

MEMPHASYS LIMITED

ACN 120 047 556

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every two (2) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise approximately \$3,640,000 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Patersons Securities Limited (ACN 008 896 311) (AFSL 239052) (**Underwriter**). Refer to Section 9.1 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter in relation to the Offer, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Ms Alison Coutts
Executive Chairman

Mr Andrew Goodall
Non-Executive Director

Mr Marjan Mikel
Non-Executive Director

Company Secretary

Mr Andrew Metcalfe

ASX Code

MEM

Registered Office

30-32 Richmond Road
Homebush NSW 2140

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Facsimile: +61 2 8415 7399

Website: www.memphasys.com
Email: info@memphasys.com

Share Registry*

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone: 1300 737 760 (within Australia)

Telephone: + 61 2 9290 9600 (outside
Australia)

Auditor

Pitcher Partners
Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Underwriter and Lead Manager

Patersons Securities Limited
Level 23, Exchange Tower
2 The Esplanade
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Event	Date
Lodgement of Prospectus with the ASIC	28 February 2019
Lodgement of Prospectus & Appendix 3B with ASX	28 February 2019
Notice sent to Optionholders	1 March 2019
Notice sent to Shareholders	5 March 2019
Ex-date	6 March 2019
Record Date for determining Entitlements	7 March 2019
Prospectus sent out to Eligible Shareholders	12 March 2019
Last day to extend Closing Date	18 March 2019
Closing Date of Offer*	21 March 2019
Shares quoted on a deferred settlement basis	22 March 2019
ASX (and Underwriter) notified of under subscriptions	26 March 2019
Issue date of Shares under the Offer	28 March 2019
Shares entered into Shareholders' security holdings	
Quotation of Shares issued under the Offer*	29 March 2019

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 28 February 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted via an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

4. CHAIRMAN'S LETTER

Dear Shareholder,

On 27 February 2019, the Company announced its intention to conduct a capital raising comprising a fully underwritten non-renounceable rights issue offer of 1 new Share for every 2 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.02 per Share (**Offer**).

A large proportion of funds raised under the Offer will be used to move towards the commercialisation of the Felix device, a unique device for separating the most viable sperm in a semen sample for use in human IVF.

We have undertaken extensive testing of the performance of the re-usable prototype Felix device at Memphasys, the University of Newcastle and at Monash IVF. AS a result of this Memphasys is now well into the engineering development of the final device which will use single-use disposable cartridges.

The hand-assembled CNC devices and cartridges are currently being manufactured and bids are being received from plastic moulding subcontractors for manufacturing the final cartridge product and the console in which the cartridges are placed to process the semen samples.

In 2018 Memphasys personnel attended human fertility conferences in Europe ("ESRE") and the USA ("ASRM"). Memphasys' attendance at these conferences generated much interest from leading key opinion leaders (**KOLs**). Consequently, Memphasys was able to recruit selected KOLs to participate in *in-vitro* testing of the Felix device, anticipated for the second half of 2019. Memphasys has announced that seven KOLs, located in key international IVF markets, have agreed to join the testing program. The Company is also currently negotiating potential MOU's with several new KOLs and will continue to update the market in accordance with its continuous disclosure obligations.

KOL clinical assessment studies will assess Felix's performance for use in IVF clinics in preparing sperm from diverse semen types when compared with the current lab-based methods, ("density gradient centrifuge" and "swim up"), which are labour intensive, costly and DNA-damaging.

The outcomes of the Felix clinical assessments will provide further evidence as to the technical capabilities of the Felix device, provide significant user examples of its range of use and further refine the commercialisation strategy of the Company.

From a regulatory perspective, Memphasys has appointed BSI Group as its notified body for obtaining CE Mark approval and is working towards obtaining ISO13485 accreditation followed by receiving CE Mark approval. Memphasys is considering bringing forward the application for TGA approval in parallel with CE Mark. Memphasys will subsequently seek FDA regulatory approval to sell in the United States and to also add other geographic territories over time.

Whilst focus is on the commercial development of Felix for human IVF, the Company will continue to work on scaling up the technology to apply to horses and other animals.

As you can see, we are moving rapidly into the full commercialisation phase for the Felix Device and as such and on behalf of Memphasys Limited, I am pleased to invite you to participate in the Offer.

You should read this Prospectus carefully and in its entirety before deciding whether or not to participate in the Offer. In particular, you should consider the key risk factors included in Section 8 of this Prospectus.

Shareholders who have any queries about the Offer should contact the Company at any time from 8:30am to 5:00pm (AEDST) during the Offer period.

A personalised Entitlement and Acceptance Form which details your Entitlement is to be completed in accordance with the instructions provided.

Shareholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Alison Coutts', written in a cursive style.

Alison Coutts
Chairman

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every two (2) Shares held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a total of approximately 182,044,573 Shares will be issued pursuant to this Offer to raise approximately \$3,640,000.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

As at the date of this Prospectus, the Company has 21,831,468 Options on issue, all of which must be exercised prior to the Record Date in order for the holder to participate in the Offer. Please refer to Section 6.4 for information on the Options on issue.

The purpose of the Offer and the intended use of funds raised are set out in Section 6 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

5.2 Minimum subscription

On the basis that the Offer is fully underwritten, the minimum subscription is also the full subscription under the Offer.

5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Shortfall Offer (refer to Sections 5.3(b) and 5.10 for further information), in which case the additional Shares applied for will be deemed to be an application for Shares under the Shortfall Offer.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; and

- (b) if you wish to apply for **additional** shares after accepting your full Entitlement in accordance with Section 5.3(a), then:
 - (i) fill in the number of additional Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

5.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Memphasys Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (AEDST) on the Closing Date.

5.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (AEDST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

5.6 Implications of an acceptance

Returning a completed Entitlement and Entitlement and Acceptance Form with a cheque or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

5.7 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 9.1 of this Prospectus for details of the terms of the underwriting.

Andrew Goodall and Alison Coutts, each a Director of the Company, or their respective nominees, have entered into agreements with the Underwriter to sub-underwrite the Offer. Andrew Goodall will sub-underwrite the Offer up to \$892,301 (44,615,047 Shares) and Alison Coutts will sub-underwrite the Offer up to \$400,000 (20,000,000 Shares).

Peters Investments Pty Ltd (**Peters Investments**) (a substantial shareholder of the Company, refer to Section 6.5) has entered into an agreement with the Underwriter to sub-underwrite the Offer up to \$1,000,000 (50,000,000 Shares).

Pursuant to the terms of the sub-underwriting, the Underwriter shall pay each sub-underwriter a fee of 3% (excluding GST) of the sub-underwriter's respective sub-underwritten value.

Peters Investments has the first priority and obligation in relation to sub-underwriting any Shortfall and otherwise, the allocation of the Shortfall will be at the discretion of the Underwriter.

5.8 Effect on control of the Company

(a) Sub-underwriting by Peters Investments

Peters Investments currently holds 66,666,667 Shares. Assuming that Peters Investments is required to sub-underwrite the maximum number of Shares (being 50,000,000 Shares), Peters Investments may accordingly acquire a maximum voting power in the Company of approximately 21.36%, assuming all Shares are issued under the Offer. Peters Investments' obligation to subscribe for Shares will reduce to the extent that Shareholders take up their Entitlements under the Offer.

Notwithstanding the potential control effect of Peters Investments sub-underwriting the Offer, the Company understands that Peters Investments has no present intention of making any significant changes to the business or management of the Company.

(b) **Sub-underwriting by Andrew Goodall**

Mr Goodall (together with his associates) currently holds 89,230,093 Shares. Assuming that Mr Goodall is required to sub-underwrite the maximum number of Shares (being 44,615,047 Shares), Mr Goodall may accordingly acquire a maximum voting power in the Company of approximately 24.51%, assuming all Shares are issued under the Offer. Mr Goodall's obligation to subscribe for Shares will reduce to the extent that Shareholders take up their Entitlements under the Offer.

(c) **Sub-underwriting by Alison Coutts**

Ms Coutts (together with her associates) currently holds 58,992,218 Shares. Assuming that Ms Coutts is required to sub-underwrite the maximum number of Shares (being 20,000,000 Shares), Ms Coutts may accordingly acquire a maximum voting power in the Company of approximately 16.20%, assuming all Shares are issued under the Offer (including the issue of an additional 9,496,109 Shares to Ms Coutts under the Offer by way of subscription for Entitlement). Ms Coutts' obligation to subscribe for sub-underwritten Shares will reduce to the extent that Shareholders take up their Entitlements under the Offer.

The extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below:

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	Nil
Completion of Entitlement Issue:		
Fully subscribed	Nil	Nil
75% subscribed	45,511,143	8.33%
50% subscribed	91,022,286	16.67%
25% subscribed	136,533,429	25.00%
0% subscribed	182,044,573	33.33%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by Shareholders. Furthermore, the voting power of the Underwriter will also be reduced to the extent that sub-underwriters take up any Shortfall.

Any increase in voting power of the Underwriter or any sub-underwriter above 20% will be permitted pursuant to the "underwriting exception" in Item 13 of Section 611 of the Corporations Act.

5.9 Potential dilution to Shareholders

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 33% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below with varying holdings of number of shares is set out for illustrative purposes:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer if not taken up
Shareholder 1	50,000,000	13.73%	25,000,000	50,000,000	9.16%
Shareholder 2	25,000,000	6.87%	12,500,000	25,000,000	4.58%
Shareholder 3	10,000,000	2.75%	5,000,000	10,000,000	1.83%
Shareholder 4	5,000,000	1.37%	2,500,000	5,000,000	0.92%
Shareholder 5	1,000,000	0.27%	500,000	1,000,000	0.18%

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. Percentages post-Offer have been calculated on the basis of there being 546,133,718 Shares on issue on completion of the Offer. Refer to Section 6.4 for further details of the Company's capital structure.

5.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

Eligible Shareholders may apply for Shares under the Shortfall Offer by following the instructions on their Entitlement and Acceptance Form, subject to such applications being received by the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02 being the price at which Shares have been offered under the Offer.

Shortfall Shares will be allocated in priority to Eligible Shareholders who apply for Shortfall Shares under the Shortfall Offer. All decisions regarding the allocation of Shortfall Shares will be made by the Underwriter (in consultation with the Company) and will be final and binding on all Eligible Shareholders.

5.11 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.12 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued in accordance with the Underwriting Agreement. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

5.13 Overseas shareholders

This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be

taken by the Company to constitute a representation that there has been no breach of those regulations.

5.14 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

5.15 Enquiries

Enquiries concerning the Offer should be directed to the Company Secretary, Mr Andrew Metcalfe by telephone on + 61 2 8415 7300.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to raise \$3,640,891.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	Full Subscription (\$)	%
Product development ¹	1,350,412	37%
Settlement of debt owed to Directors ²	1,407,026	39%
Working capital	597,453	16%
Expenses of the Offer ³	286,000	8%
Total	3,640,891	100

Notes:

1. Development of the Company's Felix device, comprising:
 - (a) commencement of testing of pre-production devices and preparation for production;
 - (b) pre-production of Felix device;
 - (c) hand assembly of CNC devices and manufacture and testing of cartridges; and
 - (d) selection of sub-contracted manufacturers.
2. Comprising:
 - (a) \$907,363 of outstanding debt owed to Andrew Goodall. In the event that Mr Goodall elects to offset some of his payment for his Entitlement against the Company's outstanding debt to him, the sum of up to \$892,301 will not be raised under the Offer but instead Mr Goodall will be issued his Entitlement Shares directly, offsetting an equivalent amount of debt owed to him at the issue price of \$0.02. This will have no net effect on the use of funds table above, Section 6.2 or Section 6.3; and
 - (b) \$499,663 of outstanding debt owed to Alison Coutts. In the event that Ms Coutts elects to offset some of her payment for her Entitlement against the Company's outstanding debt to her, the sum of up to \$400,000 will not be raised under the Offer but instead Ms Coutts will be issued her Entitlement Shares directly, offsetting an equivalent amount of debt owed to her at the issue price of \$0.02. This will have no net effect on the use of funds table above, Section 6.2 or Section 6.3.
3. Refer to Section 10.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above tabled expenditures represent a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves of the Company by \$2,062,590 (after deducting the estimated \$286,000 of expenses of the Offer and assuming the offset of \$1,292,301 of debt owed to Directors Andrew Goodall (\$892,301) and Alison Coutts (\$400,000) by virtue of subscription for Entitlement) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 364,089,145 as at the date of this Prospectus to 546,133,718 Shares following the completion of the Offer.

6.3 Pro-forma consolidated balance sheet

The audited balance sheet as at 30 June 2018, auditor reviewed balance sheet as at 31 December 2018 and unaudited pro-forma balance sheet as at 31 January 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Pro-forma as at 31 January 2019	Reviewed as at 31 December 2018	Audited as at 30 June 2018
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	2,271,621	215,961	201,807
Other current assets	636,710	550,277	659,454
TOTAL CURRENT ASSETS	2,908,331	766,238	861,261
NON-CURRENT ASSETS			
Property, plant and equipment	31,611	32,431	22,732
Intangible assets	3,983,629	3,882,728	3,333,180
TOTAL NON-CURRENT ASSETS	4,015,240	3,915,159	3,355,912
TOTAL ASSETS	6,923,571	4,681,397	4,217,173
CURRENT LIABILITIES			
Trade and other payables	264,177	268,358	222,428
Interest bearing liabilities	-	495,561	471,736
Non-interest bearing liabilities	26,334	626,334	26,334
Lease liabilities	3,552	3,552	3,552
Tax liabilities	7,900	8,967	10,146
Short-term provisions	98,933	98,933	89,186
TOTAL CURRENT LIABILITIES	400,896	1,501,705	823,382
NON-CURRENT LIABILITIES			
Lease liabilities	4,697	4,994	6,746
Long-term provisions	40,441	40,441	35,465
TOTAL NON-CURRENT LIABILITIES	45,138	45,435	42,211
TOTAL LIABILITIES	446,034	1,547,140	865,593
NET ASSETS	6,477,536	3,134,257	3,351,580
EQUITY			
Issued capital	44,061,363	40,420,471	40,095,314
Reserves	1,376,847	1,039,810	1,015,610
Accumulated losses	(38,960,674)	(38,326,024)	(37,759,344)
TOTAL EQUITY	6,477,536	3,134,257	3,351,580

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	Number
Shares currently on issue	364,089,145
Shares to be issued pursuant to the Offer	182,044,573
Total Shares on issue after completion of the Offer and Placement	546,133,718

Options	Number
Options currently on issue ¹	21,498,145
Options offered pursuant to the Offer	Nil
Options to be issued pursuant to the Underwriter Agreement	38,204,457 ²
Total Options on issue after completion of the Offer and Placement	59,702,592

Notes:

- Comprising:
 - 266,667 Options exercisable at \$0.30 on or before 25 November 2019;
 - 14,564,801 Options exercisable at \$0.03 on or before 28 December 2019; and
 - 6,666,667 Options exercisable at \$0.03 on or before 30 November 2019.
- Exercisable at \$0.0332 on or before the date which is 2.5 years after their date of issue. Refer to Section 9.1 for a summary of the Underwriter Agreement.
- As announced by the Company on 18 September 2018, the Company has entered into an agreement with Monash IVF Group Limited (**Monash IVF**) for the commercial development of the Feleix device. As part consideration for the services provided by Monash IVF under this agreement, the Company has agreed to issue Monash IVF \$80,000 worth of Shares at its next capital raising of greater than \$2 million. As the Offer will trigger this obligation, the Company proposes to issue Monash IVF (or its nominee) 4,000,000 Shares upon completion of the Offer, pursuant to its existing placement capacity.

6.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	% ¹
Andrew Goodall	89,230,093	24.51
Peters Investments Pty Ltd	66,666,667 ²	18.31
Alison Coutts	58,992,218	16.20

Notes:

- Voting power based on 364,089,145 Shares on issue as at the date of this Prospectus.
- Peters Investments Pty Ltd has agreed to take up \$666,667 (33,333,334 Shares) worth of its Entitlement.

3. Each of Andrew Goodall, Alison Coutts and Peters Investments have agreed to sub-underwrite the Offer. Refer to Sections 5.7 and 5.8 for further details.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(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 Constitution of the Company.

(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 each Share held, 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.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, 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, 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 issued 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 in the Company 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 and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the 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 Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under 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 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.

8. RISK FACTORS

8.1 Introduction

An investment in the Company is not risk free and prospective investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Prospectus in its entirety before deciding whether to apply for Shares under this Prospectus.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

(a) Going concern risk

The Company's half year financial report for the six months ended 31 December 2018 (**Half Year Report**) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the Half Year Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements.

(b) Additional requirements for capital

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. It is likely that additional funding will be required in the future to effectively implement the Company's business and operations plans, to take advantage of opportunities for acquisitions or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **Potential for significant dilution**

Upon implementation of the Offer, the number of Shares on issue in the Company will increase from 364,089,145 currently on issue to 546,133,718. This means that, post completion of the Offer, each Share will represent a significantly lower proportion of the ownership of the Company.

(d) **Commercial success of products being developed**

The Company is in the process of developing and commercialising its products. Inherent uncertainties exist in any commercialisation program for new technologies and products. The Company's products are at varying stages of development, and none of the Company's products are currently at a commercialised stage. There is no assurance that:

- (i) the development and commercialisation of new technologies and products will be successful;
- (ii) all necessary regulatory registrations or approvals for the sale and distribution of the Company's products will be obtained (and on terms acceptable to the Company); or
- (iii) the Company's products will achieve market acceptance.

(e) **Reliance on commercial success of one product initially**

The Company's business is presently dependent on the commercial success of the Felix device, its lead program.

(f) **Increase in competition**

The Company's earnings and the market acceptance of the Company's products may be adversely affected by competitor activity, new competitors entering the market, or if competitors release more advanced products that result in reduced market share for the Company's products.

Increased competition and new products may have the effect of rendering the Company's previous developments obsolete, decreasing the financial value of products or intellectual property and reducing pricing and profit margins.

(g) **Reliance on business partners, suppliers and customers**

The Company is reliant on key existing business partners and future proposed suppliers and customers. The Company is reliant on arrangements with third parties including the University of Newcastle and the University of Melbourne and in relation to the further development of intellectual property and the development of some future products.

(h) **Reliance on key personnel**

Strong competition exists in the medical device industry for highly skilled workers due to the limited number of people with the appropriate skill set. The Company currently employs, or engages as consultants, a number of key management personnel and intends to employ more highly skilled people.

The Company has structured incentive programs for its key personnel and it has also established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, there is no guarantee that the Company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.

(i) **Ability to rely on and protect the intellectual property**

The Company's success depends at least in part on its use of its intellectual property, as well as third party intellectual property which is licensed or otherwise granted to the Company.

The intellectual property rights on which the Company is reliant may be subject to claims, including third party infringement claims, which may adversely affect the commercialisation of the Company's products or result in the Company incurring expenses or damages. Defending against allegations and litigation could be expensive, take significant time and divert management's attention.

Similarly, if the Company is not able to adequately protect its know-how, expertise, trade secrets and intellectual property rights, including where the Company cannot obtain patent protection in a timely manner, or if existing patents are inadequate to prevent competitors developing competing products, then the Company's business and financial performance may be adversely affected.

(j) **Diminution in reputation or brand**

The Company is reliant on its reputation and the reputation of its products and brands. Any factors or events that diminish the reputation of the Company, its products, its brands, trademarks or intellectual property may adversely affect the Company.

(k) **Prospective information**

There can be no guarantee that the factors and assumptions on which the Company has assessed the feasibility of its products, potential levels of market acceptance and sales of its products, development and commercialisation strategies of its products, or relevant potential costs and expenses, and any other factors or assumptions upon which the Company bases its various technical or commercial decisions, will ultimately prove to be valid or accurate. The various factors and assumptions may be, or may depend on other factors which are, outside the control of the Company.

(l) **Unforeseen expenditure risk**

There is a risk that there may be an unforeseen increase in costs for items set out in the use of funds section in this Prospectus. Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this Prospectus.

(m) **Liquidity and realisation**

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(n) **Litigation**

The Company may be the subject of complaints or litigation by customers, suppliers, employees or officers, Shareholders, government agencies or other third parties. Such matters may have an adverse effect on the Company's reputation, divert its financial and management resources from more beneficial uses, or have a material adverse effect on the Company's future financial performance or position. Currently, the Company is free of any litigation claims, refer to Section 10.1 for further details.

(o) **Changes in political and regulatory environments**

The Company is subject to various federal and state-based laws and regulations in Australia as well as other jurisdictions in which the Company operates.

The introduction of new laws and regulations (including in relation to medical devices) may result in increased expenses for the Company, as it establishes new compliance procedures, retrains its employees and reviews or redevelops products.

New regulatory environments create risk that the regulations will have unintended consequences, or that interpretations may change over time, which could adversely affect the Company's operations and ability to manufacture, sell or distribute some products.

8.3 General Risks

(a) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(c) **Insurance**

The Company may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in the legitimate claim by the Company under an insurance policy.

(d) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

8.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

9. MATERIAL CONTRACTS

9.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 182,044,573 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement the Company has agreed to pay the Underwriter (or its nominee):

- (a) **(Corporate Fee)**: \$25,000 payable 50% on commencement of the Prospectus preparation and 50% on completion of the Offer;
- (b) **(Issue Management Fee)**: 1% of the total gross amount raised under the Offer;
- (c) **(Underwriting Fee)**: 5% of the gross amount underwritten by the Underwriter (being approximately \$182,000). All sub-underwriting fees will be paid by the Underwriter from this fee;
- (d) **(Lead Manager Options)**: 20,000,000 options (exercisable at \$0.0332 on or before the date which is 2.5 years from their issue) **(Broker Options)**;
- (e) **(Underwriter Options)**: 1 option for every 10 Shares underwritten on the same terms as the Broker Options; and
- (f) **(Corporate Advisory Fee)**: \$10,000 payable monthly in advance commencing 1 January 2019 for a period of 12 months.

The Underwriter is also entitled to be reimbursed for out-of-pocket expenses incidental to the Offer.

In the event that the Company terminates the Underwriting Agreement without cause, the Underwriter will be entitled to a termination fee of \$50,000 and the reimbursement of any incurred or accrued expenses up to the date of termination.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: at any time, either of the Standard & Poors or ASX Small Resources or Small Ordinaries Index is at a level that is 10% or more below its respective level as at the close of business on the Business Day prior to the date of Underwriting Agreement; or
- (b) **(Share Price)**: the closing price of the Shares quoted on ASX (trading under code MEM) closes for 2 consecutive Business Days at a price that is lower than \$0.02; or
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the lodgement date specified in the timetable or the Prospectus or the Offer is withdrawn by the Company; or

- (d) **(Breach of Material Contracts):** any of any material contracts or contracts described in the Prospectus (other than this Underwriting Agreement) is breached, not complied with according to its terms, terminated or substantially modified other than as disclosed in the Prospectus or by the Company on ASX; or
- (e) **(New circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement and is in the reasonable opinion of the Underwriter that it is materially adverse from the point of view of an investor; or
- (f) **(No Official Quotation):** Official quotation of the Shares issued under the Offer has not been granted by the date specified in the timetable by which the company is required to notify ASX of any shortfall **(Shortfall Deadline Date)** or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (g) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (s)(vii) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (h) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act; or
- (i) **(Misleading Prospectus):** it transpires that there is a material statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (j) **(Restriction on allotment):** the Company is prevented from allotting the Shares under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (k) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or

- (l) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, by the Shortfall Notice Deadline Date (or such other date agreed in writing between the parties) has arrived, and that application has not been dismissed or withdrawn; or
- (m) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (n) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (o) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (p) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, the United Kingdom, the United States of America, or the Peoples Republic of China or Colombia, Chile or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (q) **(Indictable offence)**: a director, Executive Chairman or senior manager of a Relevant Company is charged with an indictable offence;
- (r) **(Acts by Directors)**: any commitment or agreement entered into by a Director or Executive Chairman as disclosed in the Prospectus is not carried out or adhered to in accordance with its terms or the agreement is breached, revoked, rescinded or avoided;
- (s) **(Termination Events)**: subject always to the Material Adverse Effect qualification described below, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of Constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Failure to Disclose)**: it transpires that the Company has in the past failed to disclose to the material information to the ASX;

- (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
- (vii) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of Shares under the Offer or the Prospectus;
- (ix) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of Shares under the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional;
- (xi) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xii) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (xiii) **(Event of Insolvency)**: an event of insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;

- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 7 Business Days;
- (xix) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by this Prospectus;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, Canada or other international financial markets.

The Underwriter may not exercise its rights under termination event (s) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
28/02/2019	Half Yearly Report and Accounts
27/02/2019	Entitlement issue and dual listing
25/01/2019	Trading Halt
29/01/2019	FELIX product development and commercialisation update
18/01/2019	Expiry of unlisted options
14/01/2019	A Further Two Key Opinion Leaders Appointed
11/01/2019	Two More Key Opinion Leaders Appointed
20/12/2018	First USA based KOL appointed to undertake FELIX assessment
3/12/2018	Cleansing Notice
3/12/2018	Appendix 3B
22/11/2018	2018 AGM - Results of Meeting
22/11/2018	2018 AGM Chairman's Address to Shareholders
22/11/2018	Second KOL appointed to undertake FELIX assessment
30/10/2018	MEM presentation to the TechInvest Conference
23/10/2018	Response to ASX aware query
22/10/2018	First KOL appointed to undertake FELIX assessment
18/10/2018	Response to ASX price query
18/10/2018	Pause in trading
11/10/2018	2018 Notice of Annual General Meeting/Proxy Form
5/10/2018	Change in substantial holding - AG
5/10/2018	Change in substantial holding - AC
2/10/2018	Change of Director's Interest Notice
2/10/2018	Change of Director's Interest Notice
27/09/2018	Change of Director's Interest Notice

Date	Description of Announcement
21/09/2018	Change of Director's Interest Notice - MM
18/09/2018	Collaborative Agreement with Monash IVF Group
12/09/2018	Felix Development & Commercialisation Update
6/09/2018	Appendix 3B - options
30/08/2018	Appendix 4G and corporate governance statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.memphasys.com.au.

10.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective most recent date of those sales were:

	(\$)	Date
Highest	\$0.036	28 November 2018
Lowest	\$0.025	6, 17 and 18 February 2019
Last	\$0.023	28 February 2019

10.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or

- (b) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Entitlement Shares	\$
Alison Coutts ⁴	58,992,218 ¹	29,496,109	589,922
Andrew Goodall ⁴	89,230,093 ²	44,615,047	892,301
Marjan Mikel	5,650,000 ³	2,825,000	56,500

Notes:

1. Comprising:
 - a. 58,726,377 Shares held directly by Ms Coutts;
 - b. 252,507 Shares held by Alison Coutts Consulting Pty Ltd <Alison Coutts Super Fund> of which Ms Coutts is a director and beneficiary; and
 - c. 13,334 Shares held by Ms Coutts' daughter.
2. Comprising:
 - a. 88,768,600 Shares held directly by Mr Goodall; and
 - b. 461,493 Shares held by Mrs Marjorie Anne Goodall, mother of Mr Goodall.
3. Comprising 2,650,000 Shares held directly and 3,000,000 Shares held by Mikel Enterprises Pty Ltd ATF Notre Maison Super Fund A/C, of which Mr Mikel is a beneficiary.
4. Each of Andrew Goodall and Alison Coutts have agreed to sub-underwrite the Offer. Refer to Sections 5.7 and 5.8 for further details.

The Board recommends all Shareholders take up their Entitlements.

The Directors reserve the right to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$450,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and

other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration* paid to both executive and non-executive directors for the two years prior to the date of this Prospectus.

Director	Year ended 30 June 2019 (Proposed)*	Year ended 30 June 2018*	Year ended 30 June 2017*
Alison Coutts	298,031	288,332	318,328
Andrew Goodall	50,000	50,000	50,000
Marjan Mikel	50,000	3,288**	Nil

* Annual Remuneration includes salary, superannuation and non-monetary benefits

** Appointed 6 June 2018.

10.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$117,895 (excluding GST and disbursements) for legal services provided to the Company.

Patersons Securities Limited has acted as the Underwriter and Lead Manager to the Company in relation to the Offer. The fees payable to the Company for these services are set out above at Sections 9.1 and 9.2 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons has been paid fees totalling \$389,787 (excluding GST and disbursements) for legal services provided to the Company.

10.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Patersons Securities Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pitcher Partners has given its written consent to being named as the auditors to the Company in this Prospectus. Pitcher Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.7 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$286,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	12,000
Underwriting and Lead Manager fees	244,000
Legal fees	15,000
Printing and distribution	10,000
Miscellaneous	1,794
Total	286,000

10.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on +61 8 9486 7911 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.memphasysresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.9 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

10.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the

application for Shares, the Company may not be able to accept or process your application.

11. DIRECTORS' AUTHORISATION

This 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 Prospectus with the ASIC.

Ms Alison Coutts
Executive Chairman
For and on behalf of
Memphasys Limited

12. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEDST means Australian Eastern Daylight Savings Time.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company or **Memphasys** means Memphasys Limited (ACN 120 047 556).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia and New Zealand.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Shares issued under the Offer (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Shares under the Offer); or

- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its Subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy back agreement; or
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;

- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Relevant Company means the Company and each of its subsidiaries at the date of execution of the Underwriting Agreement.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus for investors other than Eligible Shareholders.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.10 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Underwriter means Patersons Securities Limited (ACN 008 896 311).