

Supplementary Prospectus

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 15 October 2018 (**Prospectus**) issued by HeraMED Limited ACN 626 295 314 (**Company**). This Supplementary Prospectus is dated 23 November 2018 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Supplementary Prospectus.

Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if an investor has already applied for Securities under the Prospectus, however applications for Securities under the Vendor Offer must be made using the Vendor Offer Supplementary Application Form attached to or accompanying this Supplementary Prospectus.

The Company has issued a printed and electronic version of this Supplementary Prospectus and the Prospectus. Any person may obtain an electronic version of this Supplementary Prospectus and the Prospectus online at www.hera-med.com or a hard copy of these documents free of charge by contacting the Company on +61 8 6189 1155.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

1. Background

This Supplementary Prospectus has primarily been prepared to:

- adjust the consideration payable to certain Vendors based in Israel (including the Executive Directors) under the Acquisition Agreement for tax reasons affecting those Vendors by replacing 3,671,159 Shares with 3,671,159 Vendor Options;
- adjust the interests of certain persons in certain Securities;
- note that a trustee will hold all Securities of the Vendors on bare trust for 2 years for tax reasons; and
- note certain operational matters arising since lodgment of the Prospectus.

2. Applications

Applications for Securities under the Vendor Offer must be made using the application form attached to or accompanying this Supplementary Prospectus (**Vendor Offer Supplementary Application Form**). Applications under the Vendor Offer must NOT be made using the Vendor Offer Application Form attached to or accompanying the Prospectus. The Company notes that it has not received any applications under the Vendor Offer as at the date of this Supplementary Prospectus.

Other than the Vendor Offer, applications for Securities under an Offer can be made using the relevant Application Form attached to or accompanying the Prospectus.

3. Amendments

The Prospectus is amended in accordance with this section 3.

3.1 Vendor Offer

All references in the Prospectus to the Vendor Offer being an offer of 37,400,000 Shares to the Vendors are to be replaced with the Vendor Offer being an offer of 33,728,841 Shares and 3,671,159 Vendor Options to the Vendors (as applicable).

Insert the following at the end of Section 1.2: "The terms of the Vendor Options are set out in Section 8.2A. Shares issued pursuant to any exercise of Vendor Options will be of the same class and will rank equally in all respects with existing Shares on issue."

3.2 Key Financial Information

The table on page 7 of the Prospectus is replaced with the following:

Key financial information	Minimum Subscription (\$5,000,000)	Maximum Subscription (\$6,000,000)
Issue price of Shares under the Public Offer	\$0.20	\$0.20
Shares offered under the Public Offer	25,000,000	30,000,000
Shares to the Vendors	33,728,841	33,728,841
Shares to the Corporate Advisers	6,600,000	6,600,000
Shares to the Noteholders	17,200,000	17,200,000
Deferred Consideration Shares to Vendors	19,550,000	19,550,000
Deferred Consideration Shares to Corporate Advisers	3,450,000	3,450,000
Vendor Options to the Vendors ¹	3,671,159	3,671,159
New Options to the Noteholders	8,600,000	8,600,000
New Options to the Lead Manager	7,500,000	7,500,000
New Options to the Executive Directors	7,500,000	7,500,000
Market Capitalisation upon completion of the Public Offer ²	\$16,505,768	\$17,505,768
Cash proceeds from the Public Offer (before costs)	\$5,000,000	\$6,000,000
Total Shares upon completion of the Offers	82,528,841	87,528,841
Total Deferred Consideration Shares upon completion of the Offers	23,000,000	23,000,000
Total Options upon completion of the Offers	27,271,159	27,271,159

Notes:

1. Vendor Options have an exercise price of \$0.00002 each and are otherwise on the terms and conditions set out in Section 8.2A.
2. Market capitalisation for the Company is determined by multiplying the total number of Shares on issue by the price at which the Shares trade on the ASX from time to time. In the table above, the market capitalisation is calculated at the issue price of each Share under the Offer, being \$0.20. Please note that there is no guarantee that the Shares will be trading at \$0.20 upon the Company listing.
3. Please refer to Section 1.8 for further details relating to the proposed capital structure of the Company.

3.3 Capital Structure

The table in the middle of page 13 of the Prospectus is replaced with the following:

	Minimum Subscription	Maximum Subscription
Shares under Public Offer	25,000,000	30,000,000
Shares to Vendors	33,728,841	33,728,841
Shares to Corporate Advisers	6,600,000	6,600,000
Shares to Noteholders	17,200,000	17,200,000
Total Shares	82,528,841	87,528,841
Deferred Consideration Shares to Vendors	19,550,000	19,550,000
Deferred Consideration Shares to Corporate Advisers	3,450,000	3,450,000
Vendor Options to Vendors	3,671,159	3,671,159
New Options to Noteholders	8,600,000	8,600,000
New Options to Lead Manager	7,500,000	7,500,000
New Options to Executive Directors	7,500,000	7,500,000
Fully diluted share capital	132,800,000	137,800,000

The table in Section 4.8 is replaced with the following:

	Minimum Subscription		Maximum Subscription	
	Amount	Proportion	Amount	Proportion
Shares under Public Offer ¹	25,000,000	30.29%	30,000,000	34.27%
Shares to Vendors ²	33,728,841	40.87%	33,728,841	38.53%
Shares to Corporate Advisers ³	6,600,000	8%	6,600,000	7.54%
Shares to Noteholders ⁴	17,200,000	20.84%	17,200,000	19.65%
Total Shares	82,528,841	100%	87,528,841	100%
Deferred Consideration Shares to Vendors ⁵	19,550,000	14.72%	19,550,000	14.19%
Deferred Consideration Shares to Corporate Advisers ⁶	3,450,000	2.6%	3,450,000	2.50%
Vendor Options to Vendors ⁷	3,671,159	2.76%	3,671,159	2.66%

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New Options to Noteholders ⁸	8,600,000	6.5%	8,600,000	6.24%
New Options to Lead Manager ⁹	7,500,000	5.6%	7,500,000	5.44%
New Options to Executive Directors ¹⁰	7,500,000	5.6%	7,500,000	5.44%
Fully diluted share capital	132,800,000	100%	137,800,000	100%

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 8.1.
2. The Company has agreed to issue 33,728,841 Shares 3,671,159 Vendor Options and 19,550,000 Deferred Consideration Shares to the Vendors (and/or their nominees) as consideration for the Acquisition. Refer to Section 7.1 for further information.
3. These Shares are partial consideration to the Corporate Advisers (and/or their nominees) for corporate advisory services and facilitating the Acquisition. Refer to Section 7.2 for further information. Of these Shares, 6,050,000 are currently on issue and comprise the existing share capital of the Company.
4. The Company has agreed to issue 17,200,000 Shares to the Noteholders (and/or their nominees) upon conversion of the Convertible Loan Agreements. Refer to Section 7.3 for further information.
5. The issues of the Deferred Consideration Shares to the Vendors (and/or their nominees) are subject to the Company achieving the milestones set out in Section 7.1(b)(ii), and comprise partial consideration for the Acquisition.
6. The Company has agreed to issue 3,450,000 Deferred Consideration Shares to the Corporate Advisers (and/or their nominees). The Deferred Consideration Shares are subject to the Company achieving the milestones set out in Section 7.2(a)(iv) and are conditional upon the Company obtaining any required Shareholder approval.
7. The Company has agreed to issue 3,671,159 Vendor Options to certain Vendors (and/or their nominees) as partial consideration for the Acquisition.
8. The Company has agreed to issue 8,600,000 New Options to the Noteholders (and/or their nominees) on the basis of one New Option for every two Shares issued to the Noteholders under the Convertible Loan Agreements.
9. The Company has agreed to issue 7,500,000 New Options to the Corporate Advisers (and/or their nominees) for corporate advisory services. A summary of the key terms of the Mandate is set out in Section 7.2.
10. The Company has agreed to issue 7,500,000 New Options in equal proportions to David Groberman and Tal Slonim (and/or their nominees) as part of their remuneration.

3.4 Business Model

Insert the following at the end of the first paragraph in Section 2.4: "Since lodging the Prospectus, HeraMED Israel has received a purchase order from Hapvida (a large hospital chain based in Brazil) for the delivery of HeraBEAT units for a total of US\$62,000 (~A\$87,324). In addition, the customer has requested HeraMED Israel to develop a pilot of the cloud-based software as a service referred to in Section 2.4(c) for integration with the customer's electronic medical record. HeraMED Israel has commenced technical aspects of the pilot, however timeframes, success criteria and other details are yet to be determined by the parties."

3.5 Investigating Accountant's Report

Note 8 on page 17 of the Investigating Accountant's Report is replaced with the following:

NOTE 8. ORDINARY SHARE CAPITAL	30-Jun-18	30-Jun-18	Pro-forma after Offer	Pro-forma after Offer
	\$000 USD	\$000 USD	\$	\$
Ordinary share Capital	-	-	5,418	6,095
	Number of shares Minimum	Number of shares Maximum	\$	\$
Fully paid ordinary share capital HeraMED 30 June Audited	6,600,000	6,600,000	-	-
Pro forma adjustments				
Acquisition of HeraMED Israel	33,728,841	33,728,841	-	-
Recognition of share based payment to consultants for shares on issue	-	-	976	976
Conversion of convertible notes net of costs	17,200,000	17,200,000	1,478	1,478
<i>Pro-forma adjustments:</i>				
Proceeds from shares issued under this Prospectus	25,000,000	30,000,000	3,697	4,437
Capital raising costs - Lead Manager options	-	-	(366)	(366)
Capital raising costs- cash expenses	-	-	(367)	(429)
	75,928,841	80,928,841	5,418	6,095
Pro-forma Balance	82,528,841	87,528,841	5,418	6,095

3.6 Director Interests

The table in Section 6.7 is replaced with the following:

Director	Shares	Vendor Options ¹	Total	New Options ²	Deferred Consideration Shares ³
David Groberman ⁴	7,995,723	463,752	8,459,475	3,750,000	4,421,998
Tal Slonim ⁵	7,995,723	463,752	8,459,475	3,750,000	4,421,998
Dr. Ron Weinberger ⁶	200,000	Nil	200,000	100,000	Nil
David Hinton	Nil	Nil	Nil	Nil	Nil
Doron Birger	Nil	Nil	Nil	Nil	Nil

Notes:

- Vendor Options have an exercise price of \$0.00002 each and are otherwise on the terms and conditions set out in Section 8.2A.
- New Options have an exercise price of \$0.25 each and are otherwise on the terms and conditions set out in Section 8.2.
- The issue of the Deferred Consideration Shares is subject to the Company achieving the milestones set out in Section 7.1(b)(ii).
- Mr Groberman will receive the Shares, Vendor Options and Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement summarised in Section 7.1. Further, Mr Groberman will receive the New Options as part of his remuneration. See Section 8.4 for Mr Groberman's anticipated voting power in the Company upon completion of the Offers.

5. Mr Slonim will receive the Shares, Vendor Options and Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement summarised in Section 7.1. Further, Mr Slonim will receive the New Options as part of his remuneration. See Section 8.4 for Mr Slonim's anticipated voting power in the Company upon completion of the Offers.
6. Dr Weinberger advanced to the Company \$25,000 pursuant to a Convertible Loan Agreement which is convertible into 200,000 Shares together with 100,000 free-attaching New Options.

3.7 Acquisition Agreement

All references in the Prospectus to the Acquisition Agreement are to be read as references to the Acquisition Agreement (as amended).

The reference in Section 7.1(b) to "(on a pro-rata basis)" is deleted.

The content in Section 7.1(b)(i) is replaced with: "33,728,841 Shares and 3,671,159 Vendor Options. The Vendor Options will have an exercise price of \$0.00002 each and are being issued to 11 of the Vendors based in Israel in lieu of Shares (on a 1 for 1 basis) for tax reasons affecting those Vendors. The relevant Vendors include current and former employees, consultants and advisers to HeraMED Israel. The Company has obtained in-principle advice from ASX that a waiver will be granted in respect of Listing Rule 1.1 (Condition 12) in order to enable the Company to issue the Vendor Options with an exercise price below \$0.20;"

3.8 Mandate

The references in Sections 7.2(a)(iv)(A) and (B) to "446,875 Shares" are replaced with "487,500 Shares to each Corporate Adviser (or their nominees)".

The reference in Section 7.2(a)(iv)(C) to "687,500 Shares" is replaced with "750,000 Shares to each Corporate Adviser (or their nominees)".

3.9 Convertible Loan Agreements

Insert the following at the end of the final paragraph in Section 7.3: "Noteholders will also be issued 1 free attaching New Option for every 2 Shares issued under the Convertible Loan Agreements."

3.10 Cooperation Agreement – Mayo

The reference in Section 7.5(c) to "729,531 Shares" is replaced with "734,007 Shares".

3.11 Vendor Trust Deed

Insert a new Section 7.14 as follows.

7.14 Vendor Trust Deed

In order to comply with a tax ruling in Israel, all Securities to be issued to the Vendors (including the Deferred Consideration Shares, and the New Options to be issued to the Executive Directors under the Management Offer) will be held by Altshuler Shaham Trusts Ltd (**Trustee**) as bare trustee for the benefit of the Vendors (as applicable).

The Securities (comprising 33,728,841 Shares, 3,671,159 Vendor Options, 19,550,000 Deferred Consideration Shares and 7,500,000 New Options) will be held by the Trustee for the duration of any ASX-imposed escrow periods (as applicable). This period is anticipated to be 2 years for all Securities of the Executive Directors and Holley Pharmaceutical Group Co., Ltd (**Major Vendors**) (see Section 8.4 for further details of their Securities).

However, for other Vendors (**Minor Vendors**), the ASX-imposed escrow period is anticipated to be 1 year. Despite this, the Trustee will also hold the Securities of the Minor Vendors (representing 8,277,494 Shares, 2,743,655 Vendor Options and 5,761,057 Deferred Consideration Shares) (**Relevant Securities**) for the balance of the 2 year period applicable to the Major Vendors (**Additional Period**). This means that the Relevant Securities will effectively be subject to escrow for the Additional Period despite ASX not imposing escrow on those Securities.

The Trustee may only vote Shares it holds under the trust in accordance with the instructions of the relevant Vendor.

The deed otherwise contains terms and conditions that are considered standard for a deed of its nature.

3.12 Vendor Options

Insert a new Section 8.2A as follows:

8.2A Vendor Options

The terms and conditions of the Vendor Options are set out below.

(a) **Entitlement and issue price**

Each Vendor Option entitles the holder to subscribe for one Share upon exercise of the Vendor Option. The Vendor Options will be issued for nil cash consideration.

(b) **Exercise Price**

Subject to clause (j) (Reconstruction of capital), the amount payable upon exercise of each Vendor Option will be \$0.00002 (**Exercise Price**).

(c) **Expiry Date**

Each Vendor Option will expire at 5:00 pm (WST) on the date that is 36 months after issue (**Expiry Date**). A Vendor Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Vendor Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Vendor Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Vendor Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Vendor Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Vendor Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

If a notice delivered under (g)(ii) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with

ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Vendor Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Vendor Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Vendor Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Vendor Options without exercising the Vendor Options.

(l) **Change in exercise price**

A Vendor Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Vendor Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Vendor Options on ASX.

(n) **Transferability**

The Vendor Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

3.13 Substantial Holders

The table in Section 8.4 is replaced with the following:

Holder	Minimum Subscription		Maximum Subscription	
	Shares	Voting power	Shares	Voting power
Holley Pharmaceutical Group Co., Ltd ¹	9,459,901	11.46%	9,459,901	10.81%
David Groberman ²	7,995,723	9.69%	7,995,723	9.13%
Tal Slonim ³	7,995,723	9.69%	7,995,723	9.13%

Notes:

- Holley Pharmaceutical Group Co., Ltd's voting power upon completion may be a deterrent to a takeover bid for the Company as such a holding could prevent a bidder from reaching 90% and compulsorily acquiring the remaining Shares. Holley Pharmaceutical Group Co., Ltd will also have the rights to 4,944,948 Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement.
- Mr Groberman will also have 463,752 Vendor Options which have an exercise price of \$0.00002 each. The Shares and Vendor Options (if exercised) would aggregate to give Mr Groberman a voting power of 10.25% upon completion (assuming Minimum Subscription), which may be a deterrent to a takeover bid for the Company as such a holding

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could prevent a bidder from reaching 90% and compulsorily acquiring the remaining Shares. Mr Groberman will also have the rights to 4,421,998 Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement and will receive 3,750,000 New Options (with an exercise price of \$0.25 each) as part of his remuneration.

3. Mr Slonim will also have 463,752 Vendor Options which have an exercise price of \$0.00002 each. The Shares and Vendor Options (if exercised) would aggregate to give Mr Slonim a voting power of 10.25% upon completion (assuming Minimum Subscription), which may be a deterrent to a takeover bid for the Company as such a holding could prevent a bidder from reaching 90% and compulsorily acquiring the remaining Shares. Mr Slonim will also have the rights to 4,421,998 Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement and will receive 3,750,000 New Options (with an exercise price of \$0.25 each) as part of his remuneration.

3.14 Definitions

Insert a new definition for Vendor Option as follows: “**Vendor Option** means an Option on the terms and conditions set out in Section 8.2A.”

4. Consent

BDO Corporate Finance (WA) Pty Ltd has given, and has not before lodgement of this Supplementary Prospectus withdrawn, its written consent to be named in this Supplementary Prospectus as the investigating accountant to the Company in the form and context in which it is named and to the amendment to the Investigating Accountant’s Report in section 3.5 of this Supplementary Prospectus in the form and context in which it is included.

5. Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and on behalf of the Company on 23 November 2018.



David Groberman
Director

Guide to the Supplementary Application Form

YOU SHOULD READ THE PROSPECTUS AND THE SUPPLEMENTARY PROSPECTUS CAREFULLY BEFORE COMPLETING THIS SUPPLEMENTARY APPLICATION FORM.

Please complete all relevant sections of the appropriate Supplementary Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Supplementary Application Form.

Instructions

- A. If applying for Securities insert the number of Securities for which you wish to subscribe at Item A.
- B. Write your full name. Initials are not acceptable for first names.
- C. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- D. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
- E. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN / ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Supplementary Application Form.
- F. Enter your contact details so we may contact you regarding your Supplementary Application Form.

NB: Your registration details provided must match your CHESS account exactly.

Correct form of Registrable Title

Note that ONLY legal entities can hold Securities. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<J D Smith Family A/C>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<Est Lte John Smith A/C>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

Lodgement

Post or deliver your completed Supplementary Application Form to the following address:

Mail to:

HeraMED Limited
PO Box 982
West Perth WA 6872

Deliver to:

HeraMED Limited
Level 2, 46-50 Kings Park Road
West Perth WA 6005

It is not necessary to sign or otherwise execute the Supplementary Application Form. For questions on how to complete the Supplementary Application Form, please contact the Company on +61 8 6189 1155.

Privacy Statement

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting the Company on +61 8 6189 1155. Our privacy policy is available online at www.hera-med.com.