



13 November 2014

Dear Shareholder

ImpediMed Limited Entitlement Offer – notice to shareholders

ImpediMed Limited (ABN 65 089 705 144) (ASX: IPD) (**ImpediMed** or the **Company**) today announced a fully underwritten, non-renounceable pro rata entitlement offer of up to approximately 55 million new fully paid ordinary shares in the Company (**New Shares**), at an issue price of \$0.60 per New Share (**Issue Price**), to raise up to approximately \$33 million (before costs and expenses) (**Entitlement Offer**).

Under the Entitlement Offer, shareholders of the Company (**Shareholders**) who will be eligible to participate in the Entitlement Offer and described below (**Eligible Shareholders**) have the opportunity to subscribe for 3 New Shares for every 13 fully paid ordinary shares in the Company (**Shares**) of which they are the registered holder as at 7.00pm (AEDT) on 19 November 2014 (**Record Date**). The actual amount to be raised and the actual number of New Shares to be issued will depend on the shareholdings of Eligible Shareholders as at the Record Date. The Entitlement Offer is non-renounceable.

Eligible Shareholders will be those shareholders who:

- a) are registered as a holder of ImpediMed's Shares as at 7.00pm (AEDT) on 19 November 2014;
- b) have a registered address in Australia or New Zealand; and
- c) are not in the United States and not a "U.S. person", as defined in Regulation S under the U.S. Securities Act of 1933 (**U.S. Person**) and not acting for the account or benefit of any person in the United States or any U.S. Person; and
- d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

If you are (or appear to ImpediMed to be) an Eligible Shareholder, you will be sent an Offer Booklet relating to the Entitlement Offer and personalised Entitlement and Acceptance Form on or about 24 November 2014, which contains important information about the Entitlement Offer and sets out the number of New Shares you are entitled to purchase under the Entitlement Offer (assuming you are an Eligible Shareholder). A copy of the Offer Booklet has also been lodged with the ASX and is available on the ASX website at www.asx.com.au and ImpediMed's website at www.impedimed.com.

Shareholders with registered addresses in countries other than Australia or New Zealand will not be sent an Offer Booklet or personalised Entitlement and Acceptance Form.

ImpediMed expects the Entitlement Offer to be conducted according to the timetable set out at the end of this letter.

Underwriting and brokers

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited (**Underwriter**). In consideration for its services, the Underwriter will receive an advisory fee of \$50,000 (plus GST), a 2.5% offer management fee of the gross proceeds raised under the Entitlement Offer (plus GST), and a 2.5% underwriting fee of the gross proceeds raised under the Entitlement Offer (excluding any entitlements committed to by Allan Gray prior to the date of the Underwriting Agreement).

ImpediMed Limited ABN 65 089 705 144

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www.impedimed.com

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If Shareholders do not take up their pro rata entitlements under the Entitlement Offer, the shortfall will be allocated to the Underwriter and sub-underwriters.

Wilson HTM Corporate Finance Ltd and Morgans Corporate Limited will act as brokers to the Entitlement Offer. They will be paid a Broker Handling Fee of 1.5% (plus GST) of the value of successful applications by retail Eligible Shareholders pursuant to an Entitlement and Acceptance Form application or BPAY application handled by them.

Purpose and use of funds

A key purpose of the Entitlement Offer is to ensure a strong balance sheet as ImpediMed accelerates its interactions with major customers and partners. It also intends to apply part of the proceeds from the Entitlement Offer towards:

- sales, marketing and training;
- the expansion of reimbursement;
- continued product development and enhancement;
- post-approval clinical trial support;
- inventory growth; and
- general working capital purposes.

Further information on the use of funds is contained in the Offer Booklet.

Capital structure

ImpediMed will issue up to 55,090,124 New Shares under the Entitlement Offer and so will have up to 293,813,992 ordinary shares on issue on completion of the Entitlement Offer. As noted above, the actual number of New Shares to be issued will depend on the shareholdings of Eligible Shareholders as at the Record Date.

The New Shares will have the same terms as the ordinary shares currently on issue and will rank equally with them in all respects. Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

ImpediMed also has 20,517,166 unquoted options on issue. Each option, if exercised, will entitle the holder to be issued one share. Optionholders will be sent a notice alerting them to the Entitlement Offer on 13 November 2014.

How to accept

The Entitlement Offer is currently scheduled to close at 5.00pm (AEDT) on 5 December 2014. If you are an Eligible Shareholder and wish to subscribe for New Shares, you must ensure that your application and payment is received by this time in accordance with the instructions in the Offer Booklet and your personalised Entitlement and Acceptance Form.

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For further information regarding the Entitlement Offer, please call the Entitlement Offer Information Line on 1300 975 518 (within Australia) and +61 1300 975 518 (from outside Australia) between 8.30am and 5.30pm (AEDT) on business days during the offer period for the Entitlement Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cherrell Hirst'.

Cherrell Hirst, AO
Chairman
ImpediMed Limited

Key dates for shareholders

Announcement of Entitlement Offer	13 November 2014
Ex date	17 November 2014
Record Date to determine entitlement to participate in the Entitlement Offer	7.00pm on 19 November 2014
Announcement of amount to be raised and number of New Shares	20 November 2014
Dispatch Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	24 November 2014
Entitlement Offer opens	24 November 2014
Entitlement Offer closes	5.00pm on 5 December 2014
Shortfall announced to ASX	10 December 2014
Issue of New Shares under Entitlement Offer	12 December 2014
New Shares under Entitlement Offer commence trading on the ASX	15 December 2014
Dispatch of holding statements	16 December 2014

Dates and times are indicative only and subject to change. All dates and times are references to Australian Eastern Daylight Time.