



ASX Release

WAIVER OF ASX LISTING RULE 10.1

Sydney, 1 December 2016

As foreshadowed in the announcement made by Memphasys Limited (ASX:MEM) (**Company**) on 15 November 2016, the Company advises that it has received a waiver from ASX Listing Rule 10.1 to the extent necessary to permit the granting of security interests over all of the assets and undertakings of the Company to two of its directors, Mr Andrew Goodall and Ms Alison Coutts, and to an entity associated with Ms Coutts, (**Related Parties**) without obtaining shareholder approval (each a **Security** and collectively the **Securities**).

The granting of the Securities is in connection with the issue of notes (which may, subject to shareholder approval, be converted into Convertible Securities) (**Notes**) that raised a total of \$900,000. Refer to the Company's announcement made on 15 November 2016 for further details as to the conversion conditions of the Notes.

The waiver has been granted by ASX to the Company on the following conditions:

1. Each Security include a term that if an event of default occurs and if any of the Related Parties exercise their rights under the Security, none of the Related Parties nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable ASX Listing Rules, including ASX Listing Rule 10.1, other than as required by law or through a receiver, or receiver and manager (or analogous person) appointed by the Related Parties exercising their 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 the Related Parties in accordance with their legal entitlements.
2. A summary of the material terms of the Securities is made in each annual report of the Company during the term of the Securities.
3. Any variation to the terms of the Securities which is not a minor change, or which is inconsistent with the terms of the waiver, must be subject to securityholder approval.
4. The Company and the Related Parties must seek to discharge the Securities when the Notes are either repaid or converted in full (in the event securityholders approve conversion of the Notes into Convertible Securities), or if not discharged, seek securityholder approval for the continuation of the Securities for any further period.

In satisfaction of the final condition of the waiver, the Company provides the following information:

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1. The Company expects that the Related Parties will elect to convert their Notes (subject to securityholder approval – refer to the Company's announcement made on 15 November 2016 for further details as to the conversion conditions) into fully paid ordinary shares in the Company. However in the event that the Related Parties elect to redeem the Notes, or securityholder approval is not obtained for the conversion of the Notes, the Company expects to repay the Related Parties from working capital obtained as a result of commercialisation of the SpermSep technology, or if insufficient working capital is available at the time the Notes are redeemed, the Company intends to raise the funds to repay the Related Parties by obtaining further debt funding or undertaking a placement of securities.
2. If security holders approve the issue of Convertible Securities, the Related Parties may then elect to convert these into fully paid ordinary shares in the Company at any time within twenty-four months from the date of the issue of the Notes (that is, 16 September 2016).
3. The Company expects that, absent any event of default occurring in the intervening period, the Securities will be discharged no later than the Expiry Date. Immediately upon redemption of the Notes or conversion of the Convertible Securities, the Securities would be discharged by the Related Parties pursuant to the terms of the Securities.

Alison Coutts
Executive Chairman

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.