



ASX Release

FUNDING UPDATE – WAIVER OF LISTING RULE 10.1 GRANTED FOR \$300,000 DIRECTOR LOAN

Sydney, Monday 1 May 2017

As foreshadowed in the announcement made by Memphasys Limited (ASX:MEM) (**Company**) on 23 February 2017, the Company advises that it has received a waiver from ASX Listing Rule 10.1 to Executive Director Ms Alison Coutts to permit the granting of security interests over all of the assets of the Company against the \$300,000 loan. The loan was provided on an arms' length basis by Ms Coutts.

The loan is detailed in the Loan Agreement between Ms Coutts and Memphasys Ltd dated 7th February 2017.

The key terms of the loan are as follows:

- Principal: \$300,0000
- Interest rate: 10% per annum, payable at the end of the period
- Period: 1 year
- Redemption: The loan and accrued interest may be repaid by the Company at its discretion, any time before the loan's expiry.

Ms Coutts intends to seek shareholder approval to convert the loan to equity at the next meeting of shareholders.

The conditions on issuing the waiver under ASX Listing Rule 10.1 are as follows:

1.1. The loan agreement includes a term that if an event of default occurs and Ms Coutts exercises her rights under the loan agreement, neither Ms Coutts nor any of her associates can acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable Listing Rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Ms Coutts exercising her power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Ms Coutts in accordance with her legal entitlements.

1.2. A summary of the material terms of the Loan and the Security is made in each annual report of the Company during the term of the Security.

1.3. Any variations to the terms of the Loan or the Security which is:

- 1.3.1. not a minor change; or*
 - 1.3.2. inconsistent with the terms of the waiver,*
- must be subject to securityholder approval.*

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1.4. The Company must seek to discharge the Security when the funds advanced under the Loan are repaid in full, or if it is not discharged, seek securityholder approval for the continuation of the Security for any further loan facility amount.

1.5. The Company immediately releases to the market an announcement which sets out the terms of the waiver and the Company's plans with respect to the (i) repayment of the funds advanced and (ii) discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur.

For further information please contact:

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About Memphasys

Memphasys Limited (**ASX: MEM**) specialises in biological separations for high value commercial applications. The Company's patented membrane processes in combination with electrophoresis, the application of an electrical potential difference across a fluid, enable the separation of high value substances or contaminants from the fluid in which they are contained.

The main application of the technology is the separation of the most viable sperm cells for artificial reproduction, most particularly for human IVF.