



ASX Release

PROPOSED ENTITLEMENT ISSUE

Sydney Monday 15 February 2016

NuSep Holdings Limited(**ASX: NSP**) (the **Company**) is pleased to advise that it proposes to provide a non-renounceable pro-rata offer of approximately 284,617,002 New Shares on the basis of one (1) New Share for every one (1) Share held on the Record Date at an issue price of \$0.01 per New Share, together with one (1) free attaching Option exercisable at \$0.016 on or before 30 November 2016 (New Option) for every New Share subscribed for and issued, to raise up to approximately \$2.846 million before costs, based on the number of Shares on issue as at the date of the Prospectus for the Entitlement Offer.

The Entitlement Issue will be underwritten by Transocean Securities Pty Ltd.

The proceeds from the Entitlement Issue will be used for the settlement of debt and creditors, product development, payment of the costs of the Entitlement Issue and for working capital.

A prospectus is currently being prepared by the Company and the full details of the entitlement issue will be contained in that disclosure document.

The prospectus will also include offers of the following options which will be issued subject to shareholder approval:

- the offer of 37,123,956 new options at no additional cost to the placement investors under the placement completed on 14 January 2016 on the basis of one (1) new option for every one (1) share issued under the placement;
- the offer of 50 million options to Transocean Securities Pty Ltd ACN 009 230 120 (or its nominees) at no additional cost in part consideration for the underwriting services provided by the Underwriter in relation to the Entitlement Offer; and
- the offer of 20 million options to Dr Robert Gilmour (or his nominee) at no additional cost in part consideration for consultancy services provided by him to the Company.

We attach a copy of the Appendix 3B with respect to the Entitlement Offer.

For further information please contact:

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

NuSep Holdings Ltd

ABN

120 047 556

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (a) Fully paid ordinary shares
(b) free attaching unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) up to 284,617,002 fully paid ordinary shares
(b) up to 284,617,002 free attaching unlisted options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) fully paid ordinary shares rank equally with existing shares
(b) unlisted options with exercise price of 1.6 cents per new share, exercisable on or before 5.00pm, 30 November 2016. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(a) Yes (b) No. The underlying shares will rank equally with existing shares.</p>
5	Issue price or consideration	<p>(a) \$0.01 per share (b) Nil</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares and options the subject of this Appendix 3B are offered under a non-renounceable pro rata rights issue (Offer) announced to ASX today.</p> <p>The funds raised from the Offer will be used to:</p> <ul style="list-style-type: none"> • Settlement of debts and creditors; • Product development; • Working capital; • Payment of expenses of entitlement offer
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	30 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	37,123,956

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil				
6f	Number of +securities issued under an exception in rule 7.2	Nil				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	24,739,306				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	11 March 2016				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>(a) 569,234,004</td><td>ordinary shares</td></tr></table>	Number	+Class	(a) 569,234,004	ordinary shares
Number	+Class					
(a) 569,234,004	ordinary shares					

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<div>(b) 284,617,002</div> <div>Unlisted exercisable at \$0.016 cents per new share, exercisable on or before 5.00pm, 30 November 2016.</div> <div>2,000,000</div> <div>Unlisted exercisable at \$0.112 on or before 1 November 2016</div> <div>1,500,000</div> <div>Unlisted exercisable at \$0.112 on or before 1 November 2017</div> <div>1,200,000</div> <div>Unlisted exercisable at \$0.1015 on or before 5 December 2016</div> <div>1,200,000</div> <div>Unlisted exercisable at \$0.1015 on or before 5 December 2017</div>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	non-renounceable
13	Ratio in which the +securities will be offered	1:1
14	+Class of +securities to which the offer relates	<div>(a) Fully paid ordinary shares</div> <div>(b) Unlisted options</div>

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	19 February 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Everywhere except for Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	4 March 2016

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20	Names of any underwriters	Transocean Securities Pty Limited ABN 25 009 230 120
21	Amount of any underwriting fee or commission	The Company has agreed to pay the underwriter 6% of the gross proceeds raised under the Offer, 1% of the gross proceeds raised under the Offer as a co-ordination fee, a corporate advisory fee of \$45,000 and, subject to shareholder approval, issue to it 50 million unquoted Options exercisable at \$0.02 each (on or before the third anniversary of their issue date)
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	24 February 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	15 February 2016
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

+ See chapter 19 for defined terms.

30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 ⁺Issue date Around 11 March 2016

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 15/02/2016.....
(Director/~~Company secretary~~)

Print name: Alison Coutts.....

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⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	171,259,376
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	9,887,044 2,383,250 6,011,860 57,951,516
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	247,493,046

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	37,123,956
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	37,123,956
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	37,123,957
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	37,123,956
Total [“A” x 0.15] – “C”	1 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	247,493,046
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	24,739,305
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	0

⁺ See chapter 19 for defined terms.

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	24,739,305
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	24,739,305 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.