ASX Release 17 August 2016

Offer to acquire
Reward Zinc JV Interest Rejected

IM Medical Limited (ASX: IMI, IMIO, IMIOA) ("IMI" or "the Company") announced on 19 July 2016 that it has entered into an exclusivity agreement with Rox Resources Limited ("**Rox**") in relation to an offer to acquire Rox's interest in the Reward zinc-lead joint venture project (the "**Reward JV**") through IMI's wholly owned subsidiary IMI Zinc Exploration Pty Ltd (the "**Original Offer**"). The exclusivity agreement expires at 5pm WST on 17 August 2016.

On 9 August 2016 Rox announced that it received an unsolicited offer from Marindi Metals Limited ("**Marindi**") for the Reward JV, which lapsed unaccepted.

IMI made a revised offer to Rox on 10 August 2016 which included increased proposed equity consideration. Due to the requirements of ASX Listing Rule 1.1 Condition 10, IMI was unable to offer more than $2m reimbursement of expenditure as the cash component of the offer due to Rox being a related party in the transaction.

On 17 August 2016 Rox announced that it has accepted a revised offer from Marindi for the Reward JV and has entered into an exclusivity regime with Marindi.

IMI considers the actions of Rox are in breach of the terms of the exclusivity agreement currently in place with IMI, and IMI reserves its rights in relation to the exclusivity agreement.

The Directors of IMI are disappointed with the outcome of the offer process. IMI will now consider its options and will continue to look for a suitable business or project for future investment.

For and on behalf of the IMI Board

Nigel Blaze
Chairman

IM Medical Limited
Level 40
140 William St. Melbourne
VIC 3000 Aust

T 03 9607 8280
E im.medical@icloud.com
W immedical.com.au
ACN 009 436 908