



IM MEDICAL LIMITED

ABN 47 009 436 908

Notice of Annual General Meeting

And

Explanatory Memorandum

Monday 22nd November 2010

For personal use only

IM MEDICAL LIMITED

ABN 47 009 436 908

Notice of 2010 Annual General Meeting

Notice is given for the 2010 Annual General Meeting of the Company to be held at Quest Beaumont Kew, 7 Studley Park Road, Kew, Victoria, 3101 at 9:30am on Monday 22 November 2010.

AGENDA**Business items****1. Financial statements and reports**

To receive and consider the financial report of the Company and the reports of the directors and auditors for the year ended 30 June 2010.

2. Adoption of the remuneration report

To adopt the remuneration report for the year ended 30 June 2010

3. Election of directors**Mr Dipak Sanghvi**

Mr Dipak Sanghvi was appointed to the board as an independent non executive director with an effective date of 6 December 2007.

Mr Sanghvi retires as required by clause 13.4 of the constitution of the Company, and being eligible, offers himself for election as a director of the Company.

4. Ratification of share placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That the issue by the Company of the following equity securities in the period 21 June 2010 to 15 October 2010 be approved for all purposes, including for the purpose of Listing Rules 7.1 and 7.4:

(i) 382,666,666 Shares in the Company;

(ii) 211,777,777 options in the Company over 211,777,777 Shares, exercisable at \$0.0025 per option on or before 12 August 2013,

(iii) 4,000,000 options in the Company over 4,000,000 Shares, exercisable at \$0.00183 per option on or before 21 June 2013."

Voting exclusions

In accordance with the ASX Listing Rules, the Company will disregard votes cast:

- (a) on resolution 3, by Mr Dipak Sangvhi and any associate of Mr Dipak Sangvhi;
- (b) on Resolution 4, by a person who participated in the issues set out in Resolution 4 who is named in the Explanatory Statement, and an Associate of those persons.

However, the Company, need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice is incorporated into and forms part of this Notice of Annual General Meeting.

Snapshot Date

For the purposes of voting at this meeting, the directors have determined that all shares of the Company that are quoted securities at 7:00pm (Melbourne time) on 18 November 2010 are taken to be held by the persons who are registered as holding them at that time. The entitlement of members to vote at the meeting will be determined by reference to that time.

Questions and Comments

The Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company. The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the audit report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

Proxies

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. The proxy may be an individual or a body corporate. A proxy need not be a shareholder of the Company. A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

For an appointment of a proxy to be valid, the form appointing the proxy and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority) must be received at the following addresses or by fax at least 48 hours prior to the meeting at which the proxy intends to vote:

IM Medical Limited
117 Church Street
Hawthorn VIC 3122
Fax: (03) 9860 0999

Share Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Fax: (08) 9315 2233

A proxy form accompanies this Notice of Annual General Meeting. Additional proxy forms are available on request from the registered office of the Company or its share registrar.

Bodies Corporate

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a company's shareholders or in the capacity of a shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution.

By order of the Board



Sergio Del Vecchio
Company Secretary
19 October 2010

IM MEDICAL LIMITED

ABN 47 009 436 908

Explanatory Memorandum

The following information provides an explanation of each resolution set out in the Notice of Annual General Meeting.

1. Financial statements and reports

As required by section 317 of the Corporations Act 2001, the financial statements and the reports of the directors and auditors will be laid before the meeting. Shareholders have been provided with the Company's financial statements for the year ended 30 June 2010 in the 2010 Annual Report. There is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these Reports. Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the management of the Company.

The Auditor of the Company is required to attend the meeting and will be available to take shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's Report. Shareholders may forward written questions to the Auditor on these matters for response at the meeting. These should be mailed to the Company Secretary, IM Medical Ltd, 117 Church Street Hawthorn 3122. Questions may be submitted up to 5 business days before the meeting.

The Auditor of the Company will also be available to take shareholders' questions at the meeting relevant to the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

2. Adoption of remuneration report

The Directors' Report for the year ended 30 June 2010 contains a Remuneration Report, which sets out the policy for the remuneration of the directors, company secretary and executives. The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The directors recommend that you vote in favour of this resolution.

3. Election of director

Mr Dipak Sangvhi

Mr Sangvhi has been president of the Victorian branch of the Pharmacy Guild of Australia since 2005 and is a Fellow of the Australian Institute of Company Directors. He was vice chairman of Amcal for six years. A practicing pharmacist, he is regarded as one of the industry's foremost leaders.

The directors (with Mr Dipak Sangvhi abstaining) recommend that you vote in favour of this resolution.

4. Refreshing capacity to issue equity securities following issues of equity securities in the Company

The approval proposed in Resolution 4 is a subsequent approval of permitted issues of shares in order to refresh the Company's capacity to issue further shares pursuant to Listings Rule 7.1 and 7.4.

Listing Rule 7.1 provides that the Company can only issue up to 15% of the Company's 'equity securities' (subject to certain exclusions and exceptions) in any 12 month period without obtaining shareholder approval.

Listing Rule 7.4 provides that an issue of equity securities made without the need for approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- the issue did not breach Listing Rule 7.1 and
- members of the company subsequently approve it.

Such approval refreshes the capacity of the Company to issue additional equity securities as permitted under Listing Rule 7.1 within the 15% limit. This is the approval the Company now seeks under Resolution 5.

In the period since shareholders approved share placements at the General Meeting held on 10th September 2009, the Company has issued the following equity securities without approval under Listing Rule 7.1 (Equity Securities):

- (1) 382,666,666 fully paid ordinary shares in the Company;

(2) 211,777,777 options in the Company over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and

(3) 4,000,000 options in the Company over the ordinary shares, exercisable at \$0.00183 per option on or before 21 June 2013.

All of the shares issued and the options when converted will rank equally with the fully paid ordinary shares of the Company already on issue. The issue of the 382,666,666 Equity Securities without approval did not exceed the Listing Rule 7.1 15% limit, and so did not breach Listing Rule 7.1. If members approve this resolution, the Company will have the flexibility to issue more shares in the next 12 months without requiring approval at a meeting of members should the Board believe it is in the best interests of the Company to do so. If this resolution is approved by members, the Company will thereafter be able to issue an additional 816,727,987 equity securities without member approval.

If this resolution is not passed:

(1) the Company was not required, under Listing Rule 7.1, to seek member approval prior to the issues of the equity securities described in this resolution, so the absence of approval will not invalidate the issues of the equity securities;

(2) the Company's ability to issue further equity securities in the 12 month period will be reduced, unless member approval is obtained for the said subsequent issue or that issue falls within an exception to Listing Rule 7.1.

For the purposes of Listing Rules 7.4 and 7.5, the Company notes that:

(3) On 26 June 2010, the Company issued to:

- Fortrend Securities Pty Ltd (Fortrend) 20,000,000 fully paid ordinary shares at a subscription price \$0.00183 per share and 4,000,000 options over the ordinary shares, exercisable at \$0.00183 per option on or before 21 June 2013 pursuant to the \$5 million Standby Subscription Agreement which the Company entered into with Fortrend in August 2008; and

(4) On 22 July 2010, the Company issued to:

- Pakette Pty Ltd 5,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share; and
- ALH Pty Ltd 25,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share; and

(5) On 28 July 2010, the Company issued to:

- Jeffery Fust 20,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share; and
- Tempo Capital Pty Ltd 45,000,000 fully paid ordinary shares at a subscription price \$0.001 per share; and

(6) On 12 August 2010, the Company issued to:

- Athanasia Del Vecchio 20,000,000 fully paid ordinary shares at a subscription price \$0.001 per share and 20,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Pakette Pty Ltd 10,000,000 fully paid ordinary shares at a subscription price \$0.001 per share and 10,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and

(7) On 19 August 2010, the Company issued to:

- Roman Najdecki, 30,000,000 fully paid ordinary shares at a subscription price \$0.001 per share; and
- Pakette Pty Ltd 5,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- ALH Pty Ltd 25,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Jeffery Fust 20,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Tempo Capital Pty Ltd 45,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and

(8) On 25 August 2010, the Company issued to:

- Tempo Capital Pty Ltd 33,333,333 fully paid ordinary shares at a subscription price \$0.0012 per share and 11,111,111 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Bluehawk Capital Pty Ltd 100,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 33,333,333 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- John & Rita Maria Freidrichl 8,333,333 fully paid ordinary shares at a subscription price \$0.0012 per share and 8,333,333 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Pinnacle Equities Pty Ltd 2,400,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 2,400,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Zephyr Pty Ltd 9,600,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 9,600,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and

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- Pinnacle Equities Pty Ltd 1,200,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 1,200,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Zephyr Pty Ltd 4,800,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 4,800,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and

(9) On 31 August 2010, the Company issued to:

- Caleb & Danielle Bruer 24,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 8,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013; and
- Cheryl Anne Bruer 24,000,000 fully paid ordinary shares at a subscription price \$0.0012 per share and 8,000,000 options over the ordinary shares, exercisable at \$0.0025 per option on or before 12 August 2013;

The funds raised from the issues listed above were used for working capital purposes

The directors unanimously recommend that shareholders vote in favour of this resolution.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

IM MEDICAL LTD

ABN: 47 009 436 908

REGISTERED OFFICE:
LEVEL 1
117 CHURCH STREET
HAWTHORN VIC 3122

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

SECTION A: Appointment of Proxy

We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 9.30am (EST) on Monday 22 November 2010 at Quest Beaumont Kew, 7 Studley Park Road, Kew, Victoria and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain*

Item 2. Adoption of remuneration report for year ended 30 June 2010

Item 3. Election of director - Mr Dipak Sangvhi

Item 4. Refreshing capacity to issue equity securities following issues of equity securities in the Company

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important: for item 3 below

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on item 3 below, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on item 3 and your vote will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

0872556081

Reference Number:

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IMI

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