

COMPANY ANNOUNCEMENT

IM MEDICAL LIMITED – SHARE TRADING POLICY

21 January 2011 – Melbourne: IM Medical Ltd (AXS:IMI) attachments for release to the market

In accordance with Listing Rule 12.9, IM Medical Limited attaches its Share Trading Policy.

Sergio DeIVecchio

Chief Executive Officer

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Share Trading Policy

Effective 1 January 2011

IM MEDICAL LTD ACN 009 436 908

1 INTRODUCTION

- 1.1 The securities of IM Medical Limited (the **Company**) are listed on the Australian Stock Exchange (**ASX**).
- 1.2 This document sets out the policy and procedures for dealings in the Company's securities, which includes ordinary shares, preference shares, options or other derivatives or associated instruments, the value of which is determined in whole or part by the Company shares or options (**Company Securities**) by:
- 1.2.1 all directors of the Company (executive and non-executive);
 - 1.2.2 all full-time and part-time officers and employees of the Company and its subsidiaries; and
 - 1.2.3 all contractors and consultants of the Company,
(collectively, **Employees**).
- 1.3 This policy outlines when and how Employees may deal in Company Securities and establishes procedures to reduce the risk of conduct that might be considered to be "insider trading".
- 1.4 Dealing in securities is a broader concept than simply buying and selling shares. Dealing in Company Securities (whether as an agent or principal) includes:
- 1.4.1 applying for, acquiring or disposing of, Company Securities;
 - 1.4.2 entering into an agreement to apply for, acquire or dispose of, Company Securities; and
 - 1.4.3 granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Company Securities.
- 1.5 All Employees are required to comply with this policy in conjunction with the law on insider trading.
- 1.6 The board of the Company (the **Board**) aims to achieve the highest standards of corporate conduct and governance. Accordingly, it is essential that all Employees comply with this policy.
- 1.7 If you do not understand any part of this policy, you should speak to the Company Secretary or seek your own legal advice.

2 TRADING IN SHARES

When can shares be traded?

- 2.1 Subject to special restrictions on management personnel as set out in clause 4, Employees are permitted to trade in Company Securities provided that:
- 2.1.1 they are not in the possession of inside information (as set out in clause 3);
 - 2.1.2 the trading is not for speculative gain (as set out in clause 3.9); and
 - 2.1.3 the trading is not during a prohibited period imposed by the policy, the Board at its discretion from time to time (as set out in clause 6), or the ASX; or

2.1.4 the trading is excluded from the policy as set out in clause 7.

What Notification is required?

- 2.2 All Employees must advise the Company Secretary of a proposed trade in Company Securities, including entering into transactions or arrangements which operate to limit the economic risk of their Company Security holdings. Notification must be made in writing in the form of Annexure A **2 business days prior to any trade.**
- 2.3 No prior notification is needed for trading that is not part of this policy as set out in clause 7. If an Employee is uncertain about whether notification is required, they should consult the Company Secretary.
- 2.4 All Employees must notify the Company Secretary in writing of any dealings in Company Securities within 2 business days after the date of any trade.
- 2.5 The Company has an obligation under the Corporations Act 2001 (**Corporations Act**) to notify ASX of any trading or changes in a director's holdings or interests in Company Securities.

3 RESTRICTIONS ON TRADING FOR ALL EMPLOYEES

- 3.1 Insider trading is the practice of dealing in a company's securities by a person with some connection with the company who is in possession of information which may be relevant to the value of the company's securities. Insider trading is a criminal offence under the Corporations Act, punishable by large fines and/or imprisonment.

What trades are prohibited ?

- 3.2 Consistent with the legal prohibitions on insider trading, all Employees are prohibited in all circumstances from trading in Company Securities at any time if they are in possession of non-public price sensitive information (**inside information**) regarding the Company and/or Company Securities.

What is inside information?

- 3.3 Information is "inside" if it is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security.
- 3.4 Information is considered to be "generally available" if:
- 3.4.1 it consists of readily observable matter; or
 - 3.4.2 it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed. That is, it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
 - 3.4.3 it may be deduced, inferred or concluded from the above.
- 3.5 The sort of information which may be regarded as inside information includes:
- 3.5.1 the Company's financial position or financial results (before they have been published);
 - 3.5.2 the Company's strategy or operations;

- 3.5.3 any pending material acquisitions or divestments by the Company;
- 3.5.4 the threat of any material litigation involving the Company or a potential liability;
- 3.5.5 any proposed changes to the composition of the Board or senior management;
- 3.5.6 any proposed changes in the loan and share capital structure of the Company;
- 3.5.7 trade secrets; and
- 3.5.8 information of new deals/contracts won, proposals made or negotiations in process, and patents pending or granted.
- 3.6 The prohibition on insider trading extends to the trading of Company Securities by any entity that an Employee controls, including trusts and companies, parents, spouses, dependents, and children (**Associates**). It also extends to trading in the securities of any Company subsidiaries (including partly-owned and related companies).
- 3.7 Employees are also prohibited from:
- 3.7.1 procuring Associates to trade in Company Securities when the Employee is precluded from trading;
- 3.7.2 communicating inside information to another person, if the Employee knows, or ought reasonably to know, that the other person would, or would be likely to, deal in Company Securities or procure another person to do so;
- 3.7.3 dealing in securities of outside companies using inside information gained by virtue of their position with the Company; and
- 3.7.4 entering into transactions in associated products which operate to limit the economic risk of their security holdings in the Company over unvested entitlements.
- 3.8 Employees should ensure that third parties, including external advisors, who come into possession of inside information regarding the Company, are informed of its non-public nature, preserve its confidentiality, and do not trade while in possession of that information. This will usually be achieved by a written confidentiality agreement.

Short term dealings

- 3.9 Employees must not, without the prior approval of the Board, which must be sought in writing in the form of Annexure A, engage in short term trading in Company Securities; that is, the buying and selling of the same parcel of shares (or part thereof) within a 3 month period.

4 RESTRICTIONS ON TRADING FOR KEY MANAGEMENT PERSONNEL

- 4.1 In addition to the restrictions on trading for all Employees above, those Employees who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or non-executive) (**Key Management Personnel/Person**) are subject to **additional restrictions** on dealing in Company Securities as outlined below.

Prohibition During Black-Out Period

- 4.2 Subject to clause 4.6, Key Management Personnel must not deal in the Company Securities outside certain prohibited periods (**Black-out periods**) unless approval has been granted in exceptional circumstances.
- 4.3 Black-out periods begin:
- 4.3.1 four weeks before the announcement of the full year results;
 - 4.3.2 four weeks before the announcement of the half year results;
 - 4.3.3 four weeks before the annual general meeting; and
 - 4.3.4 at any other time as the Board determines,
- and end at the close of business on the business day after the relevant event to allow the market a reasonable period to absorb the new information.
- 4.4 Should the Board determine a Black-out period in accordance with clause 4.3.4, Key Management Personnel will be notified in writing two weeks prior to the Black-out period to allow trades to be completed prior to the start of the Black-out period.
- 4.5 If a member of the Key Management Personnel is prohibited from dealing in Company Securities, he or she must prohibit any dealings in Company Securities by:
- 4.5.1 Associates; or
 - 4.5.2 any investment manager on their behalf or on behalf of any Associates.

Exceptional Circumstances

- 4.6 In certain exceptional circumstances, Key Management Personnel or their Associates may be given **prior** written clearance to sell or otherwise dispose of Company Securities during a Black-out period.
- 4.7 Examples of exceptional circumstances the Company will consider are:
- 4.7.1 where the relevant entity is in severe financial hardship, for example if there is a pressing financial commitment that cannot be satisfied otherwise than by selling the Company Securities; and
 - 4.7.2 where the relevant entity is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities or there is some other overriding legal or regulatory requirement to do so;
 - 4.7.3 where the relevant entity has entered into an arrangement or trading plan with the Company for which prior written clearance has been granted that allows a right for the relevant entity to deal in Company Securities on a date that falls within the Black-out period, and that agreement or trading plan does not permit the relevant entity to exercise any influence or discretion over how, when, or whether to trade; and
 - 4.7.4 if applicable, the exercise (but not the sale of Company Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible Company Security, where the final date for exercising the option or right falls within a Black-out period and the entity has been in an extremely long prohibited period and the

restricted entity could not have been expected to exercise it at a time when free to do so.

4.8 Key Management Personnel (and Associates) seeking an exception to trading during a Black-out period must provide all relevant information in writing to the Chairman, or in the case of the Chairman, the Company Secretary (**Designated Officer**) in the form of Annexure A.

4.9 The relevant entity must notify the Company Secretary in writing of the dealing within 2 business days after the date of trade.

5 CORPORATIONS ACT AND ASX LISTING RULES

5.1 The requirements imposed by this policy are separate from, and additional to, the legal prohibitions in the Corporations Act.

5.2 Employees must comply at all times with the provisions of the Corporations Act and ASX Listing Rules concerning security dealings.

6 BOARD'S DISCRETION

The Board has an absolute discretion to place an embargo on Employees trading in Company Securities at any time.

7 TRADING THAT IS NOT SUBJECT TO THIS POLICY

Certain trading in the Company's Securities is excluded from this policy, subject always to the prohibition on insider trading:

7.1 trading that results in no change in the beneficial ownership of the Company Securities;

7.2 undertakings to accept, or the acceptance of, a takeover offer;

7.3 trading under an offer made to most or all Company Security holders, such as a rights issue or a share purchase plan, where the timing and structure of the offer has been approved by the Board; and

7.4 any instances as advised to ASX from time to time through an update to this policy.

8 COMPLIANCE WITH THIS POLICY

8.1 Any Employee (including Key Management Personnel) may be asked to confirm their compliance with this policy or to provide confirmation of their dealings in Company Securities. Any request must be responded to promptly.

8.2 This policy must be strictly complied with and any breach will be viewed seriously. A breach of his policy may result in disciplinary action being taken which may (if applicable) include dismissal from employment or engagement with the Company.

8.3 Any Employee who becomes aware of a violation of this policy should immediately report it to the Company Secretary.

9 REVIEW OF THIS POLICY

This policy is subject to regular review by the Board and will be amended (as appropriate).

ANNEXURE A

Notification of proposed dealing in the securities of IM Medical Limited

Date:

Employee Details:

Name:

Address:

Position:

Share Transaction Details

Purchase/Sale (circle as appropriate)

Number of shares:

Proposed Transaction Date:

Name of Seller/Purchaser:

(if transaction is not in the name of the Employee, for example, an Associate)

Black-out period (if applicable)

Inside/Outside black-out period (circle as appropriate)

Exceptional circumstances (if applicable)

I confirm that I, and in the case of an Associate, the Associate, am/is not in possession of any material price-sensitive information in relation to which is not generally available to the market.

Signature of Employee:.....

Approval (if applicable): yes/ no (circle as appropriate)

.....

Designated Officer

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