



## **ASX Release**

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Sydney, Friday 30 October 2015

### **SHAREHOLDER INFORMATION FOR THE NUSEP AGM**

NuSep Holdings Limited (ASX: NSP) or ("NuSep") advises that in accordance with Listing Rules 3.17 and 4.7, the following documents will be lodged with Australia Post for despatch to shareholders today, 30 October 2015:

- Notice of Annual General Meeting
- Proxy Form
- Ecommunication invitation form for shareholders to complete
- Annual Report

The Annual General Meeting will be held on Monday 30 November 2015 at NuSep's office at 30 Richmond Road, Homebush, NSW 2140 commencing at 11.00am (Sydney time).

Copies of the Notice of Annual General Meeting, Proxy Form and Ecommunication invitation form are attached. The NuSep Annual Report was lodged with ASX on 30 September 2015.

### **For further information please contact:**

Alison Coutts  
Executive Chairman  
+61 2 8415 7300  
alison.coutts@nusep.com

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**NUSEP HOLDINGS LIMITED**

**ACN 120 047 556**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TAKE NOTICE** that the Annual General Meeting of Shareholders of the Company will be held at the time, date and place specified below:

**Time: 11.00am (AEDT)**

**Date: Monday, 30 November 2015**

**Place: 30 Richmond Road, Homebush, NSW 2140**

# AGENDA

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## ORDINARY BUSINESS

### Financial Statements and Reports

To receive the Financial Statements, Directors' Report and Auditor's Report for the Company and its controlled entities for the year ended 30 June 2015.

#### 1. Resolution 1: Adoption of the Remuneration Report

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To consider, and if thought fit, to pass the following as an ordinary resolution:

*"That the Company adopt the Remuneration Report for the year ended 30 June 2015 in accordance with Section 250R(2) of the Corporations Act."*

*Note: This resolution is advisory only and does not bind the Company or the Directors.*

##### Voting Exclusion Statement:

*In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of any such member may vote on Resolution 1.*

*However, in accordance with the Corporations Act, a person described above may vote on Resolution 1 if:*

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or*
- it is cast by the Chair of the Meeting as proxy for a person who is permitted to vote, in accordance with an express direction specified on the proxy form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.*

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of Resolution 1.*

#### 2. Resolution 2: Change of Company Name

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To consider, and if thought fit, to pass the following as a **special** resolution:

*"That, in accordance with section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed from Nusep Holdings Limited to Memphasys Limited."*

#### 3. Resolution 3: Amendment and approval of the Employee Share Option Plan

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To consider and, if thought fit, to pass the following as an ordinary resolution:

*"That the Company's Employee Share Option Plan (**Plan**), the rules of which are summarised in Explanatory Memorandum to this Notice of General Meeting, be:*

- (a) amended as necessary to give effect to the summary of proposed changes set out on page 9 of the Explanatory Memorandum; and*
- (b) approved for all purposes, including as set out in the Explanatory Memorandum:*
  - (i) for the purpose of section 260C(4) of the Corporations Act;*
  - (ii) for the purpose of section 259B(2) of the Corporations Act; and*
  - (iii) for the purpose of ASX Listing Rule 7.2 Exception 9 as an exception to ASX Listing Rule 7.1.*

##### Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the Directors of the Company and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the KMP of the Company or the Group; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to vote undirected proxies as the Chair sees fit even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP of the Company.

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 3, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of Resolution 3.*

#### **4. Resolution 4: Grant of Long Term Incentives to the Executive Chairman**

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To consider, and if thought fit, to pass the following as an ordinary resolution:

*“That the grant to Ms Alison Coutts, Executive Chairman of the Company, of 12 million Options, the terms of which are summarised on pages 11 to 14 of the Explanatory Memorandum and pursuant to the terms of the Employee Share Option Plan as amended by Resolution 3 is approved for all purposes, including for the purpose of ASX Listing Rule 10.14.*

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on Resolution 4 by, or on behalf of:*

- Alison Coutts;
- any associate of Alison Coutts; and
- any member of the KMP of the Company or the Group at the date of the meeting (and their Closely Related Parties) acting as proxy.

*However, the Company will not disregard a vote if:*

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 4, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of Resolution 4.*

#### **5. Resolution 5: Re-election of Director – Ms Alison Coutts**

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Ms Alison Coutts retires as a Director and, being eligible, she offers herself for re-election.

To consider, and if thought fit, to pass the following as an ordinary resolution:

*“That, Ms Alison Coutts, who retires and who offers herself for re-election, be re-elected as a Director of the Company.”*

#### **6. Resolution 6: Approval of 10% Placement Facility**

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To consider, and if thought fit, to pass the following as a **special** resolution:

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

*The Company will disregard any votes cast on Resolution 6 by a person, or any associate of that person, who may participate in the proposed issue under the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 6 is passed.*

*However, the Company will not disregard a vote if:*

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 6, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of Resolution 6.*

## **7. Resolution 7: Spill Resolution (if required)**

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**Note** – this Resolution will only be voted on if the outcome of Resolution 1 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report.

To consider, and if thought fit, to pass the following as an ordinary resolution:

*“That:*

- a) a general meeting of the Company (Spill Meeting) be held within 90 days of the 2015 Annual General Meeting; and*
- b) all the Company’s Directors who were Directors when the resolution to make the directors’ report considered at this meeting was passed cease to hold office immediately before the end of the Spill Meeting; and*
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above must be put to the vote at the Spill Meeting.”*

**Voting Exclusion Statement:**

*In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of such a member may vote on Resolution 7.*

*However, in accordance with the Corporations Act, a person described above may vote on Resolution 7 if:*

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or*
- it is cast by the Chair of the Meeting as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.*

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 7, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, against Resolution 7.*

## **8. Resolution 8: Issue of Shares to Alison Coutts in lieu of cash payments for part of her future remuneration**

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To consider, and if thought fit, to pass the following as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue the equivalent of up to \$135,000 in Shares to Ms Alison Coutts, the Executive Chairman of the Company, or her nominee, on the terms and conditions set out in the Explanatory Memorandum.”*

## **9. Resolution 9: Issue of Shares to Andrew Goodall in lieu of cash payments for future Director's fees**

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To consider, and if thought fit, to pass the following as an ordinary resolution

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue the equivalent of up to \$50,000 in Shares to Mr Andrew Goodall, a Non-Executive Director, or his nominee, on the terms and conditions set out in the Explanatory Memorandum.”*

## **10. Resolution 10: Issue of Shares to Mark Gell in lieu of cash payments for past and future Director's fees**

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To consider, and if thought fit, to pass the following as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue the equivalent of up to \$83,333 in Shares to Mr Mark Gell, a Non-Executive Director, or his nominee, on the terms and conditions set out in the Explanatory Memorandum.”*

**11. Resolution 11: Issue of Shares to Michael Graham in lieu of cash payments for past and future Director's fees**

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To consider, and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue the equivalent of up to \$83,333 in Shares to Mr Michael Graham, a Non-Executive Director, or his nominee, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statements - Resolutions 8, 9, 10 and 11**

*The Company will disregard any votes cast on Resolutions 8, 9, 10 and 11 by, or on behalf of:*

- *the person named in the relevant Resolution;*
- *any associate of the person named in the relevant Resolution; and*
- *any member of the KMP of the Company or the Group at the date of the meeting (and their Closely Related Parties) acting as proxy.*

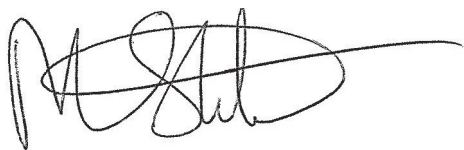
*However, the Company will not disregard a vote if:*

- *it is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form, or*
- *it is cast by the Chair of the Meeting as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.*

*If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on any of Resolutions 8, 9, 10 and 11, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of that Resolution.*

Dated 28 October 2015

By Order of the Board

A handwritten signature in black ink, appearing to read 'Mark Studd', with a long horizontal line extending to the right.

Mark Studd  
Company Secretary

## NOTES

### 1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

### 2. Who may vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company (as convenor of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 11.00am on 28 November 2015. This means that any Shareholder registered at 11.00am on 28 November 2015 is entitled to attend and vote at the Meeting.

### 3. Proxies

A Shareholder entitled to attend this Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- (a) A proxy need not be a Shareholder.
- (b) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- (c) If the Shareholder appoints only one proxy, that proxy is entitled to vote on a show of hands. If a Shareholder appoints two proxies, only one proxy is entitled to vote on a show of hands.
- (d) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- (e) A Proxy Form accompanies this Notice.
- (f) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting (subject to any applicable voting exclusions).
- (g) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with the Company.
- (h) If a Shareholder's appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the chair of the Meeting.
- (i) Any directed proxy appointments in favour of a person other than the chair of the Meeting that are not voted on a poll at the Meeting will automatically default to the chair, who is required to vote proxies as directed on the poll (subject to any applicable voting exclusions).
- (j) The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.
- (k) If any attorney or authorised officer signs the Proxy Form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Proxy Form.
- (l) The Proxy Form (together with any relevant authority) must be received by no later than 11.00 am on 28 November 2015 in one of the following 2 ways.
- (m) The completed Proxy Form may be:
  - Mailed to the address on the Proxy Form; or
  - Faxed to NuSep Holdings Limited, Attention Company Secretary, on facsimile number +61 2 9290 9655.

#### **4. Corporate Representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority must be sent to the Company and/or registry at least 24 hours in advance of the Meeting.



## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of NuSep Holdings Limited (**Company**) to be held at 11.00 am on Monday, 30 November 2015 at NuSep's offices at 30 Richmond Road, Homebush, NSW 2140.

This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed resolutions. Both documents should be read in their entirety and in conjunction with each other.

### **Resolution 1: Adoption of the Remuneration Report**

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The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ended 30 June 2015.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

#### **Voting consequences**

Under the Corporations Act, if at least 25% of the votes cast on a Remuneration Report resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second annual general meeting (Spill Resolution).

At the 2014 AGM, over 25% of the votes cast were against the adoption of the Company's Remuneration Report for the year ended 30 June 2014.

At the Company's upcoming 2015 AGM, if less than 25% of the votes cast are against the adoption of the Remuneration Report, Resolution 7 (Spill Resolution) will not be required. If 25% or more of the votes cast are against the adoption of the Remuneration Report, Resolution 7 (Spill Resolution) will be required to be put to the 2015 AGM.

If more than 50% of the votes cast on the Spill Resolution are in favour, the Company must convene an extraordinary general meeting (Spill Meeting) within 90 days of the 2015 annual general meeting, that is on or before 29 February 2016. All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended 30 June 2015) was approved will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

#### **Voting Restrictions**

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- a) The Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with specific instructions on how to vote on a resolution to adopt the Remuneration Report of the Company; or
- b) the Chairman is appointed in writing (by a Shareholder who is not Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a

non-binding shareholder vote on remuneration, where the Shareholder provides express authorisation for the Chairman to do so.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

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## **Resolution 2: Change of Company Name**

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It is proposed to change the Company's name to "Memphasys Limited".

The new name describes the future direction of the Company and is a play on the words "Membranes", "Emphasis" and "Systems". The new emphasis is on membranes and innovative biological separation systems.

The Company will continue with its core separation technology using electrophoresis with membranes and will continue to develop its most advanced in-house product, SpermSep. The next generation SpermSep device will, however, include a new membrane with improved biocompatibility and manufacturing cost.

The proposed name change, which must be passed as a special resolution in order to be effective, will have no bearing on the rights and liabilities attaching to the Company's securities. A special resolution must be passed by at least 75% of the votes cast by Shareholders (either in person or by proxy, attorney or, in the case of a corporate shareholder, by a corporate representative) entitled to vote on the resolution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

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## **Resolution 3: Amendment and Approval of Employee Share Option Plan**

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The Board asks Shareholders to approve changes to the terms of the Company's Employee Option Plan (**Plan**) in order to update the Plan as a result of the changes in the taxation of employee share scheme interests (including options) in Division 83A of the Income Tax Assessment Act 1997 (Ct) which applied from 1 July 2015.

The Plan was last approved by Shareholders at the Company's Annual General Meeting held on 19 December 2014.

### Proposed Amendments to Plan Rules

The proposed amendments to the Plan Rules are as follows:

- the exclusion of Non-Executive Directors as eligible participants under the Plan (definition of "Eligible Participant" in clause 2.1))
- the maximum exercise period for Options issued under the Plan has been extended from 7 years to 15 years (clause 13.1(a)); and
- a standard statement relating to the tax deferred treatment of the Plan has been added (as clause 2.4)

### Summary of Amended Plan Rules

This is a summary of the proposed amended terms of the Plan. Shareholders may request a copy of the Plan Rules by writing to the Company Secretary.

All eligible employees of the Company or any of its subsidiaries, or their associate, may participate, upon invitation of the Board.

Subject to the discretion of the Board, eligible employees or their associates may be granted Options over ordinary Shares in the Company. Any ordinary Shares acquired through exercise of Options, will be restricted from trading as determined by the Board.

The Board may determine the terms of issue of any Options issued. The terms of issue may include:

- The number of Options;
- The exercise price;
- The exercise period;

- The expiry date;
- The details of any loan advanced by the Company to an offeree for the acquisition of the Shares;
- Vesting conditions (including performance requirements and service tenure);
- Determining eligibility to participate; and
- Other conditions it may choose to impose.

The specific terms may also include performance hurdles, which may stipulate that some or all of the granted Options may lapse in certain specified circumstances.

If employees leave the Company for any reason, the Plan determines whether they leave as a Good Leaver or a Bad Leaver.

The directors may accelerate the exercise date of any Options and determine that outstanding Options will lapse at that time or upon the occurrence of a specified event.

Participants may exercise their Options when their specific Options become exercisable in accordance with their terms of issue.

On any capital reorganisation of the Company prior to the exercise of the then outstanding Options, the terms of such Options are to be reconstructed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Where an entity announcing its intention to make an offer to acquire the shares in the Company under Part 6.3 or 6.4 of the Corporations Act the Board may determine in its absolute discretion that a relevant Exercise Condition has been met or waived.

On the exercise of Options, the Company will either issue, in the name of the Participant, and/or purchase on market for the holder, the number of Shares required by the terms of the exercise, plus an additional number of such Shares equal to the number of Shares which the holder would have received in any bonus issue (if the Options had been exercised before the record date for the bonus issue).

The Plan is not a contract of employment and confers no rights on termination of employment or otherwise that is not expressly set out.

The Plan is administered by the Board, which has the power to determine any questions regarding the Plan, and to amend it subject to any requirements of the Corporations Act 2001 or the Listing Rules of the ASX. The Board may terminate the Plan at any time.

If a Participant ceases employment with the Company, then the retention of the Options granted to that Participant will be determined by whether the Participant is a Good Leaver or a Bad Leaver.

#### Shareholder approval

Shareholder approval by ordinary resolution is sought for the implementation of the Plan (as proposed to be amended as set out above) in compliance with the following laws and regulations.

- **Exemption for financial assistance:** Section 260C(4) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the special exemption from the prohibition on a company financially assisting the acquisition of Shares in itself under s 260A of the Act. In this case, the proposed loan to Participants to fund the acquisition of ordinary Shares constitutes financial assistance. The special exemption is available where the assistance is given under an employee share scheme that has been approved at a general meeting of the company.
- **Exemption for security over own Shares:** Section 259B(2) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the exemption from the prohibition on a company taking security over Shares in itself under s 259B(1) of the Act. In this case, the proposed mortgage over the ordinary Shares issued to Participants constitutes such a security. The exemption is available where the security is taken under an employee share scheme that has been approved at a general meeting of the company.
- **Exemption for >15% issue of capital:** ASX Listing Rule 7.1 requires shareholder approval by ordinary resolution for an issue of equity securities if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period. However, ASX Listing Rule 7.2 Exception 9 provides that an issue under an employee incentive scheme (such as the Plan) is exempted from the 15% limit if shareholders approve the issue of securities under an

employee incentive scheme as an exception to Listing Rule 7.1 no more than three years before the date of issue.

- **ASX Listing Rule 7.2 Exception 9** also requires shareholders to be informed of the number of securities issued under the relevant employee incentive scheme since the date of the last approval. Accordingly, 3,600,000 Options were issued last year pursuant to the Plan but are to be cancelled because their exercise price of \$0.1015 per Share is significantly above the prevailing price and the Options were issued under a prior taxation regime which did not align the interests of shareholders and employees granted Options. At the time of this Notice, only Ms Alison Coutts was issued Options under the Plan and while the Options have been issued they have not vested. Apart from the 3,600,000 Options issued (but not vested) to Ms Alison Coutts, there are no other Options under the Plan outstanding.
- **Exemption for retirement benefits:** Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the special provisions of s 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company. Section 200E(2) requires that the details of the benefit, the manner of calculation of the value of that benefit, and any relevant factors likely to affect that value be set out in this notice of meeting.

In this case, the details of benefits which may accrue to Participants upon retirement and relevant factors affecting the value of those benefits are described above. These include:

- the lifting of trading restrictions on ordinary Shares acquired by Participants under the Plan;
- the acceleration, at the Board's discretion, of the vesting of any unvested Options remaining at the time of a Participant's retirement; and
- the treatment, at the Board's discretion, of any Participant who would otherwise be classified as a Bad Leaver as a Good Leaver.

Where the vesting of unvested Options is accelerated, the value of the benefit will be calculated by reference to the value of the Options which would otherwise have been forfeited by the relevant Participant. Where any Participant is reclassified as a Good Leaver rather than a Bad Leaver, the value of the benefit will be calculated by reference to the value of all vested and unvested Options which have not yet been exercised and would otherwise have been forfeited by that Participant at the time of retirement.

The Board regards the above exemptions as correct and appropriate to the implementation of the Plan.

#### **Resolution 4: Grant of Long Term Incentives to the Executive Chairman**

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ASX Listing Rule 10.14 prohibits the acquisition of securities (which includes options to acquire ordinary shares) by a director (or an associate of the director) under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition. The Plan is an employee incentive scheme within the meaning of this Listing Rule.

Accordingly, under Resolution 4, Shareholders are asked to approve the grant of long term incentives consisting of Options to acquire Shares under the Plan to Ms Alison Coutts, the Executive Chairman (and a Director) of the Company. Ms Coutts was appointed Executive Chairman on 29 November 2013, and has been an executive Director of the Company since 29 November 2013.

The Board proposes that the Company offer Ms Alison Coutts a grant of 12 million Options under the Plan in three (3) equal tranches, each with an exercise price of 150% (1.5 times) the VWAP calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the date of the AGM on 30 November 2015.

All of these Options will be granted as soon as practicable after 30 November 2015 and, subject to the applicable exercise conditions being met, will then vest in equal instalments as described below. These Options will be non-transferable.

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Term	Description
Total Number of Options:	12,000,000 (comprised of three tranches of 4,000,000 Options each)

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Conversion:	On exercise, each Option gives the holder the right to be issued one Share.
Exercise price:	150% (1.5 times) the VWAP calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the date of the AGM on 30 November 2015, per Option.
Vesting dates:	Subject to any applicable exercise conditions being met, the Options will vest as follows: <ul style="list-style-type: none"> <li>• 4,000,000 Options on 30 November 2015 (<b>Tranche 1</b>);</li> <li>• 4,000,000 Options on 30 November 2016 (<b>Tranche 2</b>); and</li> <li>• 4,000,000 Options on 30 November 2017 (<b>Tranche 3</b>).</li> </ul>
Exercise conditions:	Ms Alison Coutts remaining as an employee of the Group as at the applicable vesting date.
Expiry:	Options expire as follows: <ul style="list-style-type: none"> <li>• 4,000,000 Options expire on 5 December 2020;</li> <li>• 4,000,000 Options expire on 5 December 2021; and</li> <li>• 4,000,000 Options expire on 5 December 2022.</li> </ul>
Forfeiture:	Unvested Options are automatically forfeited if holder is a Bad Leaver
Dividends & distributions:	No dividend or distribution rights.
Reconstruction:	Options will be reconstructed to reflect any split, consolidation or other adjustment to underlying ordinary Shares (eg. as a result of a reduction in capital), in compliance with the relevant provisions of the ASX Listing Rules including Listing Rule 7.22.
Valuation:	<p>In accordance with Accounting Standard AASB 2 "Share Based payments", the Board has made an estimate of what the fair value of the Options proposed to be issued to Ms Alison Coutts might be should they be granted.</p> <p>The valuation did not consider the exercise conditions that must be met in order for the Options to vest.</p> <p>The valuation may therefore change when these factors are taken into account. Key assumptions used in the valuation were as follows:</p>

	Tranche 1	Tranche 2	Tranche 3
Estimated Fair Value per Option (average):	\$0.0205	\$0.0225	\$0.0243
Valuation Assumptions (as at 16 October 2015)			
Risk Free Rate (weighted average)	2.0%	Derived from the Interest Rates Swaps and Treasury Bond Rates of appropriate term, as at the valuation date.	
Stock Volatility (weighted average)	75%	Based on the median rolling historical standard deviation for four years to June 2015 for listed Australian pharmaceutical, biotechnology and life sciences companies using monthly closing share prices.	
Share price	\$0.038	The closing NSP share price on 16 October 2015.	
Exercise Price	\$0.057	150% (1.5 times) the closing NSP share price on 16 October 2015.	
Dividend Yield	0%	Annualised Dividend Yield on historical dividends paid during the 60 months prior to the valuation date.	
Expected Life of each Option (Number of days: weighted average)	1,825		

#### ASX Listing Rules information

In accordance with ASX Listing Rule 10.15, the following additional information in relation to the proposed issue of the Options to Ms Coutts under Resolution 4 is provided:

- **(issue price):** the Options will be issued for nil cash consideration.

- **(prior issues):** Ms Coutts was issued 3,600,000 Options under the Plan on 22 December 2014. This issue was approved by Shareholders at the Company's Annual General Meeting held on 19 December 2014. These Options were issued in 3 equal tranches of 1,200,000 Options expiring on 5 December 2015, 5 December 2016 and 5 December 2017 respectively. All these Options were issued for nil cash consideration with an exercise price of \$0.1015 per Option. As noted in the Explanatory Memorandum relating to Resolution 3, these Options will be cancelled. No other person referred to in ASX Listing Rule 10.14 has been issued Options under the Plan since the last approval to the issue of Options to Ms Coutts under ASX Listing Rule 10.14 at the 2014 AGM.
- **(eligible participants):** Ms Coutts (and her associates) are the only persons referred to in ASX Listing Rule 10.14 eligible to participate in the Plan (subject to the approval of Shareholders under ASX Listing Rule 10.14).
- **(loan):** no loan will be made by the Company in connection with the grant of the Options.
- **(issue date):** the Options will be issued on, or as soon as practicable after, 30 November 2015 and, in any event, no later than 12 months after the date of the Annual General Meeting.

Under ASX Listing Rule 7.2, Exception 14, if Shareholder approval to the issue of the Options is obtained under ASX Listing Rule 10.14, Shareholder approval under ASX Listing Rule 7.1 is not required. This means that the Options will not be counted as reducing the number of Equity Securities which may be issued without Shareholder approval under the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

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#### **Resolution 5: Re-election of Ms Alison Coutts**

In accordance with the ASX Listing Rules, the Company must hold an election of Directors at each Annual General Meeting. Ms Alison Coutts retires and, being eligible, wishes to stand for re-election in accordance with article 64 of the Company's Constitution.

Ms Coutts is Executive Chair of the Company and was appointed a director of NuSep effective November 2013. Ms Coutts has extensive experience across a number of industry sectors and disciplines. This includes international engineering project management, strategy consulting, executive search, stockbroking and technology commercialisation.

Ms Coutts is formerly Chair of CSIRO's Health Sector Advisory Council. In addition she has co-founded two successful life science companies: a clinical stage drug development company and a medical device company. Most recently Ms Coutts has been the executive chairman of NuSep Holdings Ltd.

Ms Coutts is also a non-executive director of DataDot Technology (ASX: DDT) and Lanka Graphite (ASX: LGR).

Ms Alison Coutts has a Chemical Engineering degree and a Graduate Diploma in Biotechnology from the University of Melbourne and an MBA from Melbourne Business School.

The Directors unanimously (with Ms Coutts abstaining) recommend that the Shareholders vote in favour of the Resolution.

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#### **Resolution 6: Approval of 10% Placement Facility**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Directors of the Company believe that the Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## Description of Listing Rule 7.1A

### **a) Shareholder approval:**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

### **b) Equity Securities:**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The classes of equity security of the Company at the date of the Notice are ordinary Shares and unlisted Options.

### **c) Formula for calculating 10% Placement Facility:**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is:

- the number of Shares on issue 12 months before the date of issue or agreement to issue;
- plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- less the number of Shares cancelled in the 12 months.

Note, that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

### **d) Listing Rule 7.1 and Listing Rule 7.1A:**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 247,493,046 Shares. At present, the Company has a capacity to issue a remaining 37,123,956 Equity Securities under Listing Rule 7.1.

### **e) Minimum Issue Price:**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### **f) 10% Placement Period:**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (10% Placement Period).

#### Listing Rule 7.1A

The effect of the Resolution will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

The Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in the relevant class were recorded immediately before:
- the date on which the price at which the Equity Securities are to be issued is agreed; or
  - if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If the Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date Shareholders provide their approval at the Annual General Meeting; and
  - the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue to all Shareholders) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' Meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable A in Listing Rule 7.1.A.2		Dilution		
		0.019 50% decrease in Issue Price	0.038 Issue Price	0.076 100% increase in Issue Price
Current Variable A 247,493,046 Shares	10% Voting Dilution	24,749,305	24,749,305	24,749,305
	Funds Raised	\$470,237	\$940,474	\$1,880,947
50% increase in current Variable A 371,239,569 Shares	10% Voting Dilution	37,123,957	37,123,957	37,123,957
	Funds Raised	\$705,355	\$1,410,710	\$2,821,421
100% increase in current Variable A 494,986,092 Shares	10% Voting Dilution	49,498,609	49,498,609	49,498,609
	Funds Raised	\$940,474	\$1,880,947	\$3,761,894



The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (b) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (c) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- (d) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement capacity under Listing Rule 7.1.
- (e) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (f) The issue price is \$0.038, being the closing price of the Shares on ASX on 19 October 2015.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under the Resolution for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - i. non-cash consideration for the acquisition of the new business assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new business assets or investments (including expenses associated with such acquisition) and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issues in which existing Shareholders can participate;
- ii. the effect the issue of the Equity Securities might have on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

If the Company were to acquire an asset or investment in exchange for Shares, it is likely that the allottee under the 10% Placement Facility would be the vendor of the asset or investment.

- (f) Shareholder approval under Listing Rule 7.1A was sought for the first time at the 2014 Annual General Meeting but was not approved by shareholders.
- (g) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

## Resolution 7: Spill Resolution (if required)

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**Note – this Resolution will only be voted on if the outcome of Resolution 1 is such that at least 25% of the votes cast are against the adoption of the Remuneration Report.**

As set out above in the Explanatory Memorandum relating to Resolution 1, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report, the Company is required to put this Resolution to the 2015 AGM.

If more than 50% of votes that are cast are voted in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (Spill Meeting) within 90 days of the 2015 AGM. All of the Directors who were in office when the 2015 Directors' Report was approved would cease to hold office and resolutions to appoint or re-appoint directors to the vacated offices would be put to the Spill Meeting.

If the Spill Resolution is passed, Shareholders should note that each of the Directors intends to stand for re-election at the Spill Meeting. Shareholders should also note that there are no voting restrictions for the Spill Meeting and Directors have advised that they (and their associated entities) will vote their shares to re-elect each relevant Director.

In the event that this conditional resolution is put to shareholders, the Directors recommend that Shareholders vote against Resolution 7.

## Resolutions 8 , 9 , 10 and 11 - Issue of Shares to Directors in lieu of cash payments for past and future Director's fees and remuneration (as applicable)

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### 8.1 Background

With a view to conserving the Company's cash reserves, each of the current Directors wishes to have the opportunity to elect to have all or part of their Director's fees or remuneration (as applicable) for the period 1 November 2015 through to 31 October 2016 (**Term**) paid through the issue of Shares in lieu of cash payments (**Future Remuneration Shares**).

In the case of Ms Alison Coutts, the Executive Chairman of the Company, it is proposed that this opportunity apply to up to 50% of her annual base salary payable during the Term (which is assumed to be the same as her annual base salary of \$270,000 for the financial year ended 30 June 2015). In the case of each of the 3 current Non-Executive Directors, namely Messrs Andrew Goodall, Mark Gell and Michael Graham, it is proposed that this opportunity apply to up to 100% of their Directors' fees payable during the Term (which are assumed to be the same as their current annual fees of \$50,000).

In addition, it is proposed that Mark Gell and Michael Graham be given the opportunity to elect to have their accrued but unpaid Director's fees as at 30 November 2015 (**Outstanding Fees**) paid through the issue of Shares in lieu of cash payments (**Accrued Remuneration Shares**).

### 8.2 Maximum number of Remuneration Shares and issue prices

#### 8.2.1 Future Remuneration Shares

The maximum number of Future Remuneration Shares which Alison Coutts may elect to take up will be \$135,000, being 50% of her annual base salary for the financial year ended 30 June 2015, divided by the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the end of the month during which her base salary was accrued.

The maximum number of Future Remuneration Shares which each of the Non-Executive Directors may elect to take up will be the number equal to \$50,000 each, being 100% of their current annual Director's fees, divided by the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the end of the month during which those fees were accrued.

### **8.2.2 Accrued Remuneration Shares**

The maximum number of Accrued Remuneration Shares which Mark Gell may elect to take up will be the total of his accrued but unpaid Director's fees as at 30 November 2015 (\$33,333.36) divided by the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the date of the Meeting on 30 November 2015.

The maximum number of Accrued Remuneration Shares which Michael Graham may elect to take up will be the total of his accrued but unpaid Director's fees as at 30 November 2015 (\$33,333.36) divided by the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the date of the Meeting on 30 November 2015.

## **8.3 Issue dates**

### **8.3.1 Future Remuneration Shares**

If a Director elects to be issued Future Remuneration Shares in relation to any month during the Term, they must do so not later than 10 Business Days after the end of the month. If an election is made, the relevant Future Remuneration Shares will be issued within a further 5 Business Days after the end of that month (**Monthly Issue Date**). This means that all Future Remuneration Shares (if any) will be issued within 12 months after the date of the Meeting.

### **8.3.2 Accrued Remuneration Shares**

If Mark Gell and/or Michael Graham elect to be issued Accrued Remuneration Shares for past unpaid director fees, they must do so not later 10 Business Days after the date of the Meeting. If they make that election, the relevant Accrued Remuneration Shares will be issued within a further 5 Business Days after the date of the Meeting but, in any event, not later than one month after the date of the Meeting.

## **8.4 Requirement for Shareholder approval**

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue shares (or other securities) to a related party of the Company without the approval of shareholders. For the purposes of ASX Listing Rule 10.11, the Directors are related parties of the Company.

Under ASX Listing Rule 10.13, securities approved for issue under ASX Listing Rule 10.11 must be issued not more than one month after the date of shareholder approval and must be issued at a fixed price. Accordingly, the Company has sought a waiver from ASX to ASX Listing Rules 10.13.3 and 10.13.5 to the extent necessary to permit:

- (a) the issue of the Future Remuneration Shares later than one month after the shareholder approval for the issue but within 12 months of the date of that shareholder approval;
- (b) to determine the issue price of the Future Remuneration Shares based on the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the end of the month during which the fees or remuneration were accrued; and
- (c) to determine the issue price of the Accrued Remuneration Shares based on the VWAP of the Shares calculated over the 15 Trading Days on which trades in Shares were recorded on the ASX immediately before the date of the Meeting on 30 November 2015.

If these waivers are not granted by ASX before the Meeting, Resolutions 8, 9, 10 and 11 will not be put to the Meeting.

## 8.5 Technical information required by ASX Listing Rule 10.13 and other additional information

For the purposes of Shareholder approval the following information is provided in relation to the proposed issue of Future Remuneration Shares and/or Accrued Remuneration Shares (together **Remuneration Shares**) under Resolutions 8, 9, 10 and 11.

Maximum value and number of Future Remuneration Shares	The maximum value of Future Remuneration Shares which may be issued to each Director will be in accordance with this table:				
	Director	Maximum value of Future Remuneration Shares which may be issued on each Monthly Issue Date		Maximum value of Future Remuneration Shares which may be issued in respect of the Term	
	Alison Coutts	\$11,250.00		\$135,000	
	Andrew Goodall	\$4,166.66		\$50,000	
	Mark Gell	\$4,166.66		\$50,000	
	Michael Graham	\$4,166.66		\$50,000	
	Total	\$23,750.00		\$285,000	
	The maximum number of Future Remuneration Shares which may be issued on each Monthly Issue Date will be calculated by dividing the values in column 2 in the table above by the relevant issue price for Future Remuneration Shares calculated on the basis specified in section 8.2.1 above.				
Maximum value and number of Accrued Remuneration Shares	As set out in section 8.2.2 above.				
Issue dates	As set out in section 8.3 above.				
Issue price of Remuneration Shares	As set out in section 8.2 above.  Any fractions of Shares resulting from the calculation of the number of Remuneration Shares to be issued will be rounded down to the nearest whole number.				
Terms of issue	The Remuneration Shares will rank equally with all other Shares on issue as from the date on which they are issued.				
Intended use of funds raised	No funds will be raised from the issue of the Remuneration Shares because the issue forms part of the past or future Director's fees or remuneration of the Directors (as the case may be).				
Current interests in securities of the Company	Director	Number of Shares		Number of Options	
		Direct	Indirect	Direct	Indirect
	Alison Coutts	4,466,808	1,400,000	3,600,000	Nil
	Andrew Goodall	43,011,875	45,526,386	6,325,000	300,000
	Mark Gell	1,000,000	Nil	Nil	Nil
	Michael Graham	Nil	Nil	Nil	Nil

Potential dilution factor	The table below sets out the potential number of Remuneration Shares which may be issued and corresponding potential for dilution based on different assumed VWAPs:				
			Hypothetical number of Shares to be issued based on VWAP of:		
	Director	Maximum value of Remuneration Shares which may be issued	\$0.025	\$0.038 (closing share price on 19 October 2015)	\$0.040
	Alison Coutts	\$135,000	5,400,000	3,552,632	3,375,000
	Andrew Goodall	\$50,000	2,000,000	1,315,789	1,250,000
	Mark Gell	\$83,333	3,333,320	2,192,974	2,083,325
	Michael Graham	\$83,333	3,333,320	2,192.974	2,083,325
	TOTAL	\$351,666	14,066,640	9,254,368	8,971,650
	DILUTION BASED ON CURRENT ISSUED SHARE CAPITAL (NON-DILUTED)		5.68%	3.74%	3.62%
Trading history of Shares	The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:				
		Price		Date	
	Highest	8.0 cents		19 Dec 2014	
	Lowest	2.1 cents		10 Sept 2015	
	Last	3.8 cents		16 Oct 2015	
No opportunities or benefits foregone	There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Remuneration Shares on the terms proposed. As noted above, the issue of the Remuneration Shares in lieu of cash payments to Directors for their past and future Director's fees or remuneration (as applicable) will conserve the cash reserves of the Company.				
Primary purpose of issue of Remuneration Shares	The primary purpose of the issue of the Remuneration Shares is not to raise capital, but to substitute outstanding but unpaid past and future Director's fees and remuneration (as applicable) with Shares to the extent the Directors elect to do so. This will result in a corresponding reduction in the Company's current and future liabilities for these amounts.				
Voting Exclusion Statement	A voting exclusion statement in respect of each of Resolutions 8, 9, 10 and 11 is included in the Notice.				

#### ASX Listing Rule 7.1

Approval under ASX Listing Rule 7.1 is not required in order to issue the Remuneration Shares as approval is being sought under ASX Listing Rule 10.11. Accordingly, the issue of the Remuneration Shares will be included in the 15% calculation of the Company's annual placement capacity under ASX Listing Rule 7.1.

#### 8.6 Corporations Act requirement

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give financial benefit to a related party (unless an exception applies). The Directors are related parties within the meaning of Chapter 2E of the Corporations Act.

One of the exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act applies where the financial benefit constitutes part of the related party's "reasonable remuneration". As the proposal effectively replaces Directors' fees and remuneration (as applicable) that would otherwise be payable in cash to each Director, the Board considers that the issue of the Remuneration Shares constitutes part of each Director's reasonable remuneration. Accordingly, Shareholder approval under Chapter 2E is not being sought.

## 8.7 **Directors' recommendation**

Each Director abstains from providing a recommendation in respect of the Resolution that proposes to issue Remuneration Shares to him or her.

For the reasons set out above (including that the proposed Resolutions conserve the Company's existing cash reserves), each remaining Director recommends Shareholders approve the issue of Remuneration Shares to the named Director (or their nominee).

## DEFINITIONS

Throughout this Explanatory Memorandum the following various words and phrases are capitalised and the definitions of these capitalised words and phrases are set out below:

"**Annual General Meeting**" means the meeting convened by the Notice of Meeting;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means ASX Limited (ACN 008 624 691);

"**ASX Listing Rules**" or "**Listing Rules**" means the Official Listing Rules of the ASX;

"**Board**" means the board of Directors of the Company;

"**Chairman**" means chairman of the annual general meeting;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependant of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporation Regulations

"**Company**" or "**NSP**" means NuSep Holdings Limited ACN 120 047 556;

"**Constitution**" means the Company's constitution;

"**Corporations Act**" means the *Corporations Act 2001* (Cth);

"**Corporations Regulations**" means the *Corporations Regulations 2001* (Cth)

"**Directors**" means the current Directors of the Company;

"**Equity Securities**" has the meaning given to that term in the Listing Rules;

"**Explanatory Memorandum**" means this Explanatory Memorandum as modified or varied by any supplementary Memorandum issued by the Company from time to time;

"**Group**" means the Company and its controlled entities;

"**Key Management Personnel**" or "**KMP**" has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

"**NuSep**" means NuSep Holdings Limited ACN 120 047 556;

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting convened by this Notice;

"**Notice**" or "**Notice of Meeting**" means the notice convening the annual general meeting of the Company to be held on 30 November 2015 which accompanies this Explanatory Memorandum;

"**Option**" means an Option to acquire a Share;

"**Plan**" means the Company's Employee Share Option Plan;

"**Proxy Form**" means the proxy form that is enclosed with and forms part of this Notice;

"**Remuneration Report**" means the remuneration report set out in the Directors' Report section of the Company's Annual Financial Report for the year ended 30 June 2015.

"**Resolution**" means a resolution in the form proposed in the Notice of Meeting;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a registered holder of a Share in the Company;

"**Trading Day**" means a day determined by ASX to be a trading day and notified to market participants.

"**VWAP**" means, in relation to a particular period, the volume weighted average sale price of Shares sold on the ASX over that period, excluding "block trades", "large portfolio trades", "permitted trades during the pre-trading hours period", "permitted trades during the post-hours trading period", "out of hours trades" (each of

those expressions has the same meaning as in the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011) and exchange traded option exercises.





#### All Correspondence to:

 **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

 **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Saturday 28 November 2015.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.


**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.


**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**


#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (AEDT) on Saturday 28 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

 **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Nusep Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Nusep Holdings, 30 Richmond Road, Homebush, NSW, 2140 on Monday, 30 November 2015 at 11:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3, 4, 7, 8, 9, 10 & 11 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 3, 4, 7, 8, 9, 10 & 11 are connected with the remuneration of a member of the key management personnel for the Company.

**The Chair of the Meeting will vote all undirected proxies in FAVOUR of all Items of business with the exception of Resolution 7, which the Chair will vote AGAINST.**

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*		<b>The Directors recommend you vote AGAINST Resolution 7</b>	FOR	AGAINST	ABSTAIN*
<b>Res 1</b>	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 7</b>	Contingent Resolution- Holding a Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 2</b>	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 8</b>	Issue of Shares to Alison Coutts in lieu of cash payments for part of her future remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Amendment and approval of the Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 9</b>	Issue of Shares to Andrew Goodall in lieu of cash payments for future Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Grant of Long Term Incentives to the Executive Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Issue of Shares to Mark Gell in lieu of cash payments for past and future Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	To re-elect Ms Alison Coutts as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Issue of Shares to Michael Graham in lieu of cash payments for past and future Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015

## eCommunication

FAST | EFFICIENT | EFFECTIVE



Dear Shareholder

All shareholders have the option of receiving all of their communications electronically.

The benefits to you, the environment and the Company include:

- Prompt and secure delivery of information
- Reduced consumption of paper and plastic wrapping
- Significant cost saving to the Company

If you do have internet access, we kindly ask that you please consider receiving all of your shareholder correspondence electronically by ticking the box and entering your email address below.

- ☐ **Yes, I would like to receive all of my Securityholder communications electronically as permitted by the Corporations Act 2001. I have provided my email address below.**
- ☐ **Yes, I would like to receive my Annual Report electronically. I have provided my email address below.**
- ☐ **Do not send me Annual Reports by post or electronically. I understand you are required to send me a notice of meeting and proxy form.**

Please enter your email address here:

NuSep may from time to time contact security holders to advise of special share offerings or more significant changes affecting the Company. If you do have access to a telephone and are agreeable, we kindly ask you to tick the box below and provide us with your telephone number. Your details will remain confidential.

- ☐ **Yes, I agree to being contacted by telephone or email from time to time in relation to special share offerings and more significant changes affecting the Company. My telephone number is below.**

Please enter your contact telephone number here:

(        ) Area Code

If you take no action then you will only continue to receive Securityholder communications required to be sent to you by law, via the post, to your registered address. Copies of the Company's Annual Report can be accessed at <http://www.nusep.com.au/investor-relations.php>.

If you wish to receive a hard copy of the Annual Report, or have any questions in relation to your holding or communication preferences please contact Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) or via email to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

NuSep is committed to maintaining the confidentiality of any information provided by security holders. The information will be used by the Company for business communication purposes only and will not be divulged to unrelated external parties.