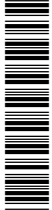


24 August 2011



000001 000 IMC
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder

NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE OFFER

On behalf of the Board of Immuron Limited I invite you to participate in the pro-rata non-renounceable Rights Offer of New Shares. The Rights Offer is not being underwritten.

The Rights Offer is open to all shareholders of the Company with a registered address in Australia, New Zealand or Israel (**Eligible Shareholders**), and who are on the register as at 5.00pm AEST on 31 August 2011 (**Record Date**).

Shareholders of the Company with registered addresses outside of Australia, New Zealand and Israel (**Non- Resident Shareholders**) are not entitled to participate in the Rights Offer. The Company has determined, in accordance with the Act, and Rule 7.7 of the Listing Rules of the ASX, that it would be unreasonable to make the Rights Offer to Non-Resident Shareholders having regard to the number of Non-Resident Shareholders in each country other than Australia, New Zealand and Israel; the number and value of the shares, and attaching options, that would be offered to them, and the cost of complying with the legal requirements in countries other than the aforementioned countries.

Under the terms of the Rights Offer, the Company will offer to each Eligible Shareholder:

- a) For every five (5) ordinary shares held on the Record Date, one (1) new fully paid ordinary share (**New Share**) at a price of seven (7) cents per share; and
- b) in addition to each New Share issued, for no additional consideration, one (1) attaching option will be issued for every three (3) New Shares issued under the Offer, and
- c) if there is a shortfall in the Rights Offer, Eligible Shareholders who have subscribed for their full entitlement under the Rights Offer are also offered the opportunity to increase their percentage holding in the Company by subscribing for further New Shares (**Top Up Offer**) at the same issue price, together with an attaching option for every three (3) New Share taken up under the Top Up Offer.

The rights of Eligible Shareholders under the Rights Offer are non- renounceable.

In calculating entitlements under the Rights Offer and the Top Up Offer, fractions will be rounded up to the nearest whole number.

The Directors of the Company reserve the right to issue any shortfall arising from the Rights Offer and the Top Up Offer at their discretion up to 3 months after the close of the Rights Offer.

Details of the Rights Offer will be contained in an offer document which will be mailed to all Eligible Shareholders. A copy of the offer document has been lodged with the ASX and is available on the ASX website, www.asx.com.au, and the Company's website at www.immuron.com.

If fully subscribed, and assuming that none of the Company's options currently on issue are exercised before the Record Date, the Rights Offer will result in the issue of approximately 62,686,862 New Shares in the Company, together with 20,895,621 Options. All of the New Shares issued under the Rights Offer will rank equally with the Company's existing quoted shares (ASX code IMC). All of the attaching Options will be quoted (ASX code IMCO) and will have the rights as set out below.

The net amount to be raised from the Rights Offer will amount to approximately \$4,360,000, after allowing \$30,000 for the expenses of the offer.

The Company intends to apply the funds from the Rights Offer as follows:

- a) Aggressively expand its Travelan distributorship into global markets thus growing the revenue of Travelan. This expansion includes the opportunity to extend the product range and indications of Travelan beyond its current indication.
- b) Finalise the Investigational New Drug (IND) application for NASH.
- c) Continue the ongoing development of the Company's influenza program with the finalisation of the current animal trials and commencement of the planning of the first human trial; and
- d) Provide working capital for corporate overheads and the ongoing investigations into other high market potential indications and related intellectual property together with maintaining protection over current patent filings.

The Rights Offer and Top Up Offer are being made without disclosure to investors under Part 6D.2 of the Act. Both offers are being made in accordance with section 708AA of the Act, and do not therefore require disclosure under a disclosure document. The Company is satisfied that it is entitled to rely on section 708AA of the Act.

The capital structure of the Company on completion of the Rights Offer will be as follows*:

Shares

Shares currently on issue	325,714,800
Shares offered under the Rights Offer	62,686,862

Total shares on issue on completion of the Rights Offer (est.)	388,401,662
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Options

Unlisted options currently on issue	4,565,928
Listed Options offered under the Rights Offer	20,895,621


Total Options on issue on completion of the Rights Offer (est.)	25,461,549
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*Assuming the Rights Offer is fully subscribed and none of the unlisted options currently on issue are exercised before the Record Date.

As the Rights Offer is pro-rata and non-renounceable, the Company does not expect the issue of New Shares and attaching Options will have any material effect on the control of the Company. However, the proportional shareholdings of Non-Resident shareholders may be dilutive because those shareholders are not entitled to participate in the Rights Offer.

The rights attaching to the Options are as follows:

- a) The options will be exercisable at any time prior to 5.00pm AEST time on 15 December 2013 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse.

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- b) The exercise price of each Option will be twelve cents (\$0.12).
 - c) the Options may be exercised wholly or in part by completing an Options Exercise Form for Shares (**Notice of Exercise**) delivered to the company's Share Registry and received by it any time prior to the Expiry Date;
 - d) Upon exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The company will apply to ASX to have shares granted official quotation.
 - e) A summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the holding statement for those Options is sent to the Option holder.
 - f) Any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received.
 - g) There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded seven (7) Business Days before the record date (to determine entitlements to the issue), to exercise Options.
 - h) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the Formula set out in Listing Rule 6.22.2.
 - i) If before the expiry of any Options, the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profit or reserves (**bonus issue**) other than in lieu of a dividend payment, then upon exercise of an Option, the holder will be entitled to have issued them (in addition to Shares to which they are otherwise entitled to have issued to them upon such exercise) additional Shares in the Company. The number of additional Shares is the number that would have been issued to the 'Option holder' under the bonus issue (**bonus shares**) calculated with respect to the number of Shares that would have been issued if that Option holder had exercised its Options immediately prior to the date on which shareholder entitlement to bonus shares was calculated. The bonus shares will be paid up by the company out of the profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue will rank pari-passu in all respects with other Shares allotted upon exercise of an Option.
 - j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an option holder are to be changed in a manner consistent with the Listing Rules.
 - k) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.
 - l) For as long as the Company is admitted to the official list of the ASX, all Options and shares issued upon the exercise of any Options are subject to the listing rules. In the event of a conflict between the Option terms and the listing rules, the provisions of the listing rules prevail to the extent of the inconsistency.

The timetable and important dates of the Rights Issue are as follows:

Announcement of Offers	17 August 2011
Appendix 3B Cleansing notice offer document filed with ASX	17 August 2011
Notice sent to shareholders indicating information required by the Appendix 3B, details of the timetable and a statement that an offer information statement has been lodged with the ASX and is available online	24 August 2011
Ex-Date (date from which securities commence trading without the entitlement to participate in the Offers)	25 August 2011
Record Date (date for determining entitlements of eligible shareholders to participate in the Offers)	31 August 2011
Offer Document (including entitlement and acceptance forms) dispatched to shareholders and Company announces that dispatch has been completed.	5 September 2011
Offers open	5 September 2011
Closing Date for acceptances at 5.00pm (AEST)	20 September 2011
Deferred settlement period commences	21 September 2011
Company to advise ASX of under subscriptions (if any)	23 September 2011
Allotment of New Shares and the attaching Options and Dispatch holding statements	28 September 2011
New Shares and Options expected to commence trading on ASX	29 September 2011

If you require further information about the Rights Issue please contact Graeme Stevens the Company Secretary

Yours faithfully



Professor Colin Chapman
Chairman
Immuron Limited