



Immuron Limited (ASX: IMC)

August 17, 2015
Target Price: A\$1.70
Recent Price: A\$0.30

Market Data

Fiscal Year	June
Industry	Biotech
Market Cap	A\$22.5M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	3.3x
Price/Sales (ttm)	21.5x
Insider Ownership	24.8%
Shares Outstanding	74.9M
Equity Float	56.3M
Avg. Volume (3 mo.)	70,519

As of August 14, 2015

Income Statement Snapshot

LFY

Revenue	A\$1.0M
Net Loss	(A\$2.5M)

Balance Sheet Snapshot

LFY

Cash	A\$6.1M
Debt	A\$0.0M

Company Website

www.immuron.com/

Company Overview

Immuron Ltd is an Australian biopharmaceutical company focused on immunotherapy using dairy-derived antibody products for humans. Immuron has a unique and versatile technology platform that is capable of generating a wide range of products, all with a high safety profile. The versatility of Immuron's platform technology enables the development of medicines that target a large range of medical needs, including infectious diseases, immune mediated disorders, and cancers. The versatility is also a function of the dairy origin of Immuron's antibodies, which enables Immuron to commercialize its platform derived products through a range of regulatory pathways, including prescription (Rx), medical foods, over-the-counter (OTC) medicines, and dietary supplements. The Company has received clearance from the FDA to commence a Phase IIb clinical trial for its nonalcoholic steatohepatitis (NASH) product (IMM-124E), a potential blockbuster, in less than three years from commencing its NASH R&D program. Additionally, Immuron has two marketed products (Travelan, for the prevention of travelers' diarrhea, and Protectyn, a dietary supplement that may help prevent gut dysbiosis, improve bacterial clearance, reduce chronic inflammation and improve immune function) and a pipeline of products at various stages of clinical and earlier development.

Valuation

Based on an NPV analysis of the Company's Travelan and Protectyn (dietary supplement) products, along with its IMM-124E in NASH and alcoholic steatohepatitis (ASH), we are valuing the Company at A\$1.70 per share.

Investment Highlights

- Current revenue generated from Travelan, an all-natural OTC product for the prevention of travelers' diarrhea
- Immuron's hyper-immune platform technology is safe, low cost, and can be applied to a variety of diseases
- Protectyn is a dietary supplement that may help prevent gut dysbiosis, improve bacterial clearance, reduce chronic inflammation and improve immune function
- Mechanism of action for IMM-124E uses the body's own immune system to reduce systemic inflammation in the gut
- Promising Phase 1/2a clinical trial results in NASH (IMM-124E)
- Currently recruiting patients for a Phase IIb clinical trial for NASH
- NASH is estimated at a \$35-\$40 billion global market by 2025
- Recruiting for a phase II trial for ASH; the trial is a multi-center, U.S. based trial run by the NASH CRN Group and funded by the National Institutes of Health
- IMM 529 is designed to prevent and treat Clostridium difficile (C difficile) infections
- Additional preclinical studies being done on diabetes
- The Company has five patents and 25 patents pending

Investment Highlights

Current revenue generated from Travelan, an all-natural OTC product for the prevention of travelers' diarrhea (TD). Travelan is an all-natural OTC product currently sold for the prevention of TD. Travelan reduces the risk of TD, along with the symptoms of minor gastrointestinal disorders. Travelan is currently the only therapy that prevents TD by 90%, and the product also has a very high safety profile. Two independent, double-blinded, placebo-controlled clinical trials in Europe in 90 healthy volunteers showed protection of more than 90% against infection with the type of E.coli that causes TD, along with indicating a significant reduction in abdominal cramps and stomach pain. There were no reported side effects in the clinical trials.

35%-50% of people traveling to developing countries will suffer from TD. Enterotoxigenic Escherichia coli (ETEC) causes up to 70% of TD cases. Overall, over 50 million people from developed nations travel to developing countries each year. TD is the most common health problem faced by these travelers; given this, we believe that an expanded sales and marketing campaign for Travelan would lead to a strong increase in sales.

Currently, the product is licensed in Australia, Canada, South Africa, Latin America, and a number of countries in Southeast Asia. To date, Immuron has partnered with Paladin Labs, Ziwell Pharmaceuticals and IntegraMed Asia. The Company is also in the process of licensing the product in multiple big markets, as the following chart shows:



Launching the product in some of these bigger markets could lead to a significant increase in sales. In late 2011, research indicated that 79% of Americans would purchase a preventative dietary supplement that protects against TD if it was available. In FY14, Travelan generated A\$1.0 million in revenue, and we believe that significant increases in revenue could occur in the future if the product is licensed in bigger markets such as the U.S. Already, Immuron has received a 50,000 packet order from its first nonexclusive distributor in the U.S. This should generate, at a minimum, at least an additional A\$1 million in revenue. The Company is going to focus its initial U.S. product launch on travel clinics and alternative health

clinics; this will require a low sales and marketing spend, while putting the product in venues that are likely to generate significant sales.

Additionally, we believe that expanded sales efforts and higher marketing spending could lead to a strong increase in sales, given low penetration rates in existing markets and the consumer need for the product. Immuron management has observed that an improved marketing strategy can lead to an increase in penetration rates of up to 300% over the short-term. Overall, the Company estimates the global market for Travelan at \$600 million - \$1.2 billion.

While still relatively early in the regulatory process, we believe that sales in China could ultimately be the largest potential market for the Company, given the large population/economy and the lack of food quality control in many areas of the country.

Immuron's hyper-immune platform technology is safe, low cost, and can be applied to a variety of diseases. Immuron's platform technology is based on producing hyper-immune bovine colostrum powder (BCP) suitable for pharmaceutical use. Polyclonal antibodies are collected from the first milking of a cow after calving. Prior to calving, cows are immunized to ensure vaccine immunogenicity. From here, after calving, (giving birth to baby cows) its first milk is harvested. This contains a high concentration of antibodies and an unusually high concentration of Immunoglobulin G because this provides all the immunoglobulin for the first week of the calf's life.

Large amounts of BCP can be generated in approximately four months, which should ensure low production costs and quick manufacturing of the Company's products. Production of conventional monoclonal antibodies costs around \$50,000 per gram while Immuron's polyclonal antibodies typically cost less than \$1 per gram. The Company works with Synlait to produce its BCP. Synlait is a dairy processing company in New Zealand that ensures high quality control and quality assurance standards, and has access to large amounts of dairy herds and large scale processing facilities.

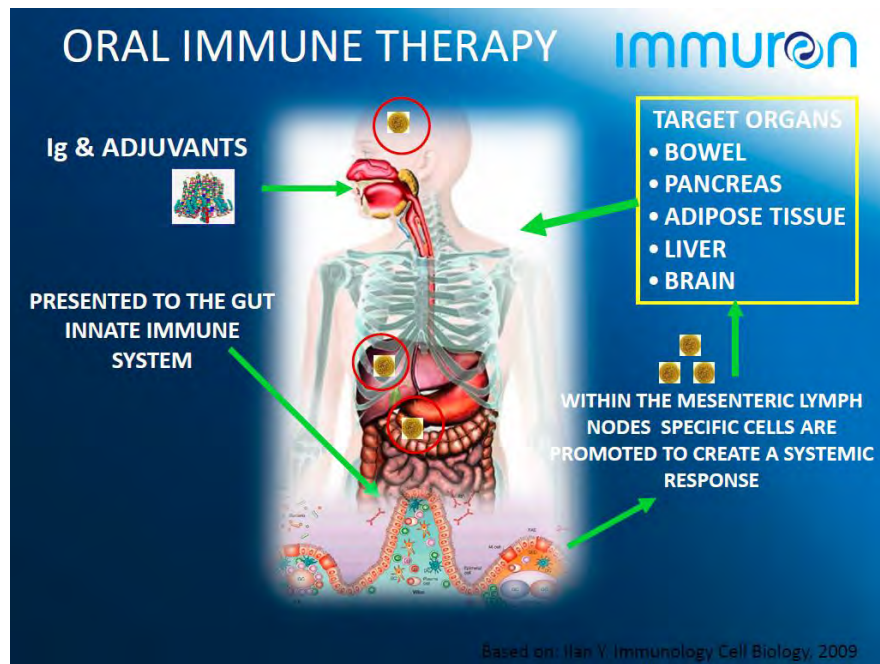
The underlying nature of Immuron's platform technology enables the development of medicines across a large range of diseases, including infectious diseases, immune mediated disorders, and cancers. This is due to the platform's versatility. It can be used to influence the cell-mediated immune system through regulatory T cell populations, or it can directly block viruses or bacteria at mucosal surfaces (such as the GI tract). Additionally, the dairy origins of Immuron's antibodies enables the company to commercialize its platform through most regulatory pathways, including prescription (Rx), medical foods, over-the-counter medicines, and dietary supplements.

Immuron received clearance from the FDA for IMM-124E in less than three years from commencing its NASH program; this is due to the Company's high safety profile and all-natural dairy composition. We believe that the Company will be able to advance its preclinical programs into clinical trials faster relative to other companies due to these characteristics.

Protectyn is a dietary supplement that may help prevent gut dysbiosis, improve bacterial clearance, reduce chronic inflammation and improve immune function. This product has been formulated to help maintain healthy digestive function and help support the liver. The gastrointestinal health supplement market was \$1.4 billion in 2011 (source: Canadean Ltd). There is a very large array of scientific literature that shows that LPS (lipopolysaccharides) has a range of adverse impacts on the body that create various different disorders, and Protectyn shows anti-LPS activity. This is listed with the Australian Therapeutic Goods Administration (TGA) as a dietary supplement, and is planned for launch through the naturopath

and health food channels in 2H15. Additionally, this product is currently undergoing regulatory review in China as a food supplement.

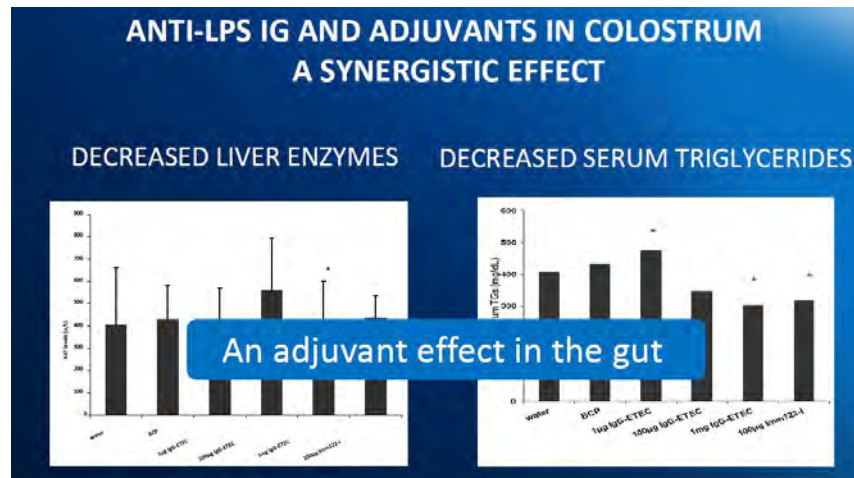
Mechanism of action for IMM-124E uses the body's own immune system to reduce systemic inflammation in the gut. The Company uses safe, orally ingestible tablets containing antigens, adjuvants, and antibodies that are designed to target the immune system in the gut. Safety is from 1) being dairy derived and 2) the therapy is not absorbed into the blood stream. The antibodies in IMM-124E are actively sampled by the dendritic cells in the mesenteric lymph node, eliciting a cell mediated immune response. Immuron's immunotherapy uses the inherent ability of the gastrointestinal tract's immune system to control unwanted systemic immune responses by using specific antigens to induce the release of regulatory T-cells and anti-inflammatory cytokines while decreasing levels of pro-inflammatory cytokines. These T-cells fight systemic inflammation and restore inflammation to a normalized level. The gut microbiome continuously sends signals to the body based on the diversity and types of bacteria present in the gut. Additional safety is due to the fact that the gut mucosal immune system differentiates antigenic signals against the high background "noise" of food and bacterial antigens; this does not involve general immune suppression, thus not leading to potential serious side effects such as increased infection susceptibility.



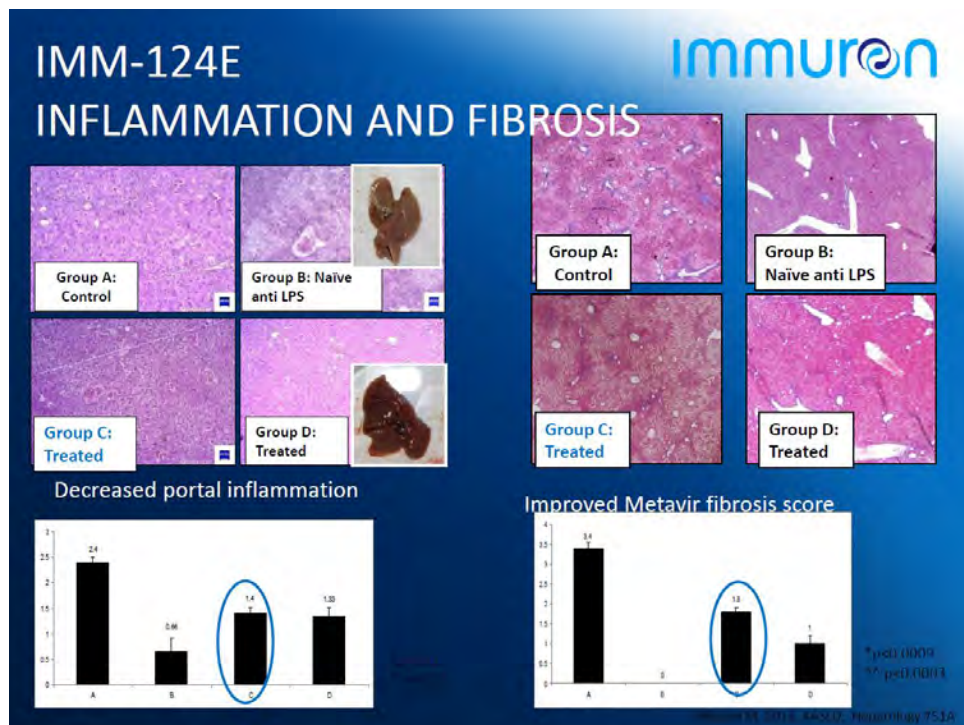
Clinical trials to date have shown that the therapy is very well tolerated and has limited side effects.

Promising Phase 1/2a clinical trial results in NASH (IMM-124E). IMC conducted an open-label trial in 10 subjects with biopsy proven NASH and insulin resistance or type II diabetes. The patients were orally treated for 30 days (600 mg a day). IMM-124E showed an immunomodulatory effect in subjects with insulin resistance or type II diabetes, hyperlipidemia, and NASH.

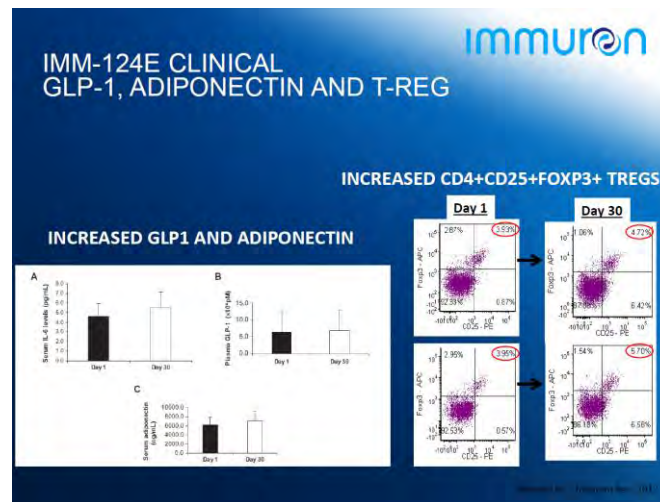
IMM-124E demonstrated an adjuvant effect in the gut, decreasing liver enzymes and serum triglycerides:



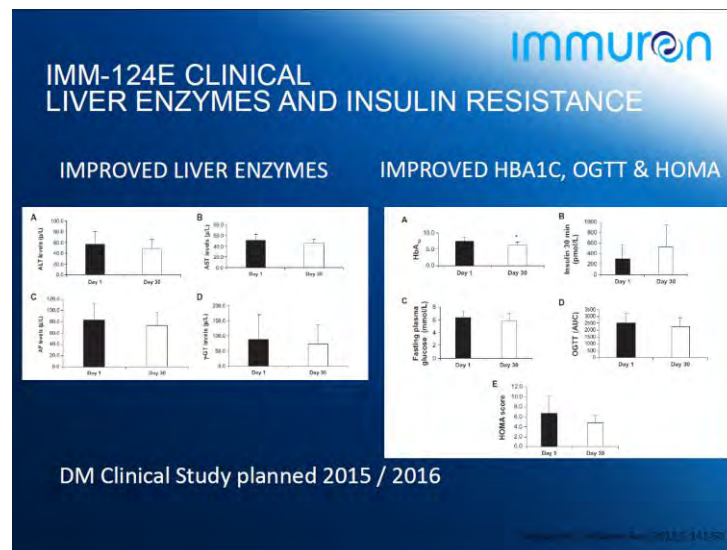
Additionally, treatment led to decreased portal inflammation and an improved metavir fibrosis score (the metavir fibrosis score indicates the degree of inflammation and fibrosis from a liver biopsy). This is indicated by comparing group C, which is the treated results, to group A, which is the control group. Also, picture B shows a picture of a fibrotic liver. Thirty days after treatment, picture D shows an almost healthy liver with significant reduction of fibrosis:



There was evidence of an increased anti-inflammatory effect (as indicated by the increase in GLP1 and adiponectin) and increases in specific T-cells:



Decreases in liver enzymes, and improved in HBA1C, OGTT & HOMA are shown in the charts below:



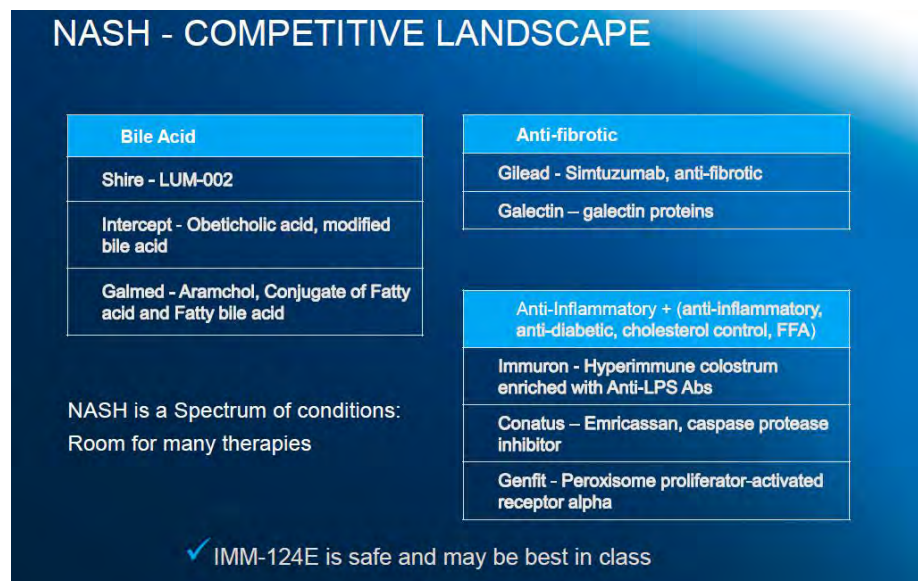
In aggregate, the study showed a lot of positive results across a wide spectrum of indicators. We believe that the wide ranging positive results provide further optimism for success in a larger Phase IIb clinical trial.

Currently recruiting patients for a Phase IIb clinical trial for NASH. Immuron is currently recruiting patients for a Phase IIb clinical trial for NASH (IMM-124E). The trial will be performed across 22 sites and will recruit 120 patients. To date, 33 patients have been recruited with ten patients in randomization and dosing. Dosing will occur orally at 600 mg, 1200mg, or placebo three times daily over six months. The primary endpoint is a liver MRI to determine the amount of fat in the liver. Completion of the study is anticipated in 4Q16. If trial results are positive, we expect Immuron to partner its therapy with a larger biotech or pharma company.

NASH is estimated at a \$35-\$40 billion global market by 2025. NASH is liver inflammation and damage caused by excess fat deposits in the liver. This condition currently affects approximately 5% of Americans. A precursor to NASH, called non-alcoholic fatty liver disease (NAFLD), affects 25% of Americans and is characterized by excess fat deposits in the liver, without liver inflammation and damage. It is likely that as obesity and diabetes continue to become more prevalent, the percentage of Americans with NASH and NAFLD will increase as well.

NASH is estimated to grow to a \$35-\$40 billion market by 2025 (source: Deutsche Bank), driven by rapid worldwide increases in obesity and type II diabetes, along with new and improved treatments and non-invasive diagnostic methods. Off-label pharmaceuticals for NASH are expected to grow to \$3.1 billion by 2016 (source: 2011 Global Data Forecast). According to the World Health Organization, worldwide obesity has doubled since 1980, and over 1.9 billion people are overweight and over 600 million people are obese worldwide. According to the Canadian Liver Foundation, 75% of obese individuals are at risk of developing a simple fatty liver, and 23% of these people are at risk of developing fatty liver with inflammation. Additionally, over 371 million people have diabetes worldwide, and this total is projected to increase to 552 million people by 2030. According to Anurag Maheshwari, M.D., a liver specialist at Mercy Medical Center in Baltimore, “NASH is becoming the next big epidemic to hit America. Within the next few decades, fatty liver disease will be the largest cause of long-term disability in the U.S. It’s going to become a major healthcare burden.” This backdrop provides the basis for many companies trying to develop therapies in NASH. There are no pharmaceuticals currently on the market to treat NASH.

Given that NASH tends to range across a wide spectrum of conditions, it is likely that multiple different treatments for NASH can be successful. This spectrum can include different stages of the disease, differing patient genetics, and different underlying causes. There are a variety of large pharma and biotech companies that are currently in clinical trials for NASH, as indicated in the following chart:

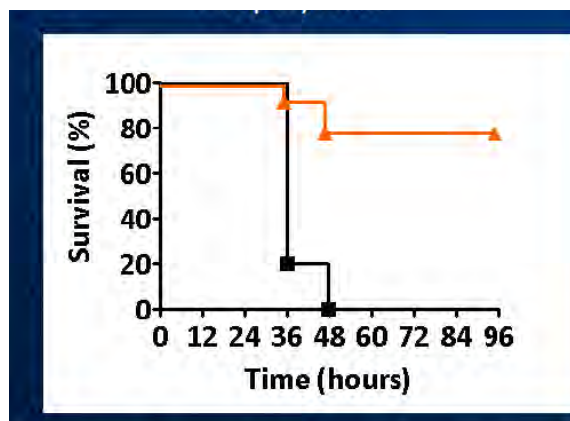


Recruiting for a Phase II trial for Alcoholic Steatohepatitis (ASH); the trial is a multi-center, U.S. based trial run by the NASH CRN Group and funded by the National Institutes of Health. In addition to Immuron’s Phase IIb trial for NASH, the Company is also conducting a phase II trial for ASH. ASH is inflamed fatty liver disease caused by excessive alcohol consumption. Approximately 20% of alcoholics have ASH, although ASH is not restricted only to individuals with heavy alcohol consumption.

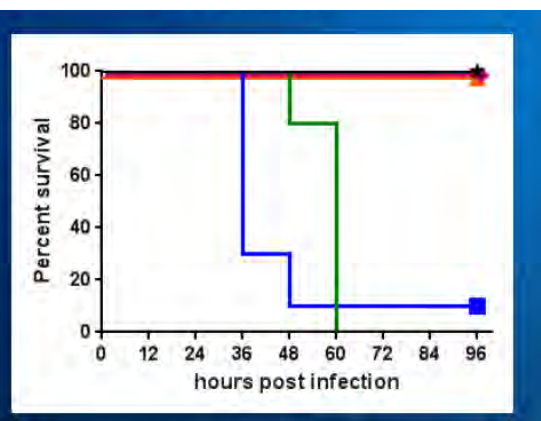
This clinical trial is a multi-center (three sites), U.S.-based trial run by the NASH CRN Group and funded by the National Institutes of Health. Currently, 25% of needed patients have been recruited for this study. The primary endpoints are for fibrosis reduction and life extension. Importantly, Immuron's immunotherapy was one of three therapies (out of 27 competing therapies) selected by the NIH for funding for a clinical trial. This indicates the high amount of potential in Immuron's immunotherapy platform.

IMM 529 is designed to prevent and treat *Clostridium difficile* (C difficile) infections. C difficile is the most serious cause of antibiotic-associated diarrhea (AAD) and can lead to pseudomembranous colitis, a severe infection of the colon, often resulting from eradication of the normal gut flora by antibiotics. AAD is caused from common antibiotics used to treat infections causing an imbalance in the normal healthy bacteria in the gut, causing C difficile bacteria to multiply exponentially. According to the Agency for Healthcare Research and Quality, U.S. hospitalizations from C difficile rose from 85,700 per year in 1993 to 346,800 per year in 2010. C difficile costs more than \$3.2 billion in health care costs each year in the U.S. In 2011, Immuron entered into a three year research agreement with Monash University. The Company announced initial preclinical results from this program in June 2012. Results showed that IMM-529 provided 80% protection against CDI when administered as a prophylactic (medication used to prevent a disease from occurring), as shown in graph A and 100% protection when administered six hours post-infection, as shown in graph B.

GRAPH A



GRAPH B



Left Chart represents Prophylaxis, Right Chart represents treatment 6 hours post infection

IMC is planning a preclinical dose-response treatment study in 3Q15 to evaluate the efficacy and safety of four doses of IMM-529. Data from the study is expected in 1Q16, and following this, the Company expects to file an IND and commence a Phase 1/2a clinical trial.

Additional preclinical studies being done on diabetes. The Company also has plans to initiate a Phase 2 clinical trial to treat diabetes, with the primary endpoint being a reduction in HBA1c (glycated hemoglobin: for people with diabetes, the higher the HBA1c, the greater the risk in developing diabetes-related complications). The Company's Phase 1/2a clinical trial in NASH showed significant improvements in HBA1c and Homa scores in diabetic and pre diabetic patients. These improvements occurred despite the trial lasting only 30 days; red blood cell life cycles are 90 days, thus giving further significance to the results from this trial. Further positive results from a diabetes program could lead to a large increase in the Company's stock, given the enormous market opportunity in diabetes, which is expected to reach \$55.3 billion by 2017 (source: Visiongain).

The Company has five patents and 25 patents pending. This should ensure the Company has protection for its technology worldwide. The Company has patents in the U.S., Europe, Australia, Canada, China, India, and other countries.

Valuation

Based on an NPV analysis of the Company's Travelan and Protectyn products, along with its IMM-124E in NASH and ASH, we are valuing the Company at A\$1.70 per share.

Travelan & Protectyn	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
U.S. # of travelers		61,500,000	61,807,500	62,116,538	62,427,120	62,739,256	63,052,952	63,368,217	63,685,058	64,003,483	64,323,501
Penetration Rate		0.4%	1.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rev Received Per Sale		15	15	15	15	15	15	15	15	15	15
Total Revenue (Travelan only)		3,745,350	8,962,088	13,510,347	18,103,865	18,194,384	18,285,356	18,376,783	18,468,667	18,561,010	18,653,815
Canada # of travelers	5,200,000	5,252,000	5,304,520	5,357,565	5,411,141	5,465,252	5,519,905	5,575,104	5,630,855	5,687,163	5,744,035
Penetration Rate	0.8%	1.0%	1.5%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rev Received Per Sale	15	15	15	15	15	15	15	15	15	15	15
Total Revenue (Travelan only)	633,360	761,540	1,153,733	1,553,694	1,961,539	1,981,154	2,000,965	2,020,975	2,041,185	2,061,597	2,082,213
Australia # of travelers	8,100,000	8,181,000	8,262,810	8,345,438	8,428,892	8,513,181	8,598,313	8,684,296	8,771,139	8,858,851	8,947,439
Penetration Rate	0.8%	1.9%	2.6%	3.4%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Rev Received Per Sale	15	15	15	15	15	15	15	15	15	15	15
Total Revenue (Travelan & Protectyn)	986,580	2,224,209	3,145,032	4,084,049	5,041,531	5,091,947	5,142,866	5,194,295	5,246,238	5,298,700	5,351,687
China population		1,357,000,000	1,370,570,000	1,384,275,700	1,398,118,457	1,412,099,642	1,426,220,638	1,440,482,844	1,454,887,673	1,469,436,550	1,484,130,915
Penetration Rate		0.01%	0.02%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Rev Received Per Sale		15	15	15	15	15	15	15	15	15	15
Total Revenue (Travelan only)		1,967,650	3,974,653	6,021,599	8,109,087	8,190,178	8,272,080	8,354,800	8,438,349	8,522,732	8,607,959
Total Travelan & Protectyn Revenue	1,619,940	8,698,749	17,235,506	25,169,689	33,216,022	33,457,663	33,701,267	33,946,853	34,194,438	34,444,039	34,695,674
COGS	516,761	2,774,901	5,498,126	8,029,131	10,595,911	10,672,994	10,750,704	10,829,046	10,908,026	10,987,648	11,067,920
Direct Selling Costs (S&M, Freight)	680,375	3,653,475	7,238,912	10,571,269	13,950,729	14,052,218	14,154,532	14,257,678	14,361,664	14,466,496	14,572,183
Travelan & Protectyn Profit	422,804	2,270,374	4,498,467	6,569,289	8,669,382	8,732,450	8,796,031	8,860,129	8,924,748	8,989,894	9,055,571

Discount Rate	8%
NPV	A\$44.6M

NASH	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Global Market Size	3,100,000,000	4,058,210,000	5,312,602,711	6,954,728,209	9,104,434,698	11,918,615,464	15,602,659,503	20,425,441,556	26,738,945,541	35,003,953,608	45,823,675,668
Penetration Rate	0%	0%	0%	0%	0%	0%	0%	3%	5%	7%	10%
Total Sales	0	0	0	0	0	0	0	612,763,247	1,336,947,277	2,450,276,753	4,582,367,567
Royalty Rate	0%	0%	0%	0%	0%	0%	0%	8%	8%	8%	8%
Royalty Revenue	0	0	0	0	0	0	0	49,021,060	106,955,782	196,022,140	366,589,405

Discount Rate	8%
NPV	\$354.2M
Prob of Success	35% A\$124.0M

ASH	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Global Market Size	310,000,000	405,821,000	531,260,271	695,472,821	910,443,470	1,191,861,546	1,560,265,950	2,042,544,156	2,673,894,554	3,500,395,361	4,582,367,567
Penetration Rate	0%	0%	0%	0%	0%	0%	0%	3%	7%	13%	20%
Total Sales	0	0	0	0	0	0	0	61,276,325	187,172,619	455,051,397	916,473,513
Royalty Rate	0%	0%	0%	0%	0%	0%	0%	8%	8%	8%	8%
Royalty Revenue	0	0	0	0	0	0	0	4,902,106	14,973,810	36,404,112	73,317,881

Discount Rate	8%
NPV	\$63.1M
Prob of Success	35% A\$22.1M

Combined NPV	A\$190.7M
Net Debt	-A\$6.1M
Cash from options/warrants	A\$0.6M
Fully Diluted Shares Outstanding	
(includes additional shares to represent potential future equity raises)	116.4M
Price Per Share	A\$1.70

The following peer chart shows the market caps of other companies that have NASH therapies in Phase 2 (Intercept Pharmaceuticals is in Phase 3):

NASH Peer Comparables					
Company Name	Ticker	Share Price (USD)	Market Cap (USD)	Cash (MRQ, USD)	Total Debt (MRQ, USD)
Intercept Pharmaceuticals Inc	ICPT	\$213.99	\$5,179.M	\$732.3M	\$0.0
Raptor Pharmaceutical Corp	RPTP	\$13.35	\$1,083.8M	\$220.5M	\$117.0M
Genfit SA	GNFT	\$40.08	\$960.2M	\$28.8M	N/A
Enanta Pharmaceuticals Inc	ENTA	\$40.41	\$756.2M	\$154.2M	\$0.4M
Ardelyx Inc	ARDX	\$18.21	\$472.1M	\$141.5M	\$0.0
Galmed Pharmaceuticals Ltd	GLMD	\$9.15	\$101.6M	\$29.9M	\$0.0
MediciNova Inc	MNOV	\$3.60	\$89.6M	\$8.6M	\$0.0
Conatus Pharmaceuticals Inc	CNAT	\$4.15	\$81.8M	\$31.0M	\$1.0M
Viking Therapeutics Inc	VKTX	\$7.31	\$71.5M	\$0.3M	\$1.7M
Galectin Therapeutics Inc	GALT	\$2.70	\$61.5M	\$26.3M	\$1.6M
Islet Sciences Inc	ISLT	\$0.04	\$2.8M	\$0.02M	\$0.05M
	<i>median</i>		\$101.6M	\$29.9M	\$0.2M
	<i>average</i>		\$805.5M	\$124.9M	\$12.2M
Immuron Ltd	IMC	\$0.22	\$16.5M	\$4.5M	\$0.0

Source: ThomsonReuters, as of August 14, 2015

There are also exists further upside to our valuation for IMC. The Company expects to enter human clinical trials soon for C difficile and diabetes. Promising results have already been seen in both of these areas, and further positive results would likely lead to an increase in the stock price. Additionally, the Company may also introduce additional medical foods, OTC medicines, and dietary supplements based on additional research that the Company conducts over time.

C difficile peer comparables					
Company Name	Ticker	Share Price	Market Cap	Cash (mrq)	Debt (mrq)
Seres Therapeutics Inc	MCRB	\$40.15	\$1564.2M	\$114.2M	\$2.5M
Assembly Biosciences Inc	ASMB	\$13.54	\$232.6M	\$29.1M	\$0.0M
Synthetic Biologics Inc	SYN	\$2.43	\$215.1M	\$17.5M	\$0.0M
Summit Therapeutics PLC	SUMML	\$2.46	\$150.7M	\$17.0M	\$0.0M
AmpliPhi Biosciences Corp	APHBD	\$9.25	\$52.8M	\$6.6M	\$0.0M
<i>median</i>			\$215.1M	\$17.5M	\$0.0M
<i>average</i>			\$443.1M	\$36.9M	\$0.5M

As of August 14, 2015

We also note the significant valuations given to companies that are developing therapeutics to treat C difficile. We believe this underscores the large market opportunity present in this area. MCRB, ASMB, and SYN all have lead compounds to treat C difficile, and all trade at market caps above \$220 million. IMC could show a significant increase in valuation once IMM 529 enters clinical trials.

Risks

There is no guarantee that the Company's Phase II trials for NASH and ASH will show statistically significant efficacy. There is no guarantee that the Company will achieve its primary endpoint in either of its current clinical trials. However, the Company has shown very promising efficacy data in previous trials for IMM-124E.

IMC's future capital needs are uncertain. IMC is currently in human clinical trials for IMM-124E, along with probable near-term human clinical trials for C difficile and diabetes. While near-term capital needs are fairly certain, longer-term capital needs are uncertain, and will be driven by such factors as clinical trial results, potential partnering of pharmaceuticals with other pharma or biotech companies, profits earned from retail product lines such as Travelan and Protectyn (and potentially other products), and initiating clinical trials in new diseases. Depending on how multiple factors occur, the Company may only need to raise additional minimal capital or more significant amounts of capital.

Revenue growth from Travelan is dependent on product launches in new countries and expanded marketing programs that are either in initial phases or have not yet been undertaken. However, many of the countries where the product has recently launched or is going to launch in the near future (such as the U.S. or China), provide bigger markets than where Travelan has historically been offered. Also, Travelan has already showed promising initial sales in smaller markets without a concentrated marketing effort, so we believe that an expanded marketing effort would likely lead to fairly significant sales increases.

Revenues will ultimately depend heavily on reimbursements from Medicare and other third-party insurance companies. Sales of IMC's pharmaceuticals will rely heavily on third-party reimbursement, which is not certain. However, reimbursement momentum should be helped by the need for therapies to treat diseases such as NASH, which are already being treated using off-label pharmaceuticals. Additionally, the high safety profile and natural origin of the Company's therapies means that IMC can also generate revenue through areas such as dietary supplements and functional foods, which carry lower regulatory requirements and don't require insurance company reimbursement approval.

Additional Information

Auditor: William Buck

Legal: K&L Gates LLP

Transfer Agent: Security Transfer Registrars Pty Ltd.

[Company Website](#)

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