



ASX Announcement

Safety Medical to Acquire 3D Medical Limited.

The Directors of Safety Medical Products Limited ("**Safety Medical**" or the "**Company**") are pleased to announce that they have entered into a Heads of Agreement ("**Agreement**") to acquire 3D Medical Limited ("**3D Medical**" or "**3DM**"), an Australian unlisted company focussed on the commercialisation and integration of 3D printing and holographic projection technology into the Australian medical industry.

The application of these two technologies in the field of medicine has the potential to revolutionise patient treatment and care, by providing healthcare professionals with more meaningful information and greater insight into the complexities of patient anatomy..

The directors of the Company believe that the proposed acquisition of 3D Medical is in the interests of shareholders and is a very positive step for the Company, and offers potential for significant increase in shareholder value over the medium to long term.

About 3D Medical

3DM currently focuses its activities on the twin technology platforms of 3D printing and holographic projection.

3D printing creates physical three-dimensional models of a patient's anatomical parts utilising the images and data already captured by conventional diagnostic imaging tools. The models are unique to the individual patient's anatomy and can therefore act as a functional and visual aid in reviewing and understanding the complexities of a patient's condition. This is particularly relevant in complex pre-surgical planning and patient communication. The application of 3D printing and its incorporation into best practice medical protocols offers clinicians, healthcare professionals, patients and researchers greater accuracy, effectiveness and efficiency in achieving improved patient outcomes.

Holographic projection is the second launch technology platform for 3DM. They believe that this technology will significantly alter the practice of medicine and will enhance efficacy and workflow at the practitioner level, accelerate the pathway to excellence in medical education and training and offer patients greater insight into their condition and ailment.

3DM seeks to quickly become the pre-eminent company in identifying and facilitating the take up and application of technologies that apply the data already being captured by conventional



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diagnostic imaging in a greater and more meaningful way to achieve greater systemic efficiencies, improve practitioner effectiveness and achieve better patient outcomes.

3DM expects its revenue streams to come from marketing its technical expertise in 3D printing and from the distribution of holographic projection viewers to radiology providers and medical specialists such as cardiology, neurology, gastroenterology and orthopaedics, areas of healthcare that currently receive medical data in 2D, even though it is captured in 3D.

The Australian medical and healthcare sector is extremely competitive and consequently Australian medical providers are early adopters of new medical technology and techniques to provide a superior customer (clinician, patient) experience that enables them to protect and grow market share and profitability. 3DM believes radiology providers in particular will be early adopters of the Company's services so as to offer their referrers alternative methods of diagnosis delivery that provide superior healthcare outcomes for their patients.

Heads of Agreement

On the 19th of June 2014, Safety Medical, 3D Medical and key 3D Medical Shareholders executed an Agreement that, subject to satisfaction of a number of conditions precedent, will result in Safety Medical acquiring all of the issued capital of 3D Medical.

Under the terms of the Agreement, Safety Medical, 3D Medical and the 3D Medical shareholders are to execute a Share Sale Agreement within 60 days. The consideration for the acquisition is made up as follows:

- Payment of \$100,000 cash;
- Safety Medical will issue:
 - 1,793,750,000 fully paid ordinary Consideration Shares;
 - 500,000,000 Consideration Options, exercisable at \$0.003 per share and expiring 18 months after Completion; and
 - 375,000,000 Consideration Options, exercisable at \$0.004 per share and expiring 24 months after Completion.

The terms of the Agreement to acquire 3D Medical are subject to due diligence, regulatory approvals and final documentation. Settlement of the purchase of 3D Medical may require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which cannot occur until the Company has received shareholder approval. The Company will make further announcements to the market in relation to re-compliance as required.

Following settlement of the acquisition, 3D Medical will be entitled to nominate up to 3 people for appointment to the Board of Safety Medical. At the date of this announcement, the 3D Medical shareholders have not decided who they will nominate.

Under the terms of the Agreement the Company will enter into a Loan Agreement with 3D Medical to facilitate the advance of funds to 3D Medical as a secured loan. The amounts advanced are to be repaid to Safety Medical in certain circumstances should the transaction contemplated by the Agreement not proceed.

Conditions Precedent

The Agreement is subject to a number of conditions as follows:

- i) Safety Medical successfully completing a capital raising and other requirements in order to facilitate recompliance with Chapters 1 and 2 of the ASX Listing Rules, if required;
- ii) Safety Medical and 3D Medical obtaining all required shareholder and regulatory approvals;
- iii) 3D Medical Shareholders agreeing to execute the Share Sale Agreement; and
- iv) Safety Medical and the Vendors completing their due diligence on the other, to their absolute satisfaction.

Due diligence and Risk Factors

The Company will undertake a due diligence process in relation to the acquisition of 3D Medical. Whilst this process is undertaken to identify or eliminate material risks in relation to 3D Medical and its business, it should be noted that following completion Safety Medical will be subject to the usual risks associated with provision of services to the medical and healthcare industries.

Sophisticated Placement and Share Purchase Plan

The Company has undertaken a sophisticated placement to raise \$220,000 at \$0.002 by issuing 110,000,000 shares. The shares will be issued in accordance with the Company's 15% entitlement pursuant to Listing Rule 7.1.

In addition to the placement the Company will undertake a further capital raising by way of a share purchase plan ("SPP"), providing shareholders an opportunity to increase their holding in the Company. The SPP will raise a maximum of \$440,000 and be underwritten by Street Capital Partners Pty Ltd.

Under the SPP, eligible shareholders will be able to purchase additional shares in the Company at a price being not less than \$0.002 or such other price as required by the ASX Listing Rules. Shareholders will be entitled to purchase up to \$15,000 worth of additional shares without incurring brokerage or other transaction costs. Eligible shareholders include those registered as at 5pm WST on Friday 20 June 2014 with a registered address in Australia or New Zealand. Full details of the SPP including the timetable will be announced shortly.

Recompliance With Chapters 1 And 2 of the ASX Listing Rules

Following execution of the Share Sale Agreement, the Company may be required to comply with Chapters 1 and 2 of the ASX Listing Rules prior to being able to settle the purchase. Safety Medical will call a meeting of shareholders, at which the shareholders will be asked to vote on the proposal to acquire 3D Medical. If the shareholders approve the transaction to acquire 3D Medical, the Company's shares will be suspended from trading on the ASX until the requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied.

Proposed Timetable for Reconciliation.

	Date*
Execution of Share Sale Agreement	28 July 2014
Dispatch of Notice of Meeting	31 July 2014
Meeting of Shareholders to Approve Acquisition	28 August 2014
Suspension of Company's Shares from trading on ASX	28 August 2014
Lodgement of Prospectus with ASIC	28 August 2014
Closure of Prospectus	29 September 2014
Satisfaction of all Requirements of Chapters 1 & 2	3 October 2014
Reinstatement to Trading	8 October 2014

* The above dates are indicative only and are subject to change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses

Prospectus Capital Raising

Safety Medical will prepare and issue a prospectus to raise sufficient funds to enable the reconciliation with Chapters 1 & 2 of the ASX Listing Rules if required. It is anticipated that the Company will raise a minimum of \$2,000,000 in the prospectus capital raising. The capital raising will be conducted at \$0.20 per share in accordance with the requirements of Chapters 1 & 2 of the ASX Listing Rules. Funds raised will be used to purchase equipment, commence marketing and operations of the 3D Medical business, and to cover the ongoing administration costs of the Company.

Indicative Capital Structure.

In the event that the ASX makes a determination that Safety Medical is to re-comply with Chapters 1 and 2, the Company may need to reconstruct its capital structure as it will require a capital raising at \$0.20 per share.

The table below reflects the indicative capital structure based on the following assumptions:

1. The final capital structure without reconstruction; and
2. The final capital structure based on a share price of \$0.002 immediately prior to the issuance of the Notice of Meeting. The reconstruction ratio is one share for every one hundred held. The Consideration Shares and shares to be issued under the capital raising will also be adjusted by the same ratio;

	Number of Shares (Pre-Reconstruction)	Number of Shares (Post -Reconstruction) ⁽ⁱⁱ⁾
Current Issued Capital	745,868,074	7,458,680
Sophisticated placement	110,000,000	1,100,000
Share Purchase Plan	220,000,000	2,200,000
Shares to be issued in capital raising, completed as part of the recompliance with Chapters 1 & 2 of the ASX Listing Rules	1,000,000,000	10,000,000
Facilitation fee	43,750,000	437,500
Shares to be issued in capital raising, completed as part of the recompliance with Chapters 1 & 2 of the ASX Listing Rules	1,793,750,000	17,937,500
Total Shares on Issue following Completion and recompliance ⁽ⁱ⁾	3,913,368,074	39,133,680
Consideration Options	875,000,000	8,750,000

- (i) The above table and total issued shares after completion of the transaction is indicative only and are subject to change.
- (ii) The reconstruction ratio may change dependent on the Safety Medical share price at the issuance date of the Notice of Meeting.

Stephen Hewitt-Dutton

Director

23 June 2014