

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

IM Medical Limited

ABN

47 009 436 908

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 64,571,429 Ordinary Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue of ordinary shares via Private Placement |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>													
<p>5 Issue price or consideration</p>	<p>\$226,000.00</p>													
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Working capital</p>													
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>20 May 2009</p>													
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1198 914 1232">Number</th> <th data-bbox="914 1198 1294 1232">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1232 914 1417">1,595,347,936</td> <td data-bbox="914 1232 1294 1417">Ordinary shares</td> </tr> </tbody> </table>		Number	+Class	1,595,347,936	Ordinary shares								
Number	+Class													
1,595,347,936	Ordinary shares													
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1456 877 1489">Number</th> <th data-bbox="877 1456 1294 1489">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1489 877 1585">3,664,846</td> <td data-bbox="877 1489 1294 1585">Options exercisable at \$0.009 on or before 4 September 2011</td> </tr> <tr> <td data-bbox="695 1585 877 1682">2,994,509</td> <td data-bbox="877 1585 1294 1682">Options exercisable at \$0.00297 on or before 24 November 2011</td> </tr> <tr> <td data-bbox="695 1682 877 1778">5,000,000</td> <td data-bbox="877 1682 1294 1778">Options exercisable at \$0.0027 on or before 23 January 2012</td> </tr> <tr> <td data-bbox="695 1778 877 1874">5,600,000</td> <td data-bbox="877 1778 1294 1874">Options exercisable at \$0.00585 on or before 30 April 2012</td> </tr> <tr> <td data-bbox="695 1874 877 1984">5,600,000</td> <td data-bbox="877 1874 1294 1984">Options exercisable at \$0.00477 on or before 7 May 2012</td> </tr> </tbody> </table>		Number	+Class	3,664,846	Options exercisable at \$0.009 on or before 4 September 2011	2,994,509	Options exercisable at \$0.00297 on or before 24 November 2011	5,000,000	Options exercisable at \$0.0027 on or before 23 January 2012	5,600,000	Options exercisable at \$0.00585 on or before 30 April 2012	5,600,000	Options exercisable at \$0.00477 on or before 7 May 2012
Number	+Class													
3,664,846	Options exercisable at \$0.009 on or before 4 September 2011													
2,994,509	Options exercisable at \$0.00297 on or before 24 November 2011													
5,000,000	Options exercisable at \$0.0027 on or before 23 January 2012													
5,600,000	Options exercisable at \$0.00585 on or before 30 April 2012													
5,600,000	Options exercisable at \$0.00477 on or before 7 May 2012													

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

20 Names of any underwriters

21 Amount of any underwriting fee or commission

22 Names of any brokers to the issue

23 Fee or commission payable to the broker to the issue

+ See chapter 19 for defined terms.

-
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

--

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Company Secretary

Date 20 May 2009

Print name:

Roman Najdecki

+ See chapter 19 for defined terms.