legislation, as well as trademarks that are recognized under the common law (unregistered trademarks). Unregistered rights to a mark are typically restricted to a geographic area or areas of use and where the mark has gained a reputation. Not all marks are registerable. For example, a word that describes an inherent feature of the goods or services (i.e., a word that is merely descriptive) is not registerable.
2.7 Trademarking Process

In the United States, an application to register a trademark may be based upon:

(a) proposed use in the U.S;

(b) actual use in the U.S.;

(c) making known in the U.S.; and

(d) use and registration abroad.

A trademark application, once filed, is examined first as to form and then as to content in the U.S. Trademarks Office. After a check of application formalities, an examiner in the office carries out a search of the Trademarks Register to determine if the applied-for trademark would be confused with a mark that had been previously registered or a mark that is the subject of a presently pending application, among others.

Once the initial application has been filed, further applications in foreign countries must be filed within six months, under an international treaty called the Paris Convention, for the foreign application to enjoy a right of priority over intervening third party applications. In this regard, the Paris Convention provides that the filing of an initial trademark application establishes a priority date for the trademark in all other countries which are party to this Convention, including countries such as the United States, Canada, Japan, and Australia, as well as regional offices such as the European Union. The filing of further trademark applications in foreign countries can be pursued individually or in some instances by filing an application with a regional trademark office, such as the European Union Intellectual Property Office.

The US.Trademarks Office will issue a report or office action detailing all objections, if any, to which a response is due within six months. Once all objections are resolved, a notice advising of its acceptance for advertisement is issued. Third parties wishing to oppose an application that has been advertised have two months after the date of advertisement to file a formal opposition notice.

If the application passes the advertisement stage without opposition, then the application may proceed to registration upon payment of a government fee, and, in the case of a proposed use mark, upon the filing of a declaration of use. Examples or specimens of current use of a trademark at the time of registration or renewal are
required in the U.S. while such a requirement is not applicable in some other countries.

A trademark registration remains in force in the U.S. for 10 years with unlimited renewals as long as the mark remains in use in association with each good or service listed in the registration. Once a trademark or service mark is placed on the U.S. Patent and Trademark Office's (USPTO's) Principal Register, the owner receives a certificate of registration good for an initial term of ten years. The registration may lapse before the ten-year period expires, however, unless the owner files a statement within six years of the registration date (called a Section 8 Affidavit) stating that the mark is still in use in commerce. The original registration may be renewed indefinitely for additional ten-year periods if the owner files the required renewal applications

9.0 INTELLECTUAL PROPERTY REPORT

(called a Section 9 Affidavit) with the USPTO. Failure to renew a registration does not void all rights to the mark, but if the owner fails to re-register, the special benefits of federal registration will be lost.

2.8 Copyright

Copyright is a legal right created by the laws of a country that grants the creator of an original work exclusive rights for its use and distribution, usually only for a limited time. The exclusive rights are not absolute but are typically limited by exceptions to copyright law, including for example fair use. A major limitation of copyright protection is that copyright protects only the original expression of ideas, and not the underlying ideas themselves.

Copyright is a form of intellectual property, applicable to certain forms of creative work. Some, but not all jurisdictions require "fixing" copyrighted works in a tangible form. Copyright generally provides exclusivity with respect to reproduction, control over derivative works, distribution, and attribution.

Copyrights are considered territorial rights, which means that they do not extend beyond the territory of a specific jurisdiction. While many aspects of national copyright laws have been standardized through international copyright agreements, copyright laws vary by country. Typically, the duration of a copyright spans the creator's life plus 50 to 100 years (that is, copyright typically expires 50 to 100 years after the creator dies, depending on the jurisdiction). Some countries require certain copyright formalities to establishing copyright, but most recognize copyright in any completed work, without formal registration. Generally, copyright is enforced as a civil matter, though some jurisdictions do apply criminal sanctions.

It is not a requirement in the U.S. that to enforce a copyright claim, it must be registered in the U.S. Copyright Office. Such registration does, however, provide a prima facie case for validity. However, marking a tangible form of the copyrighted property with a copyright symbol © (a circled capital letter C) provides notice of the claim of copyright protection for the property. And under the terms of the Berne Convention, even marking the copyrighted property is not required to claim and enforce copyright protection.

For Imagion Biosystems, the intellectual property which would typically be protected by copyright is the software which is utilized within and with the Company's products, as well as documentation such as instruction manuals, manufacturing and assembly instructions, test routines, parts and assembly drawings, regulatory filings, promotional materials, etc.

9.0 INTELLECTUAL PROPERTY REPORT

3. Patents and Patent Applications Owned by Imagion Biosystems

Imagion Biosystems (hereafter the "Company") owns 7 U.S. issued patents covering many aspects of the fundamental technology underlying its current and anticipated products. An enumeration of the issued and in force patents is presented in Schedule 1 below, including the filing or priority date of each patent. A U.S. patent is generally valid for a period of 20 years after its filing date or applicable priority date. To maintain a patent in force in the U.S., maintenance fees must be paid 3.5, 7.5, and 11.5 years after the issue date of the patent. The Company is current in its payment of all maintenance fees for its issued U.S. patent portfolio.

The Company also owns 5 non-U.S. patents, all of which correspond to the U.S. patent 8,447,379 . These patents are listed in Schedule 2 below.

The U.S. patent 8,447,379 and the corresponding non-U.S. patents listed in Schedule 2 bear the title "DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF." The claims secured by these patents provide patent protection for many of the fundamental methods and technologies used in the Company's current and anticipated products (MRX™ and MagSense™ systems).

To protect its current and future intellectual property assets, the Company has a confidentiality and invention disclosure policy which applies to all employees as well as to all consultants to and contractors working for the Company, whereby any invention, novel method or methodology, or design which is conceived or developed during the course of the employment, consultation, or work under contract must be disclosed to the Company in a timely manner. Documentation providing dated and witnessed evidence of the conception and development of such intellectual property is maintained by all employees, consultants, and contractors. Upon disclosure, the Company evaluates each disclosure to determine whether to seek patent or other legal protection or to maintain ownership of the disclosed property as a trade secret. All such intellectual property is assigned to the Company by the employee, consultant, or contractor making the disclosure.

The Company currently has 9 utility patent applications in prosecution in the U.S. patent office and 5 patent applications in prosecution in various foreign patent offices.. Some or all of these applications may mature into issued patents at a future date. In addition, the Company has 4 provisional patent applications with the U.S. Patent Office that have not yet passed their one year anniversary. A provisional patent application enables the Company to file a corresponding non-provisional utility or PCT patent application with the filing date of the provisional application as its priority date, provided the non-provisional utility or PCT application is filed within one year of the filing date of the provisional application. A listing of these applications is provided in Schedule 3 below.

9.0 INTELLECTUAL PROPERTY REPORT

4. Trademarks owned by Imagion Biosystems, Inc.

The Company owns the trademarks and trademark registration applications listed in Schedule 4 below.

5. Copyrights owned by Imagion Biosystems, Inc.

The Company has not filed to register the software for which it claims copyright protection under the terms of the Berne Convention. Its software is "fixed" in tangible form in a variety of digital media, thus establishing its copyright ownership under the provisions of the Berne Convention. Copyrighted software includes the software for operating the Company's MRX™ and MagSense™ products, software used for processing, analyzing, and displaying the data recorded with those products, and software used for engineering development and maintenance of the Company's products.. Copyright is also claimed for Company product designs and manufacturing drawings, all of which are "fixed" in digital media. Copyright is also claimed under the provisions of the Berne Convention for all of the Company documentation, including manufacturing drawings and assembly and test instructions, test routines, service manuals, regulatory filings , promotional materials, etc.

6. Qualifications and Independence

The author has undertaken this work and prepared this Report at the request of Imagion Biosystems, Inc., as part of the Company's due diligence in preparation for a possible initial public offering.

The author of this report, Dr. Eugene C. Hirschkoff, is an attorney with the San Diego law firm The Maxham Firm. In preparing this report, he has relied on the information provided to him by the Company.

The author has no interest in the Company other than fees for the professional work done. Therefore, he is considered independent of the Company for purposes of preparing this Report and gives his consent for use by the Company as needed.

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SCHEDULE 1

ISSUED U.S. PATENTS OWNED BY IMAGION BIOSYSTEMS, INC

U.S. PATENT NO.	FILING/PRIORITY DATE	TITLE
7,309,316	28-FEB-2005	MAGNETIC NEEDLE BIOPSY
8,060179	15-NOV-2007	BIOMAGNETIC DETECTION AND TREATMENT OF ALZHEIMER'S DISEASE
8,118,754	17-DEC-2008	MAGNETIC NEEDLE BIOPSY
8,447,379	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
8,999,650	17-FEB-2012	MAGNETIC NEEDLE BIOPSY
9,074,976	29-FEB-2012	VISCOSITY MEASURING SYSTEM*
9,095,270	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF

- This patent is co-owned by Imagion and the University of New Mexico which has assigned its rights to the patent to STC.UNM and also a confirmatory license to the U.S. National Institutes of Health.

SCHEDULE 2

ISSUED NON-U.S. PATENTS OWNED BY IMAGION BIOSYSTEMS, INC.

COUNTRY	PATENT NO.	PRIORITY DATE	TITLE
AUSTRALIA	2010315007	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
CHINA	ZL 2010_8 _0059742.1	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
JAPAN	5805651	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
RUSSIA	2587902	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
ISRAEL	219566	11-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF

CANADA	2,780,148	5-NOV-2010	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF

SCHEDULE 3

U.S. PATENT APPLICATONS IN PROSECUTION

SERIAL NUMBER	FILING OR PRIORITY DATE	TITLE
14/058,050	18-OCT-2013	MAGNETIC RELAXOMETRY USING MAGNETIZATION AND MEASUREMENT FIELDS
14/679,216	6-APR-2015	MAGNETIC NEEDLE FOR SYNTHESIS AND PURIFICATION
14/702,977	4-MAY-2015	DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF
14/744,306	19-JUN-2015	METHODS AND APPARATUSES RELATED TO INSTRUMENTATION FOR MAGNETIC RELAXOMETRY MEASUREMENTS
14/861,053	22-SEP-2015	MAGNETIC RELAXOMETRY TO ASSESS DISEASE VIA CIRCULATING MARKERS
14/973,542	17-DEC-2015	METHODS AND APPARATUSES FOR THE LOCALIZATION AND TREATMENT OF DISEASE SUCH AS CANCER
15/083,051	28-MAR-2016	DETECTION, MEASUREMENT, AND IMAGING OF CELLS USING CELLULAR INTERNALIZATION OF NANOPARTICLES
15/328,362	23-JAN-2017	SYNTHESIS OF METAL CARBOXYLATE COMPOUNDS
15/389,604	23-DEC-2016	DETECTION OF TARGETED BIOLOGICAL SUBSTANCES USING MAGNETIC RELAXATION OF INDIVIDUAL NANOPARTICLES

PATENT APPLICATIONS IN PROSECUTION IN NON-U.S. PATENT OFFICES

Patent applications corresponding to U.S. Patent No. 8,447,379 entitled "DETECTION, MEASUREMENT, AND IMAGING OF CELLS SUCH AS CANCER AND OTHER BIOLOGIC SUBSTANCES USING TARGETED NANOPARTICLES AND MAGNETIC PROPERTIES THEREOF" are in prosecution in the countries of INDIA, SOUTH KOREA, and the EUROPEAN PATENT OFFICE.

Patent applications entitled 'NON-SURGICAL DETERMINATION OF ORGAN TRANSPLANT CONDITION" are in prosecution in the countries of INDIA and SINGAPORE.

9.0 INTELLECTUAL PROPERTY REPORT

SCHEDULE 4

U.S. REGISTERED TRADEMARKS AND TRADEMARK APPLICATIONS OWNED BY IMAGION BIOSYSTEMS, INC.

MARK	FILING DATE	REGISTRATION NUMBER	REGISTRATION DATE
MAGSENSE	25-JAN-2017	PENDING	PENDING
IMAGION	25-JAN-2017	PENDING	PENDING
PrecisionMRX	15-APR-2014	4958117	17-MAY-2016

10.0 ADDITIONAL INFORMATION

10.0 ADDITIONAL INFORMATION

10.1 Registration

Imagion Biosystems Limited was registered in Victoria, Australia, on 6 December 2016 as a public company.

10.2 Company tax status and financial year

The Company is and will be subject to tax at the Australian corporate tax rate.

The Company's financial year ends on 31 December annually.

10.3 Material contracts

The Directors consider that there are a number of contracts which are significant or material to the Imagion Group or are of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries are included for the information of potential investors in the Offer but do not purport to be complete and are qualified by the text of the contracts themselves.

10.3.1 Lead Manager Agreement

The Company has appointed Focus Capital Partners Pty Ltd as the Lead Manager to the Offer. The Lead Manager has been engaged on a non-exclusive basis to provide services and assistance in connection with the structuring, marketing and execution of the Offer, and the Company and the Lead Manager have entered into a mandate dated 7 April 2017 (**Lead Manager Mandate**). As consideration for the services provide by the Lead Manager under the Lead Manager Mandate, the Company has agreed to pay the following professional fees to the Lead Manager:

a) 5.5% of the amount raised as part of the Offer, being $660,000:

b) the issue of 14,000,000 Shares in the Company, to be issued at the financial close of the Offer.

If the Company:

a) terminates the Lead Manager Mandate for any reason other than the negligence, recklessness, breach, wilful misconduct or fraud of the Lead Manager; or

b) during the term of the agreement, or on or prior to the earlier of 120 days after the termination of this agreement and 31 December 2017:

   i undertakes any form of equity or hybrid raising other than the Offer, other than from existing Company Shareholders or their associates;

   ii licences its technology to another party and desists from pursuing the Offer or terminates the Lead Manager Mandate; or

   iii enters into an agreement with a third party whereby the third party acquires 50% or more of the Company;

   (each a **Withdrawal Fee Event**), the Company must pay Lead Manager a withdrawal fee of 2.5% (plus GST) of the dollar value of the Withdrawal Fee Event within 14 days of the Withdrawal Fee Event occurring.

The Company indemnifies the Lead Manager from any actions, proceedings, demands, costs and expenses arising out of the Lead Manager Mandate, the Offer, this Prospectus, the material breach by the Company of the Lead Manager Mandate or material non-compliance with any applicable law, rule or regulation.

The Lead Manager Mandate may only be terminated by the Lead Manager or the Company by written notice at any time with or without cause upon 7 days written notice to the other party.

10.3.2 Mason Notes

Imagion US has issued the Mason Notes to the Mason Group.

Pursuant to a Spinout Approval dated 27 September 2016, as amended by a Spinout Approval Amendment dated 30 December 2016, the Mason Notes were subsequently amended to enable:

a) redemption of certain Mason Notes by the Company by the payment of $US2,000,000 in cash, the notes having a total face value of $US2,000,000 and accruing 8% interest per annum, which were redeemed in February 2017; and

b) conversion of the remaining Mason Notes, having a total face value of $US500,000, a maturity date of 24 months and accruing 8% interest per annum, into a total of 3,333,333 Shares issued in the Company, under replacement convertible promissory notes, as outlined below (**Replacement Mason Notes**):

Number of Replacement Mason Notes held by each of the following noteholders:	
William B Jones	1
Raymond A Mason	1
Ferdinand J Crovato Trust	1

Aggregate face value of notes held by each of the following noteholders:	
William B Jones	$US166,666.60
Raymond A Mason	$US166,666.80
Ferdinand J Crovato Trust	$US166,666.80
Total face value of Replacement Mason Notes	**$US500,000**

Date of issue:	
William B Jones	2 February 2017
Raymond A Mason	1 February 2017
Ferdinand J Crovato Trust	2 February 2017
Interest rate applicable	8% per annum
Default interest rate	10%
Maturity date	24 months after date of issue
Conversion	At the financial close of the Offer, each Replacement Mason Note shall automatically convert into Shares. At the time of conversion, all accrued interest shall be paid in cash.
Rate of conversion	$0.20 (being equal to the price per Share paid by investors in the Offer)

10.3.3 Interim Notes

Imagion US has issued the Interim Notes to Robert Reveley, Brian Conn and Robert Proulx.

The terms of the Interim Notes are as follows:

Number of Interim Notes held by each of the following noteholders:		
Brian Conn	2	$US50,000 $US25,000
Robert Proulx	3	$US100,00 $US50,000 $US50,000
Robert Reveley	1	$US65,000

Aggregate face value of notes held by each of the following noteholders:	
Brian Conn	$US75,000
Robert Proulx	$US200,000
Robert Reveley	$US65,000
Total face value of Interim Notes	**$US340,000**

Date of Issue:		
Brian Conn	$50,000 $25,000	7 December 2016 29 December 2016
Robert Proulx	$100,000 $50,000 $50,000	15 November 2016 13 December 2016 23 December 2016
Robert Reveley	$65,000	9 January 2017

Redemption shall occur upon:

- repayment of the Mason Notes; or
- upon completion of an initial public offering of the Company on the ASX

Interest rate applicable	8% per annum
Default interest rate	10%
Maturity date	1 year after the date of issue

All obligations of Imagion US under the Interim Notes are subordinated to the obligations of Imagion US under the Mason Notes.

10.3.4 MSI Notes

Manhattan Scientifics is the holder of the Manhattan Scientifics Note, being a promissory note dated 22 November 2016, with a principal amount of $US6,900,000, from Imagion US.

The Manhattan Scientifics Note has been amended by a Promissory Note Amendment dated 30 December 2016, and the key terms are as follows:

a) upon in-principal approval for the Company's initial public offering, the Company shall convert into Shares the principal balance of the Manhattan Note and all other amounts due for interest greater than $$US250,000 (**Excess Balance**) at a price equal to the Share issue price under this Prospectus;

b) upon approval of the registration statement for the Company's IPO, the Company shall convert $US250,000 (**Minimum Principal Balance**) and all interest at a price equal to the price per Share paid by investors under the Offer, provided that the Company may at its discretion pay all amounts due in cash;

c) the Manhattan Scientifics Note shall not accrue interest, provided that on an event of default, interest shall accrue at a rate of 10% per annum, and repayment of the Manhattan Scientifics Note shall be accelerated; and

d) the Manhattan Scientifics Note shall be subordinated to the Mason Note, and no repayment of the Manhattan Scientifics Note may be made until the Mason Note has been repaid.

10.3.5 Independent Contractor Engineering Services Agreement

SSI and David Roth (**Roth**) entered into the Independent Contractor Engineering Services Agreement (**Engineering Agreement**) on October 11, 2016.

Key terms of the Engineering Agreement are as follows:

a) Roth shall provide project management and product development services in relation to the development of the MagSense™ product, including defining product specifications, evaluating third party vendors, developing prototypes and developing a manufacturable product (**Services**);

b) in consideration for the Services, SSI (now Imagion US) shall:
   i) pay Roth $5,550 per month for approximately 80 hours' per month work;
   ii) cause Roth to be issued Shares in the Company valued at $60,000 at financial close of the Offer,:

c) all intellectual property created by Roth for SSI in the course of providing the Roth Services shall be owned exclusively by SSI;

d) SSI shall indemnify and hold harmless Roth from any claims, actions, liabilities or loss arising from the activities referenced in the Engineering Agreement;

e) the initial term of the Engineering Agreement shall be for 1 year, with successive terms of 1 year thereafter; and

f) either party may terminate the Engineering Agreement:
   i) for convenience on 30 days' notice;
   ii) if the other has materially breached the terms of the Engineering Agreement and such breach has not been rectified within 10 days (for breach of payment terms) and 30 days (for any other breach).

10.3.6 Research Agreement – University of New Mexico

Imagion US and the Health Sciences Centre of the School of Medicine, Department of Cell Biology and Physiology (**UNMHSC**) have entered into a research agreement, dated 30 January 2017 (**UNMHSC Research Agreement**). The key terms of the UNMHSC Research Agreement are as follows:

a) the term of the UNMHSC Research Agreement shall be from March 1 2017 to February 28, 2018;

b) UNMHSC shall provide research assistance to Imagion US in conducting research entitled 'Detection of Cancer Using Magnetic Nanoparticles and Magnetic Relaxometry,' with total costs not to exceed $US108,900;

c) any new inventions, developments and discoveries arising out of the research project shall be the property of UNMHSC, subject to the Company's option to acquire an exclusive royalty-bearing licence, and all research records and data generated shall be the property of UNMHSC;

d) either party may terminate the UNMHSC Research Agreement for convenience on 60 days written notice;

e) one party may terminate the UNMHSC Research Agreement if the other party has breached the agreement and fails to rectify such breach on 30 days' notice.

10.3.7 Research Collaboration and Loan Agreement – MD Anderson

SSI (now Imagion US) entered into a research collaboration and loan agreement with The University of Texas MD Anderson Cancer Centre (**MD Anderson**), dated 12 August 2015 (**MD Anderson Agreement**), with the effective date being August 31 2015. The key terms of the MD Anderson Agreement are as follows:

a) MD Anderson shall conduct a research program under the direction of John Hazle (a faculty member of MD Anderson and non-executive director of the Company), consisting of:
   i) a cancer model validation study (consisting of both in vitro and in vivo assays) to generate pre-clinical evidence of the utility of the MagSense™ Technology in at least one area of cancer diagnosis; and
   ii) additional areas of technical and scientific support for the MagSense™ Technology, as mutually agreed between SSI and MD Anderson.

b) the term of the MD Anderson Agreement shall be for 3 years, unless terminated earlier;

c) either party may terminate the MD Anderson Agreement for convenience by written notice to the other party 90 days in advance of the anniversary of the effective date;

d) either party may terminate the MD Anderson Agreement immediately for safety, regulatory or ethical reasons, or if John Hazle is no longer employed by MD Anderson or unable to perform his duties under the agreement, provided that before terminating MD Anderson shall make a good faith effort to find a suitable substitute researcher acceptable to SSI;

e) data and results generated in analytical performance testing of the MRX instrument shall be owned by SSI, whilst data and results generated in the conduct of a research program shall be owned by MD Anderson;

f) intellectual property related to the instrument or nanoparticle technology generated in the course of research shall be the property of SSI, and ownership of any additional intellectual property generated in the performance of a research program shall be determined on the basis of inventorship, provided that MD Anderson grants SSI an option to negotiate an exclusive or nonexclusive royalty bearing licence to MD Anderson's interest in any such research program IP; and

g) In consideration for the conduct of the research program, SSI shall:

   i) loan a MagSense™ instrument to MD Anderson for the term of the program;

   ii) fund a cancer biology research program for the MagSense™ technology, including personnel costs, travel expenses, supplies, animals and pathology and imaging fees, estimated at $US1,141,070 over 3 years;

   iii) fund a computational methods research program for the MagSense™ technology, including personnel and web services, estimated at $US605,503 over 3 years;

   iv) fund a nanoparticle conjugation research program for the MagSense™ technology, including personnel, supplies and equipment expenses, estimated at $US700,798 over 3 years.

   v) SSI has the right to terminate or modify the funding level for each program with 90 days notice of annual review.

Imagion US is currently in arrears to MD Anderson for Q3 2016, Q4 2016, Q1 2017 and Q2 2017, with such payment amounts pending reconciliation by MD Anderson due to changes in personnel assigned to the MD Anderson research program. Imagion US has received a letter from MD Anderson to the effect that it will grant forebearance to Imagion US until further notice.

10.3.8 Research Collaboration and Loan Agreement – Cornell

SSI (now Imagion US) entered into a research collaboration and loan agreement with Joan & Sanford I Weill Medical College of Cornell University (**Cornell**), dated February 6, 2016 (**Cornell Agreement**), with the effective date being October 15, 2015.

The key terms of the Cornell Agreement are as follows:

a) Cornell shall conduct a research program, consisting of a cancer biology research programme, initially focused on demonstrating one or more working preclinical models of the MagSense™ technology as an in vivo cancer detection modality sensitive enough to provide diagnosis and/or staging of a specific cancer;

b) the term of the Cornell Agreement shall be for 3 years, unless terminated earlier;

c) either party may terminate the Cornell Agreement for convenience by written notice to the other party 90 days in advance of the anniversary of the effective date;

d) either party may terminate the Cornell Agreement immediately for safety, regulatory or ethical reasons, or if the principal investigator is no longer employed by Cornell or unable to perform his duties under the agreement, provided that before terminating Cornell shall make a good faith effort to find a suitable substitute researcher acceptable to SSI;

e) data and results generated in analytical performance testing of the MRX instrument shall be owned by SSI, whilst data and results generated in the conduct of a research program shall be owned by Cornell; and

f) intellectual property related to the instrument or nanoparticle technology generated in the course of research shall be the property of SSI, and ownership of any additional intellectual property generated in the performance of a research program shall be determined on the basis of inventorship, provided that Cornell grants SSI an option to negotiate an exclusive or nonexclusive royalty bearing licence to Cornell's interest in any such research program IP.

10.3.9 Lease of Real Property

Imagion US has entered into a lease with the University of New Mexico, dated February 16 2017. The key terms of the lease are as follows:

a) the lease is for premises at the Science and Technology Park at the University of New Mexico, Albuquerque, New Mexico, US;

b) the lease is for a 3 year term, which may be extended for two one year terms; and

c) the monthly rent of $US8,907 has been abated by $US4,855.40 for the term of March 1 2017 to August 31, 2017;

d) the annual rent shall be as follows:

Year	Annual Rent ($US)
1	75,793.25
2	110,624.00
3	114,364.00
4	114,364.00
5	118,104.00

10.4 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

10.4.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

10.4.2 Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

10.5 Australian tax considerations

The comments in this Section provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about an investment in the Shares.

Investors should note that tax laws are subject to ongoing change, and this section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes in law by judicial decision or legislation following the Prospectus Date. To the extent that there are any changes in law after the Prospectus Date, including those having retrospective effect, Shareholders should consider the tax consequences, taking into account their own individual circumstances, and should consider taking advice from a professional advisor before making a decision about an investment to acquire Shares under this Prospectus.

The taxation implications of a subscription for Shares may be affected by the individual circumstances of each Shareholder, and it is recommended that Shareholders consult their own independent advisors regarding taxation consequences, including stamp duty, income tax and Australian goods and services tax consequences of the acquisition, ownership and disposal of Shares. This summary is general in nature and does not cover all income tax consequences that could apply in all circumstances of any Shareholder.

The categories of Shareholders considered in this Section 10.5 are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account, and it does not consider Shareholders that hold Shares on revenue account, carry on a business of trading in Shares, are exempt from Australian tax, foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

10.5.1 Dividends on Shares

a) Australian tax resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder.

Australian tax resident Shareholders should include the dividend (together with any franking credits attached to that dividend) in their assessable income in the year the dividend is paid. Investors should note that the tax rate payable by each individual Australian resident Shareholder will depend on the circumstances of the Shareholder and their prevailing marginal rate of income tax.

Shareholders or dividend recipients who are Australian resident individuals or complying superannuation entities should be entitled to a 'tax offset' equal to the franking credits attached to the dividend, subject to being a 'qualified person' and satisfying the holding period and related payment rules (refer d) below). The tax offset may be applied to reduce the tax payable on the Shareholder's taxable income with any excess amount being refunded.

b) Australian tax resident corporate Shareholders

Corporate Shareholders are required to include the dividend and associated franking credits in their assessable income, and a tax offset will then be allowed up to the amount of the franking credits. To the extent of the franking credits attached to the dividend, the Australian resident corporate Shareholder should be entitled to a credit in its franking account, and can pass on the benefit of the franked credits to their own shareholders on the payment of franked dividends. Whilst excess franking credits cannot give rise to a refund, they may (in certain circumstances) be converted into carry forward tax losses.

c) Australian tax resident trusts and partnerships

Australian tax resident Shareholders who are partnerships or trustees (other than trustees of 'complying superannuation entities') or partnerships should include dividends and franking credits in determining the net income of the partnership or trust.A beneficiary of a trust, a trustee or a partner may be entitled to a tax offset equal to their share of the net income of the trust or partnership (as relevant),

d) Holding period and related payment rules

To be eligible for franking credits and tax offset, a Shareholder must satisfy the 'holding period' and 'related payment' rules, requiring that the Shareholder hold the Shares 'at risk' for a continuous period of more than 45 days, excluding the dates of acquisition and disposal). Where these rules are not satisfied, the Shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

The Shares are not held 'at risk' if the Shareholder has a materially diminished risk of loss or opportunity for gain in relation to the Shares. For example, if the Shareholder has entered into an agreement to dispose of the Shares, or granted options over Shares, the Shareholder will not hold the Shares 'at risk'.

A Shareholder will not be obliged to make a 'related payment' in respect of a dividend, unless they hold the Shares 'at risk' for the required holding period around the dividend dates.

This holding period rule is subject to exceptions, including where the total franking offsets of an individual in a year of income are under $5,000, and special rules apply to trusts and beneficiaries. The Board recommends that Shareholders should obtain their own professional tax advice to determine if these requirements have been satisfied.

e) Australian Capital gains tax implications on a disposal of Shares

The disposal of a Share by an Australian resident Shareholder will constitute a CGT event. A capital gain will arise where the cost base of the Share (being the amount paid to acquire the Share, plus any costs in relation to the acquisition or disposal) is exceeded by the capital proceeds on disposal (in the case of an on-market sale, the cash proceeds received on disposal).

However, a CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for at least 12 months prior to the CGT event.

If the CGT discount applies, a capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. The Board recommends that Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal, and capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain recoupment tests being satisfied. However, capital losses cannot be offset against other forms of assessable income.

f) Australian goods and services tax

No GST should be payable by Shareholders on acquisition or disposal of Shares in the Company, and no GST should be payable by Shareholders on receiving dividends distributed by the Company.

However, Shareholders may not be entitled to claim full input tax credits in relation to any GST included in any costs incurred in connection with the acquisition of the Shares, and Shareholders should obtain their own independent tax advice in this regard.

g) Stamp duty

Shareholders should not be liable for stamp duty in relation to the acquisition of Shares, unless they acquire (either individually or with an associate or related party) an interest of 90% or more in the Company.

10.6 Legal proceedings

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company, apart from CytImmune Sciences Inc (**CSI**) disclosed below:

CSI a company incorporated in the US which carries on a nanomedicine business has brought an action against Dr. Giulio Paciotti, Imagion US's current Vice President of Research and Development, and a former employee of CSI. CSI is claiming that Dr. Paciotti breached certain terms of his employment agreement by entering employment with Imagion US and has sought an injunction to prevent his employment with Imagion US. The Board considers that Imagion US' technology is distinct from that developed by CSI, that Imagion US and CSI are not competitors and that the suit brought against Dr. Paciotti lacks merit. Imagion US is providing financial support to Giulio Paciotti to defend the action and Dr. Paciotti has signed an agreement to repay Imagion US should he succeed and be awarded compensation.

10.7 Consents

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified below:

- Focus Capital Partners Pty Ltd;
- Holding Redlich;
- RSM Corporate Australia Pty Ltd;
- RSM Australia Pty Ltd;
- BoardRoom Pty Ltd; and
- The Maxham Firm.

RSM Corporate Australia Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

RSM Australia Pty Ltd has given, and has not withdrawn before lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor for the period 2014 to 2016, including as auditor of the Company's 2016 consolidated financial reports, and having reviewed the 2014 and 2015 audited financial reports, in the form and context in which it is so named.

The Maxham Firm has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Intellectual Property Report in Section 9 and the statements specifically attributed to him in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

10.8 Cost of the Offer

The costs of the Offer is expected to be approximately $1,000,000 (excluding GST). These costs will be borne by the Company from the proceeds of the Offer.

10.9 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

10.10 Working Capital

The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

10.11 Statement of Directors

In accordance with s.720 of the Corporations Act, the issue of this Prospectus is authorised by each Director.

Each Director has consented to the lodgement of the Prospectus with ASIC and the issue of the Prospectus and no Director has withdrawn that consent.

Signed on behalf of the Company.

Jovanka Naumoska
Director

Dated 30 May 2017.

11.0 GLOSSARY

11.0 GLOSSARY

Term	Meaning
$, $A or AUD	Australian dollars
AAS or Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations
AASB or Australian Accounting Standards Board	Australian Accounting Standards Board, an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*
AEST	Australian Eastern Standard Time
Applicant	A person who submits an Application for Shares under this Prospectus
Application	Application made to subscribe for Shares under the Offer
Application Form	The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691)
ASX Listing Rules	The official listing rules of ASX
ASX Recommendations	The Corporate Governance Principles and Recommendations issued by the ASX
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Ltd
ATO	Australian Taxation Office
Board or Board of Directors	The Board of Directors of the Company
Broker	Any ASX participating organisation selected by the Lead Manager to act as a Broker to the Offer
Broker Firm Applicant	A person who applies to subscribe for Shares under the Broker Firm Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received a firm allocation from their Broker
CFO	Chief Financial Officer
Chair	In relation to the Company, Robert Proulx, or otherwise as the context requires
CHESS	Clearing House Electronic Sub-register System operated in accordance with the Corporations Act
Closing Date	Means Friday 9 June 2017
Completion of the Offer	Completion in respect of the allotment of Shares under the Offer
Company or Imagion Biosystems	Imagion Biosystems Limited ACN 616 305 027
Constitution	The constitution of the Company
Consultants	Means David Roth and Mingxiong Huang.
Corporations Act	Corporations Act 2001 (Cth)
Directors	Each of the Directors of the Company from time to time

11.0 GLOSSARY

Term	Meaning
Existing Shares	Ordinary Shares in the Company that were on issue prior to the Offer
Existing Shareholders	Those persons holding Shares as at the Prospectus Date
Expiry Date	The date that is 13 months after the Prospectus Date
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the date of the Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of the Prospectus
Financial Information	Has the meaning given in Section 4
FY2014	Financial year ending 31 December 2014
FY2015	Financial year ending 31 December 2015
FY2016	Financial year ending 31 December 2016
GMP	Good manufacturing practices
GST	Goods and services or similar tax imposed in Australia
HIN	Holder Identification Number
Historical Financial Information	Has the meaning given in Section 4
IFRS	International Financial Reporting Standards
Institutional Investors	An investor: • in Australia who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; and • in certain other jurisdictions to whom offers or invitations of Shares can lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply)
Institutional Offer	The invitation to bid for Shares made to Institutional Investors under this Prospectus as described in Section 7.3
Investigating Accountant	RSM Corporate Australia ACN 050 508 024
Investigating Accountant's Report	The Investigating Accountant's Report set out in Section 8
IPO	Initial Offering
Key Management Group	Means: • Robert Proulx; • Brian Conn; and • Giulio Paciotti.
Lead Manager	Focus Capital Partners Pty Ltd (ACN 62 331 035)
Listing	The date on which the Company is admitted to the official list of ASX
Long Term Incentive Plan or LTI Plan	Has the meaning given in Section 6.3.3
Imagion Group	The corporate group described in Section 7.1.6 comprising the Company and each of its Subsidiaries and, where relevant, means one or more of those Subsidiaries, as the context requires
New Share/s	Shares issued under the Offer

11.0 GLOSSARY

Term	Meaning
Offer	The Offer under this Prospectus of new Shares to be issued by the Company
Offer Price	$0.20 per Share
Officer	Has the meaning given in section 9 of the Corporations Act
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Means official quotation by ASX in accordance with the ASX Listing Rules.
Opening Date	Means Tuesday 30 May 2017
Option	Means an option to acquire a Share
Original Prospectus	The prospectus dated Thursday 18 May 2017 which was lodged with ASIC on that date
Patents	Means the patents held by Imagion US and set out in Section 9
PEG	Polyethylene glycol
Pro Forma Financial Information	Has the meaning given in Section 4
Pro Forma Historical Financial Information	Has the meaning given in Section 4
Prospectus	This prospectus dated Tuesday 30 May 2017 and which was lodged with ASIC on that date
Prospectus Date	The date this Prospectus was lodged with the ASIC
Offer	Has the meaning given in Section 7.1
Share	A fully paid ordinary share in the Company
Shareholder	The registered holder of a Share
Share Registry	BoardRoom Pty Limited
SQUID	A superconducting quantum interference device, being a type of sensor.
Statutory Financial Information	Has the meaning given in Section 4
Statutory Forecast Financial Information	Has the meaning given in Section 4
Statutory Historical Financial Information	Has the meaning given in Section 4
SPMR	Has the meaning given in Section 3.1 of this Prospectus.
Subsidiary	Has the meaning given in section 9 of the Corporations Act
TFN	Tax file number
US	Means the United States of America
US Securities Act	United States Securities Act of 1933
$US	Means a United States of America dollar

CORPORATE DIRECTORY

Directors of the Company

Robert Proulx (Executive Chairman)
David Ludvigson (Non-Executive Director)
Michael Harsh (Non-Executive Director)
John Hazle (Non-Executive Director)
Mark van Asten (Non-Executive Director)
Peter Di Chiara (Non-Executive Director)
Jovanka Naumoska (Non-Executive Director)

Lead Manager

Focus Capital Partners Pty Ltd
Level 12, 139 Macquarie St
Sydney NSW 2000

Company Secretary

Jovanka Naumoska

Australian Legal Advisor

Holding Redlich
Level 8, 555 Bourke St
Melbourne VIC 3000
Australia

Principal Office

c/- Imagion Biosystems Inc
800 Brabury SE Suite 213
Albuqerque New Mexico
United States of America, 87106a

United States Legal Advisor

The Grafe Law Office, P.C
PO Box 2689
Corrales, New Mexico
United States of America, 87048

Postal Address

c/- Holding Redlich
Level 8, 555 Bourke St
Melbourne VIC 3000
Australia

Auditors

RSM Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne VIC 3000
Australia

Share Registry

Boardroom Pty Ltd
Level 12, 225 George St
Sydney NSW 2000

Investigating Accountants

RSM Corporate Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne VIC 3000
Australia

Solicitors Providing Intellectual Property Report

The Maxham Firm
11682 El Camino Real, Suite 100
San Diego, California
United States of America, 92130

ASX Code

ASX:IBX