

Company Announcements Office
ASX Compliance Pty Limited
Level 40 Central Park
152-158 St George's Terrace
PERTH WA 6000

29 October 2021

SECTION 708A(12C)(e) CLEANSING NOTICE AND APPENDIX 3G

This notice is given by HeraMED Limited (**HMD** or the **Company**) under section 708A(12C)(e) of the Corporations Act 2001 (Cth) (Corporations Act) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument 2016/82**).

The Company hereby confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this cleansing notice has been given in accordance with section 708A(12c)(e) of the Corporations Act (**Cleansing Notice**).

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**), to be on-sold to retail investors without further disclosure.

Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

1. BACKGROUND

1.1 Convertible Note Term Sheet

As announced on 18 October 2021, the Company secured an aggregate of \$2,392,047 in funding from professional and sophisticated investors (**Subscribers**), each entered into on or around 18 October 2021.

The material terms of the Convertible Notes are as follows:

- Amount raised: \$2,392,047 placed with each Note having a face value of \$1.00
- Maturity Date: 6 months from date of issue
- Coupon: 10% p.a. capitalised and paid in additional shares at conversion price
- Conversion Event (Automatic): The Notes automatically convert if the Company receives A\$4.0 million or more (whether in single or multiple closings) (**Qualified Financing**) on or before the maturity date, the principal amount of each Note and all interest due will automatically convert into fully paid ordinary shares into the Company.
- Conversion price on Qualifying Financing or Exit: at the lesser of \$0.20c or a 15% discount to the relevant event and subject to a floor of \$0.09 cents per share.
- On conversion of the Notes, investors will receive 1 option for 2 Shares issued, exercisable at \$0.30 with a two year expiry from the date of issue.
- Conversion Event (at Maturity): If these Notes remain unconverted at maturity (ie. in 6 months' time) they will convert automatically at a 25% discount to the 5 VWAP at that time with capitalised interest paid in additional shares at the conversion price of the Notes.

Investors will also receive a 1:1 2-year unlisted option at a 200% premium to the conversion price.

- Given the maximum number of Shares on conversion of the Notes is within the Company's existing placement capacity, the Notes will be issued without shareholder approval under ASX Listing Rule Chapter 7, however the issue of options will be subject to shareholder approval.
- A Note will not be capable of conversion to the extent that it would result in the Noteholder and its Associates holding a Relevant Interest in more than 19.99% of the issued Shares (or such other limit prescribed by section 606(1)(c)(i) of the Corporations Act from time to time), or if the Company would be in breach by of any applicable Law as a result of such conversion.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the Convertible Notes on the Company will be:

- (a) the satisfaction of the Company's obligations under the Convertible Notes;
- (b) an increase in the number of unquoted Convertible Notes on issue from nil to 2,392,047;
- (c) an increase in the number of Shares in the Company if a Subscriber elects to convert all or part of the Convertible Notes or exercise any or all of its Options in accordance with the Deed Poll in respect of the Convertible Notes;

- (d) the Company having a liability for the aggregate amount of the Face Value of the Convertible Notes issued under the Terms Sheet; and
- (e) if the Convertible Notes are converted at the lowest possible conversion price (being \$0.09), a maximum increase in the number of Shares on issue from 177,188,778 to 203,767,078.

3.2 Pro Forma Consolidated Statement of Financial Position taking into Account the Issue of the Convertible Notes

- (a) Set out in Annexure A is a pro forma consolidated Statement of Financial Position for the Company and its controlled entities (“consolidated entity”) based on the reviewed financial statements of the consolidated entity as at 30 June 2021 adjusted to reflect the proposed Convertible Notes issue and has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

3.3 POTENTIAL EFFECT ON CAPITAL STRUCTURE

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 177,188,778;
- (b) As at the date of this Cleansing Notice, the total number of options is as follows:

Options	Number
Unlisted Options exercisable at \$0.00002 each on or before 5 December 2021	2,980,008
Unlisted Options exercisable at USD\$0.01 each on or before 15 August 2024	574,000
Unlisted Options exercisable at \$0.165 each on or before 15 August 2024	1,225,000
Unlisted Options exercisable at \$0.20 each on or before 14 August 2022	3,672,419
Unlisted Options exercisable at \$0.20 each on or before 2 June 2025	7,440,000
Unlisted Options exercisable at \$0.20 each on or before 15 June 2022	9,093,499
Unlisted Options exercisable at \$0.25 each on or before 19 February 2022	2,250,000
Unlisted Options exercisable at \$0.25 each on or before 5 December 2021	4,578,000
Unlisted Options exercisable at \$0.25 each on or before 31 December 2021	2,000,000
Unlisted Options exercisable at \$0.25 each on or before 5 December 2021	19,022,000
Unlisted Performance Options exercisable at \$0.15 each on or before 14 August 2022	5,500,000
Unlisted Performance Options exercisable at \$nil each on or before 21 July 2022	4,349,229
Total Options on issue on completion of the Offer	62,684,155

- (c) The capital structure of the Company will be affected by both the conversion of Convertible Notes by the Noteholder and the issue of Options which will each result in additional Shares being issued.

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- (d) The effect on the issued share capital of the Company upon the issue and conversion of the Convertible Notes.

Shares	Number
Shares issued on the date of this Cleansing Notice	177,188,778
Shares issued upon conversion of the Convertible Notes ¹	26,578,300
Total Shares on issue following conversion of all Convertible Notes	203,767,078

NOTE:

1. This assumes that the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.09).

Options	Number
Unlisted Options exercisable at \$0.00002 each on or before 5 December 2021	2,980,008
Unlisted Options exercisable at USD\$0.01 each on or before 15 August 2024	574,000
Unlisted Options exercisable at \$0.165 each on or before 15 August 2024	1,225,000
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Unlisted Options exercisable at \$0.25 each on or before 5 December 2021	4,578,000
Unlisted Options exercisable at \$0.25 each on or before 31 December 2021	2,000,000
Unlisted Options exercisable at \$0.25 each on or before 5 December 2021	19,022,000
Unlisted Performance Options exercisable at \$0.15 each on or before 14 August 2022	5,500,000
Unlisted Performance Options exercisable at \$nil each on or before 21 July 2022	4,349,229
Options issued upon conversion of the Convertible Notes ¹	26,578,300
Total Options on issue on issue following issue of the Options under the Terms Sheet	62,684,155

NOTE:

1. This assumes that the Convertible Notes are converted at the lowest possible Conversion Price (being \$0.09).

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE CONVERTIBLE NOTES

The Shares issued to the Noteholder on the conversion of the Convertible Notes under the Terms Sheet will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Shares, including new Shares to be issued to the Noteholder on the conversion of the Convertible Notes, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX for quotation of the Shares issued on conversion of any Convertible Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(A) GENERAL MEETINGS

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Company's constitution.

(B) VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(C) DIVIDEND RIGHTS

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable

(excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(D) WINDING-UP

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(E) SHAREHOLDER LIABILITY

As the Shares to be issued on the conversion of the Convertible Notes will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(F) TRANSFER OF SHARES

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(G) FUTURE INCREASE IN CAPITAL

The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Company's constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their absolute discretion, determine.

(H) VARIATION OF RIGHTS

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(I) ALTERATION OF CONSTITUTION

In accordance with the Corporations Act, the Company's constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a "disclosing entity" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2020;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
29/20/2021	Quarterly Activities & Cashflow Report
28/10/2021	Appendix 3G
18/10/2021	Proposed issue of securities - HMD
18/10/2021	\$2.39 million raised via a Convertible Note
14/10/2021	Trading Halt
13/09/2021	Positive Interim Results US Paid Pilot & 2nd Site Confirmed
01/09/2021	HeraCARE Shortlisted for Government tender in Spain
27/08/2021	Appendix 4D and Half Year Report
16/08/2021	Cleansing Prospectus
13/08/2021	HeraCARE paid pilot commences at Joondalup Health Campus
02/08/2021	Sheba Expands Pilot to include High-Risk Pregnancies
29/07/2021	Quarterly Activities & Cashflow Report
23/07/2021	Results of Meeting
19/07/2021	Change of Registered Office
19/07/2021	Update - Notice of Extraordinary General Meeting
19/07/2021	HeraCARE paid pilot commences with US-based Obstetrix Group
14/07/2021	Application for quotation of securities - HMD
30/06/2021	Application for quotation of securities - HMD
23/06/2021	Notice of Extraordinary General Meeting/Proxy Form
15/06/2021	Notification regarding unquoted securities - HMD
15/06/2021	Appendix 3G
31/05/2021	Results of Annual General Meeting
31/05/2021	Chairman's letter to shareholders
17/05/2021	Updated Investor Presentation and Webinar
13/05/2021	Pilot agreement signed with US leader Obstetrix Medical
11/05/2021	Trading Halt
03/05/2021	Appendix 2A
29/04/2021	Notice of Annual General Meeting/Proxy Form
28/04/2021	Quarterly Activities & Cashflow Report
22/04/2021	HeraCARE commercial agreement with Joondalup Health Campus
20/04/2021	Trading Halt
29/03/2021	Appendix 4G and Corporate Governance Statement

6. NO INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

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- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Notes and the Shares.

For more information, please contact the Company Secretary on (02) 7251 1888 or jonathan@hera-med.com.

Released on authority of the Board by:

David Groberman
CEO and Co-Founder

Investor Enquiries:

Pac Partners
Tim Chapman
0419 897 062
tchapman@pacpartners.com.au

Annexure A - Pro Forma

Unaudited Pro Forma Balance Sheet

	Note	Reviewed 30 Jun 2021 US\$	Unaudited ProForma 30 Jun 2021 US\$
Current assets			
Cash and cash equivalents	1,2	2,070,821	3,760,551
Trade receivables		15,335	15,335
Other receivables		183,962	183,962
Inventory		77,738	77,738
Total current assets		2,347,856	4,037,586
Non-current assets			
Plant and equipment		13,904	13,904
Intangible assets		864,158	864,158
Total non-current assets		878,062	878,062
Total assets		3,225,918	4,915,648
Current liabilities			
Trade and other payables		529,774	529,774
Other financial liability		33,110	33,110
Convertible notes	1	-	1,797,585
Total current liabilities		562,884	2,360,469
Non-current liabilities			
Borrowings		185,516	185,516
Other financial liability		458,446	458,446
Total non-current liabilities		643,962	643,962
Total liabilities		1,206,846	3,004,431
Net assets		2,019,072	1,911,217
Shareholders' Equity			
Issued capital	2,3	15,014,694	15,014,694
Share-based payment reserve	3	2,580,333	2,607,386
Predecessor Accounting reserve		(133,879)	(133,879)
Foreign exchange reserve		(54,864)	(54,864)
Accumulated losses		(15,387,212)	(15,522,120)
Shareholders' Equity		2,019,072	1,911,217

Notes:

1. Issue of A\$2,392,047 face value of convertible notes (shown here as US\$1,797,585).
2. Lead Manager capital raising fee of 6%.
3. Issue of 1 million options to Lead Manager exercisable at A\$0.30 expiring 2 years from the date of issue. Options have been valued using the Black-Scholes valuation model.
4. Exchange rates used: 26 Oct 2021 at 1.3307.

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