

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

7 March 2023

Imagion Secures Growth Funding

Highlights:

- **Imagion secures a funding facility of up to \$15 million to support next phase of clinical and oncology pipeline development**
- **Funding Facility includes:**
 - **\$1.5 million investment for convertible securities on closing with a further \$1.0 million investment for additional convertible securities subject to shareholder approval**
 - **Additional potential funding of up to \$12.5 million convertible securities**

MELBOURNE – Imagion Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, today announces it has entered into a funding package with Mercer Street Global Opportunity Fund, LLC, a US-based investment fund managed by Mercer Street Capital Partners, LLC (together, “Mercer”) of up to \$15 million including \$1.5 million to be initially drawn down according to terms of the agreement. This funding will be combined with the funds received from the pro rata non-renounceable entitlement offer to existing eligible shareholders (refer to separate announcement for further details on the entitlement offer) and will be used to prepare the Company’s MagSense® HER 2 breast cancer imaging agent for the next phase of clinical development and funding towards pipeline growth into oncology indications such as prostate and ovarian cancer.

Mercer will initially invest \$1.5 million in convertible securities subject to completion of certain conditions. Additionally, subject to closing conditions, Mercer will invest in a further \$1.0 million in convertible securities, subject to shareholders approval for this further tranche, with the potential for Mercer to invest up to a further \$12.5 million in convertible securities which is also subject to either shareholder approval or the Company having available placement capacity in accordance with the ASX Listing Rules and agreement by Mercer and the Company.

In addition to executing the convertible note agreement, the Company has also executed a general security deed in favour of Mercer to secure any amounts owing to Mercer under the convertible note agreement from time to time.

Funding Details

The facility’s key terms are:

Convertible securities

- Secured convertible facility broken into three tranches;
 - The first tranche of convertible securities with a face value of \$1.65 million to be purchased for \$1.5 million. This entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the lowest VWAP during the 15 trading days immediately prior to the issue of a conversion notice, subject to a floor price of \$0.0125. Should Mercer issue a conversion notice within the first three months of the 18 month term the conversion price will be fixed at \$0.03.

- The first tranche utilizes Imagion's existing placement capacity under Listing Rule 7.1.
- The second tranche of convertible securities with a face value of \$1.1 million will be purchased for \$1.0 million and entitles Mercer the right to convert the note into fully paid ordinary shares at 90% of the lowest VWAP during the 15 trading days immediately prior to the issue of a conversion notice, subject to a floor price of \$0.0125.
- The Company plans to seek shareholder approval of the second tranche by resolution at the Company's AGM, and approval must be obtained by 31 May 2023.
- Up to \$12.5 million (which can be drawn in multiples of \$0.5 million) may be drawn down by the Company, subject to mutual agreement between Imagion and Mercer prior to any draw downs and the Company either having sufficient placement capacity under the ASX Listing Rules or obtaining shareholder approval to issue the relevant securities.
- Any subsequent drawdowns are subject to the same pricing and other mechanisms as the first two tranches.
- All tranches have a term of 18 months from draw down.
- No interest is payable on the unconverted drawn funds.
- Imagion has the right to repurchase any unconverted securities, at any time during the term of each tranche, at 105% of the outstanding face value. If the repurchase is elected, Mercer will have the right to convert up to 30% of any outstanding face value prior to settlement.

Other key terms

- At no point in time will Mercer own more than 9.99% of the shares in Imagion.
- Mercer will receive 22,058,824 new shares at no cost for entering this agreement (the deemed issue price is \$0.017 per share, the price of the entitlement offer).
- Additionally, for each tranche drawn down, Mercer will receive 75% option coverage to purchase new shares in Imagion at an exercise price of 140% of the average 20-day VWAP immediately prior to each respective draw down. Options will have a three-year term. For the first tranche and the second tranche 70,224,720 options will be granted to Mercer at an exercise price of \$0.0374. 26,138,956 of these options will be issued under the Company's 7.1 placement capacity, with the remainder being subject to shareholder approval.
- If shareholder approval is not obtained for the balance of the first tranche of options that are to be issued subject to shareholder approval, then a fee of \$250,000 will be payable to Mercer.
- In the event of a default by the Company, the Company must pay interest at a rate of 15% per annum on the face value of all outstanding convertible notes. The relevant interest will accrue from the date of default, calculated daily and compounded monthly until the outstanding liability is satisfied.

Other conditions

As noted above, the convertible note agreement and the issue of securities under the agreement will be subject to certain final closing conditions.

The issue of securities under the agreement is otherwise subject to a number of closing conditions, including:

- the Company obtaining shareholder approval under the Listing Rules for the second tranche of the convertible securities (and related options);
- the Company otherwise being permitted to issue the securities under the Listing Rules;
- the Company issuing a cleansing statement for the securities (as applicable); and
- customary conditions such as representations and warranties being true and correct; and authorisations and consents being obtained, delivery of documents, and no default by the Company.



Termination and repayment provisions

Shareholders should also note that the agreement is subject to a number of termination provisions which may prevent Imagion drawing on the funding facility or require repayment of the convertible securities prior to their maturity. This includes where:

- there is an event of default that has not been remedied (within five business days);
- there is a change of control of Imagion under a takeover bid or scheme of arrangement;
- Imagion's shares are delisted from the ASX (subject to certain exceptions in respect of early repayment); or
- there is a change in law that adversely affects Mercer.

Use of funds

The initial funding provided by Mercer will be used to advance clinical development of the Company's lead imaging agent and towards pipeline research into oncology indications such as prostate and ovarian cancer.

If any of the additional \$12.5 million facility is drawn upon, it is expected that this funding will be utilized to accelerate further research and development expenses associated with growth of the Company's pipeline of imaging assets, including pre-clinical research, operational costs, clinical trials, and regulatory requirements.

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About Imagion Biosystems

Imagion Biosystems is developing a new non-radioactive and precision diagnostic molecular imaging technology. Combining biotechnology and nanotechnology, the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible.

For further information please visit www.imagionbiosystems.com

Authorisation & Additional information

This announcement was authorised by the Board of Directors of Imagion Biosystems Limited

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