



ASX Announcement

31 January 2019

RECEIPT OF FUNDS AND ISSUE OF CONVERTIBLE NOTES APPENDIX 3B & CLEANSING NOTICE

Medibio Limited (ASX: **MEB**) (the **Company**) has previously announced a proposed capital raising which included the issuing of convertible notes each with a face value of AUD\$0.02 raising approximately \$2.75 million (**Convertible Notes**).

The Convertible Notes were to be issued in two tranches. On 18 December 2018, the Company issued the first tranche of 30,394,240 Convertible Notes with a total value of \$607,884.80 accompanied by a Cleansing Notice (notification under section 708A(12C)(e) of the Corporations Act 2001) in relation to the issue.

The issue of the second tranche of Convertible Notes was subject to shareholder approval for ASX Listing Rule 7.1 purposes at the Company's General Meeting held on 21 January 2019. Members have now approved the issue of the second tranche, with the Convertible Notes being issued today.

The consideration for the second tranche of Convertible Notes is approximately AUD\$2,145,445.60 for the issue of 107,272,280 Convertible Notes. The Appendix 3B and Cleansing Notice (notification under section 708A(12C)(e) of the Corporations Act 2001) in relation to the issue of the second tranche of Convertible Notes are attached.

The Board wishes to thank all the investors for their commitment to the Company.

Please contact me if you require any further information concerning this matter.

Yours sincerely,

Melanie Leydin
Company Secretary
Medibio Limited



ASX Announcement

31 January 2019

NOTIFICATION UNDER SECTION 708A(12C)(e) OF THE *CORPORATIONS ACT 2001* (CTH) FOR THE PURPOSES OF ASIC CORPORATIONS (SALE OFFERS: SECURITIES ISSUED ON CONVERSION OF CONVERTIBLE NOTES) INSTRUMENT 2016/82

This notice (**Cleansing Notice**) is given by Medibio Limited (ASX: **MEB**) (the **Company**) under section 708A(12C)(e) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) as modified by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**Instrument 2016/82**). Where applicable, references in this Cleansing Notice to the Corporations Act are to those sections as modified by Instrument 2016/82.

This Cleansing Notice is important and should be read in its entirety. Neither ASIC nor ASX take responsibility for the contents of the Cleansing Notice.

1. Background

As announced by the Company on 10 December 2018, the Company received commitments from professional and sophisticated investors to participate in the issue of convertible notes at \$0.02 per note (**Convertible Note**). The total consideration for the issue of Convertible Notes is approximately \$2.75 million.

A convertible note deed poll (**Deed Poll**) has been executed by the Company which provides for two tranches of funding by the following investors subscribing for various numbers of Convertible Notes per tranche:

Table 1

Investor	Tranche 1	Tranche 2
Hoperidge Enterprises ATF Jones Family Trust	4,880,000	15,120,000
Denlin Nominees Pty Ltd	1,220,000	3,780,000
Cabletime Pty Ltd ATF Ingodwe Trust	2,440,000	7,560,000
Oaktone Nominees Pty Ltd	1,220,000	3,780,000
Tisia Nominees Pty Ltd	2,440,000	7,560,000
Merrill Lynch (Australia) Nominees Pty Ltd <Regal Emerging Companies Fund II>	13,815,564	36,184,436
Brown Bricks Pty Ltd	2,072,335	5,427,665
CY Capital Pty Ltd	690,778	1,809,222
TIGA Trading Pty Ltd	Nil	12,500,000
Claude Solitario ATF Solitario Family Trust	1,615,563	13,550,957
TOTAL NOTES	30,394,240	107,272,280
TOTAL VALUE	\$607,884.80	\$2,145,445.60

As announced on 18 December 2018, the Convertible Notes in Tranche 1 were issued under the Company's Listing Rule 7.1 placement capacity.



Members at the Company's General Meeting held on 21 January 2019 have approved the issue of the Convertible Notes in Tranche 2.

This Cleansing Notice relates to the Convertible Notes issued in Tranche 2. The Cleansing Notice for the Convertible Notes issued in Tranche 1 was lodged on 18 December 2018.

The funds raised from the issue of Convertible Notes under both Tranches 1 and 2 will be used for the following:

- (a) Advance the Company's 510(k) regulatory approval;
- (b) Progress the Company's De Novo submission;
- (c) Technology development;
- (d) Product commercialisation; and
- (e) For working capital requirements.

The Company hereby gives notice that:

- (a) the Convertible Notes in Tranche 2 were issued without a disclosure document under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables any fully paid ordinary shares in the capital of the Company (**Shares**), which may be issued by the Company on conversion of the Convertible Notes on the terms described below (**Conversion Shares**), to be on-sold to retail investors without further disclosure.

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Conversion Shares; and
- (b) any information that:
 - (i) has been excluded from any continuous disclosure notice in accordance with the ASX Listing Rules;
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - ii. the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.



3. Effect of the Convertible Notes issue on the Company

The principal effects of the issue of the Convertible Notes on the Company will be:

- (a) to increase the Company's cash reserves upon the issue of the Convertible Notes;
- (b) the grant of a security interest by the Company over all of its assets for the benefit of the Noteholders.
- (c) to give rise to the Company issuing Convertible Notes with the aggregate face value amount of \$2,145,445.60, with:
 - a. any unconverted amount automatically becoming a liability owed by the Company upon an insolvency event; and
 - b. in the event that a Noteholder seeks to convert their shares the result of which would exceed the Takeover threshold in section 606 of the Corporations Act and Shareholder approval under Item 7 section 611 of the Corporations Act is not able to be obtained for the conversion, then the Company will pay to the Noteholder an amount equal to the aggregate Face Value of the Convertible Notes the conversion of which would result in the Noteholder being in contravention of Section 606(1) of the Corporations Act
- (d) to increase the number of Shares on issue as a consequence of the issue of the Conversion Shares.

4. Impact on the Company's Financial Position

The pro-forma Consolidated Statement of Financial Position shown in the table below has been prepared on the following basis:

- (a) The audited 30 June 2018 Consolidated Statement of Financial Position has been used as a base position to illustrate the impact of the issue of Convertible Notes.
- (b) The issue of 107,272,280 Convertible Notes with face value of \$0.02 per Convertible Note for a total consideration of approximately \$2,145,445.60 (before costs).
- (c) The pro-forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian accounting standards. It has been prepared in accordance with the Company's normal accounting policies. The pro-forma financial information is not audited. The classification of the Convertible Notes liability may change in the future.



	Consolidated Statement of Financial Position 30 June 2018 \$	Issue of Convertible Notes in Tranche 1 \$	Issue of Convertible Notes in Tranche 2	Pro-forma Consolidated Statement of Financial Position 30 June 2018 \$
ASSETS				
Current Assets				
Cash and cash equivalents	6,123,187	575,574	1,874,427	8,573,188
Trade and other receivables	1,669,026			1,669,026
Other current assets	93,954			93,954
Total Current Assets	7,886,167			10,336,168
Non-current Assets				
Other assets	111,186			111,186
Intangibles assets	10,757,785			10,757,785
Goodwill	309,100			309,100
Total Non-current Assets	11,178,071			11,178,071
Total Assets	19,064,238			21,514,239
LIABILITIES				
Current Liabilities				
Trade and other payables	3,969,225		(183,330)*	3,785,895
Borrowings	120,000	(32,311)*	(87,689)*	-
Employee liabilities	988,525			988,525
Total Current Liabilities	5,077,750			4,774,420
Total Liabilities	5,077,750			4,774,420
NET ASSETS	13,986,488			16,739,819
EQUITY				
Issued capital	83,642,250	607,885	2,145,446	86,395,581
Reserves	4,256,500			4,256,500
Accumulated losses	(73,912,262)			(73,912,262)
TOTAL EQUITY	13,986,488			16,739,819

* The amount stated above includes the conversion of liability payable by the Company into Convertible Notes and thus the Company cash proceeds have been offset against the liability as shown.



5. Potential Effect of the Convertible Notes issue on the Company's Capital Structure

As at the date of this Cleansing Notice, the issued capital of the Company is as follows:

Class	Number
Fully paid ordinary shares	202,628,271
Shares partly paid to \$0.01 with \$0.29 to pay	4,650,000
Unlisted Options	27,012,113
Convertible Notes (Tranche 1)	30,394,240

The conversion price of the Convertible Notes will be the lower of:

- (a) \$0.02 per Share; or
- (b) the issue price of any subsequent equity capital raising undertaken by the Company during the term of the Convertible Note.

(Conversion Price).

The number of Conversion Shares issued upon conversion of any number of Convertible Notes will be calculated by the total Face Value of that number of Convertible Notes divided by the Conversion Price.

Assuming conversion of all the Convertible Notes in Tranche 2 occurs on the date of this Cleansing Notice, the number of aggregate Conversion Shares to be issued will be determined by a Conversion Price of \$0.02, meaning the total number of Conversion Shares will be 107,272,280 fully paid ordinary shares. Further, if all Convertible Notes in Tranche 1 are also converted on the date of this Cleansing Notice, the number of aggregate Conversion Shares to be issued (at a Conversion Price of \$0.02) will be 137,666,520.

Thus, assuming conversion of the Convertible Notes in both Tranches 1 and 2 occurs on the date of this Cleansing Notice, the Company's capital structure would be as follows:

Class	Number
Fully paid ordinary shares	340,294,791
Shares partly paid to \$0.01 with \$0.29 to pay	4,650,000
Unlisted Options	27,012,113

Investors should have regard to the information regarding the Company and its securities that has been previously disclosed on the ASX.

6. The Rights and Liabilities Attaching to the Convertible Notes

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the holders of Convertible Notes (**Noteholders**).



Governing documents

The Convertible Notes are subject to the provisions of the convertible note deed poll given by the Company on 18 December 2018 in favour of persons who are Noteholders from time to time. (**Deed Poll**)

Melbourne Securities Corporation Limited has been appointed under a security trust deed (**Security Trust Deed**) to act as security trustee for the Noteholders (**Security Trustee**).

The Convertible Notes are secured pursuant to a general security deed (**General Security Deed**) between the Company and the Security Trustee.

Term

The Convertible Notes expire 18 months after their issue date (**Maturity Date**) unless converted earlier.

Face Value

Each Convertible Note has a face value of A\$0.02

Security

Under the General Security Deed, the Company grants a charge and security interest to the Security Trustee in the whole of the undertaking property and assets of the Company both present and after acquired property, in order to secure repayment of the Face Value of the Convertible Notes.

Interest

No interest accrues on the Convertible Notes

Rights of Noteholder

The rights of a Noteholder against the Company for the Convertible Notes held by the Noteholder:

- (a) The Convertible Notes rank equally among themselves.
- (b) The Convertible Notes carry no right to participate in any offering of securities by the Company.
- (c) Except as required for in the Corporations Act, a Noteholder does not have any right to vote at general meetings of the Company.
- (d) Subject to the Corporations Act and the ASX Listing Rules, a Noteholder is entitled to request and receive copies of all notices of general meetings and all other documents (including annual reports and financial statement) given the Company to the Shareholders.
- (e) In the event of a winding up of the Company, Noteholders will be entitled to receive a repayment of the Face Value before any distributions are made to preference or ordinary Shareholders. The obligations of the Company rank in priority (by virtue of the security under the General Security Deed) ahead of all its unsecured and unsubordinated payment obligations other than claims mandatorily preferred by law.



Enforcement

Only the Security Trustee may enforce the Deed Poll and the General Security Deed against the Company where Noteholders holding at least 50% of the Convertible Notes then on issue have resolved that the Company has breached its obligations under the Deed Poll and approved the enforcement of the terms and conditions against the Company.

Noteholders may not individually enforce the Deed Poll or the General Security Deed without the express written authority of the Security Trustee.

Conversions

Conversions at election of Noteholder

The Convertible Notes will be convertible at the option of each Noteholder only on the last business day at the end of each quarter commencing 31 March 2019 (each a **Conversion Date**). A Noteholder may elect in its discretion to convert some or all of its Convertible Notes by providing the Company with notice not less than 10 business days before the requested Conversion Date (**Conversion Notice**). The Conversion Notice must contain the information required under the Deed Poll for conversion notices.

Automatic conversions upon Maturity

All Convertible Notes held by each Noteholder will automatically convert on the Maturity Date if they have not been converted earlier.

Shares issued on conversion

Shares issued on conversion of the Convertible Notes will rank equally with all fully paid ordinary shares on issue as at the Conversion Date.

Chapter 6 Limitations

Subject to certain notification requirements in the Deed Poll, if a conversion of Convertible Notes will result in a breach of section 606 of the Corporations Act, then the conversion of the relevant number of Convertible Notes shall be deferred until such time that the conversion would not result in a contravention of section 606 of the Corporations Act and the Company will as soon as reasonably practical convene a meeting of Shareholders to seek approval in accordance with Item 7, Section 611 of the Corporations Act, for the allotment and issue of Shares pursuant to the Conversion.

If Shareholder approval is not obtained for the conversion, then the Company will pay to the Noteholder an amount equal to the aggregate Face Value of the Convertible Notes the conversion of which would result in the Noteholder being in contravention of Section 606(1) of the Corporations Act (upon such payment such Convertible Notes will be cancelled).



Conversion Price

The conversion price of the Convertible Notes will be the lower of:

- (a) \$0.02 per Share; or
- (b) the issue price of any subsequent equity capital raising undertaken by the Company during the term of the Convertible Note.

Conversion Ratio

The number of Shares to be issued to a Noteholder upon conversion of their Convertible Notes shall be calculated as follows:

$$N = \frac{FVN}{\text{Conversion Price}}$$

Where:

N = the number of Shares rounded up to the nearest whole number.

FVN = the Face Value of the Notes that are being converted by a Noteholder (as specified on the relevant Conversion Notice).

Redemption

Unless converted in accordance with the Deed Poll, the Company must immediately redeem all outstanding Convertible Notes following an insolvency event.

Representations and Warranties

Other than market standard representations and warranties, the Company must provide prior to the settlement of the Tranche 2 Notes an "Acceptable Budget." A budget will be an "Acceptable Budget" if:

- (i) at least 12 days prior to the settlement of the Tranche 2 Notes the Company issues to each of the Noteholders and the Security Trustee an updated budget which demonstrates that expenditure will be reduced to below \$500,000 per month, targeting \$400,000 per month (Draft Budget); and
- (ii) prior to the settlement of the Tranche 2 Notes the Security Trustee and the Company have not received objections from Noteholders, acting reasonably, holding more than 50% of the Notes on issue in relation to the Draft Budget.

(At the date of this Cleansing Notice, the Tranche 2 Convertible Notes have been settled and issued)

In addition, prior to the Maturity Date of Convertible Notes, the Company must not announce the payment of, or make any distribution to Shareholders (in the capacity as holder of Shares), or buy-back any ordinary shares.



Adjustments upon Reorganisation

If there is a reorganisation by the Company of its share capital, the rights of a Noteholder in relation to conversion will be changed to the extent necessary to comply with the ASX Listing Rules, as if the right of conversion was an option granted by the Company.

If the Company makes a bonus issue of Shares or other securities, then each Noteholder upon conversion of outstanding Convertible Notes held by it will be entitled to receive such number of further Shares or securities which the Noteholder would have received if those outstanding Convertible Notes had been converted before the record date for the bonus issue.

Any adjustment to the conversion of Convertible Notes must comply with the ASX Listing Rules.

Transferability

The Convertible Notes are not transferrable without the prior written approval of the Company, which approval must not be unreasonably withheld, except that:

- (a) the trustees of a trust may, on any change of trustees, transfer all of the Convertible Notes held by them in that capacity to the new trustees of that trust; and
- (b) a Noteholder may transfer any or all of its Convertible Notes to a related body corporate of that Noteholder.

7. The Rights and Liabilities Attaching to Conversion Shares

The Conversion Shares will rank equally in all respects with all of the Company's existing Shares. The rights attaching to Shares, including the Conversion Shares, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX for quotation of the Conversion Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of the Company.

General Meetings

Each shareholder has the right to receive notice of and to attend all general meetings of the Company whether or not entitled to vote.

Voting Rights

At a general meeting, each shareholder in person or by proxy, attorney or representative is entitled to one vote on a show of hands.

On a poll, every member present will, in respect of each fully paid Share held by them, have one vote for the Share.



Dividend Rights	Subject to the Corporations Act, the Company's constitution and the terms of issue of shares, the Board may pay any dividend it thinks appropriate and fix the time for payment.
Rights on winding up	In winding up, the liquidator may, with the sanction of a special resolution divide the assets of the Company among the shareholders and decide how the division may be carried out between shareholders and different classes of shareholders.
Offer of shares	Subject to the Corporations Act, the ASX Listing Rules and the Company's constitution, the directors may issue, grant options over or otherwise dispose of unissued shares, to any person on the terms, with the rights, and at the times that the Board decides.
Variation of rights	If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (subject to the Corporations Act, the terms of issue of shares and the rights attached to a class of shares are not treated as varied by the issue of further shares of that class) may be varied or cancelled with the consent in writing of the holders of a majority of the issued shares of that class, or if authorised by an ordinary resolution passed at a meeting of the holders of the shares of the class.

8. Compliance with Continuous Disclosure

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at an ASIC office.

As at the date of this Cleaning Notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act, as it applies to the Company.

The Company will provide a copy of any of the following documents free of charge, to any person on request:

- (a) a copy of its annual financial report most recently lodged with ASIC, being the financial report of the Company for the year ended 30 June 2018;
- (b) a copy of the any half-year report lodged with ASIC after the lodgment of the financial report for financial year ended 30 June 2018, and before the date of this Cleansing Notice; and
- (c) a copy of any continuous disclosure notices given after the lodgment of the financial report for financial year ended 30 June 2018, and before the date of this Cleansing Notice.



A list of the continuous disclosure documents given by the Company to the ASX after the lodgment of the financial report for financial year ended 30 June 2018, and before the date of this Cleansing Notice is set out in the table below:

Date	Title
21/01/19	Results of General Meeting
07/01/19	Addendum to Notice of General Meeting
04/01/19	Initial Director's Interest Notice
04/01/19	Final Director's Interest Notice
24/12/18	Medibio announces board changes and cost reduction plans
21/12/18	Notice of General Meeting/Proxy Form
18/12/18	Entitlement Offer Booklet
18/12/18	Cleansing Notice and Appendix 3B
11/12/18	Letter to Ineligible Shareholders – Entitlement Offer
11/12/18	Letter to Shareholders – Entitlement Offer
10/12/18	Notification of Pro-Rata Non-Renounceable Entitlement Issue
10/12/18	Section 708AA(2)(F) Cleansing Statement and Appendix 3B
10/12/18	Investor Presentation
10/12/18	Converting Note & Non-Renounceable Entitlement Offer
6/12/18	Trading Halt
6/12/18	Pause in Trading
28/11/18	Investor Presentation
27/11/18	Exclusive Agreement Signed for ilumen Pilot Program
16/11/18	Appointment of Joint Company Secretary
16/11/18	Results of Annual General Meeting
16/11/18	Chairman's Address to Shareholders
15/11/18	Response to ASX Appendix 4C Query
14/11/18	Change to Director's Interest Notice
9/11/18	Medibio provides update on FDA process
8/11/18	Change of Director's Interest Notice x 2
8/11/18	Initial Director's Interest Notice
2/11/18	Medibio Appoints CEO and Managing Director
2/11/18	Medibio Market Update
30/10/18	Medibio Quarterly Updates and Cashflow Report
24/10/18	MEB Signs ilumen Contract with Large Australian Employer
16/10/18	Notice of Annual General Meeting/Proxy Form
15/10/18	Receipt of R&D Tax Incentive Refund



8/10/18	MEB Presentation – Mayo Clinic Convergence Neuroscience
5/10/18	Investor Presentation
3/10/18	Medibio Releases Corporate Health Product, ilumen
2/10/18	Notice of Initial Substantial Holder
01/10/18	Notice Received Under Section 249D of the Corporations Act
27/9/18	Annual Report to Shareholders
21/9/18	Final Director's Interest Notice
21/9/18	Executive Leadership Changes
14/9/18	Appendix 4G & Corporate Governance Statement

9. Information excluded from Continuous Disclosure

The Company is not aware of any information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - ii. the rights and liabilities attaching to the securities being issued.

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Medibio Limited

ABN

58 008 130 336

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 | Unlisted Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 107,272,280 |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

<p>3 Principal terms of the +securities (e.g. 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)</p>	<p>Unlisted Convertible Notes (Notes) with a Face Value of \$0.02 per note with no interest.</p> <p>Notes are secured.</p> <p>The conversion price will be the lower of \$0.02 or the issue price of any subsequent equity capital raising undertaken by the Company during the term of the Convertible Note.</p> <p>The Notes will be convertible at the election of the noteholder on the last business day at the end of each quarter commencing 31 March 2019.</p> <p>The Notes will have a maturity date of 18 months from the date of issue, and unless converted earlier, all Notes will convert on their maturity date.</p> <p>The Notes are not redeemable.</p> <p><i>For a more detailed summary of the key terms, please see the cleansing notice lodged in conjunction with this Appendix 3B.</i></p>
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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date 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>No, the convertible notes are secured over the assets of the Company and are not ranked equally in all respects with existing shares on issue.</p> <p>The convertible notes do not accrue interest and are not eligible for dividends.</p> <p>However the shares issued upon conversion of the Notes will rank equally with all other ordinary shares on issue</p>
<p>5 Issue price or consideration</p>	<p>\$0.02 (2 cents) per Note</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will be used to advance the Company's 510(k) regulatory approval, progress its De Novo submission, technology development, product commercialisation and for the Company's working capital requirements.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>16 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	107,272,280 convertible notes approved on 21 January 2019
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Annexure 1
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	31 January 2019

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class		
		202,628,271	Ordinary Shares	Fully Paid	
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class		
		137,666,520	Convertible notes with face value of \$0.02		
		4,650,000	Shares partly paid to \$0.01 with \$0.29 to pay		
		3,500,000	Options - exercise price \$0.48, expire 30 November 2019		
		2,000,000	Options - exercise price \$0.45, expire 11 October 2022		
		3,000,000	Options - exercise price \$0.40, expire 30 November 2019		
		3,000,000	Options - exercise price \$0.40, expire 11 November 2020		
		8,875,000	Options - exercise price \$0.45, expire 18 June 2023		
		3,637,113	Options - exercise price \$0.44, expire 18 June 2022		
		3,000,000	Options - exercise price \$0.80, expire 11 October 2020		
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a			

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue 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 share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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

⁺ See chapter 19 for defined terms.

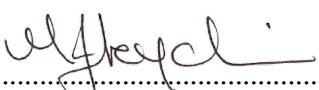
Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the +issue date 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 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	Number N/A	+Class N/A

+ See chapter 19 for defined terms.

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.
 - 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 is not available now, we 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:  Date: 31 January 2019
(Company secretary)

Print name: Melanie Leydin

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	200,407,495 Shares
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	2 March 2018 – 1,836,512 shares 17 April 2018 – 384,264
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	202,628,271

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	30,394,240
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	30,394,240
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.15] – “C”	30,394,240 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	202,628,271
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	20,262,827
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	20,262,827
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	-
Total ["A" x 0.10] – "E"	20,262,827 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.