PROSPECTUS

For the offer of 20,000,000 Shares at an issue price of $0.20 each to raise a total of $4,000,000.

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of $0.20 each to raise up to a further $1,000,000 may be accepted.

The Closing Date of this Offer is 31 January 2011.

Anagen LIMITED

ACN 080 451 136

IMPORTANT INFORMATION

This Prospectus should be read in its entirety.

You should consider carefully the risk factors in Section 5 in light of your personal circumstances and seek professional advice before you decide whether to invest.

The Offer does not take into account your investment objectives, financial situation or particular needs.

The Shares offered by this Prospectus are highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 3 December 2010 and was lodged with the ASIC on that date. Neither the ASIC nor ASX or its officers take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (Expiry Date). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

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

Photographs in this Prospectus do not necessarily depict assets of the Company and are illustrative only.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.anagen.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

DIRECTORS

John Allen	Non-Executive Chairman
Tim Watts	Executive Director
Gary Lyons	Non-Executive Director
Michael Pedley	Non-Executive Director

COMPANY SECRETARY
Kent Hunter

REGISTERED OFFICE
46 Miguel Road
BIBRA LAKE WA 6163

CONTACT DETAILS
Website: www.anagen.com.au
Email: admin@anagen.com.au
Ph: (08) 9434 0038 Fax: (08) 9434 0011

IPO COMPLIANCE MANAGERS
Mining Corporate Pty Ltd
PO Box 1905
SUBIACO WA 6904

LEGAL ADVISORS TO THE COMPANY
Price Sierakowski
Level 24, 44 St Georges Terrace
PERTH WA 6000

INDEPENDENT TECHNICAL CONSULTANTS
UniQuest Pty Ltd
Consulting & Research
Level 7, GP South Building
Staff House Road
University of Queensland
Queensland 4072

INDEPENDENT PATENT ATTORNEYS
Wrays
Patent & Trademark Services
56 Ord Street
WEST PERTH WA 6005

INVESTIGATING ACCOUNTANTS
Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

SHARE REGISTRY*
Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009
Ph: (08) 9389 8033 Fax: (08) 9389 7871

AUDITORS
Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

* This party had no involvement in the preparation or issue of this Prospectus. Its name appears for information purposes only.

1.1 IMPORTANT NOTICE

Prospective investors should read this Prospectus in its entirety, including the Independent Technical Review of Bioclip in Section 6, the Independent Expert's Report on Patents in Section 7, the Investigating Accountants' Report in Section 8 and the Summary of Material Contracts in Section 9.

Neither Anagen Limited (**Anagen**) nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, or the performance of Anagen or the return on any investment. **An investment in the Company should be considered highly speculative**.

1.2 INVESTMENT HIGHLIGHTS

Business Activities

Anagen has obtained the global rights to and registered further developments to the BioClip system which consists of a product invented by Australian scientists that allows the removal of fleece from sheep as an alternative to mechanical shearing. The active ingredient is human epidermal growth factor (**EGF**), which is injected beneath the skin on the inner thigh of sheep in a slow release or gel formulation and gives sustained blood levels of EGF for 14 to 16 hours. The EGF produces a break or weakness in the wool fibre and approximately one (1) week later the break in the wool reaches the skin surface. The wool then either falls off (meat breeds) or is retained in a specially designed and patented net. After four (4) weeks, (allowing for sufficient wool re-growth to prevent sunburn or hypothermia) the net and wool captured are removed simply and easily and the fleece processed for marketing in the usual way.

It is Anagen's primary business objective to now produce and market this unique wool harvesting system as an alternative to conventional shearing. The BioClip system offers a proven alternative to traditional/manual sheep shearing via the combination of the two products – the gel injection, causing the natural break and shedding of the fleece and the patented fleece retention net.

Commercialisation

Historically, Anagen has been primarily focussed on research and development of the BioClip product. Whilst nominal sales volumes have been achieved, these were driven by a purely cash-flow perspective on a semi commercial basis to fund the research and development initiative.

Anagen is now moving towards full commercial operations and the Company is confident that the product re-launch is imminent. The Company believes it is well positioned to take advantage of the research and development success it has achieved to date, the strong international partnerships it has formed in areas of supply, distribution and funding, and the loyal shareholder support it receives from highly respected local investors.

The strength of Anagen's business plan is supported by its Global Distribution Agreement with Heiniger Limited (**Heiniger**) for the distribution of the BioClip product globally (refer Section 9 – Summary of Material Contracts). Heiniger has a strong and long established relationship with farmers, shearers and shearing contractors worldwide and specifically in Australia and New Zealand. The Company believes Heiniger's reputation in the industry will minimise resistance to the product which may arise from farmers with a long history of employing traditional shearing methods.

Key Commercial Drivers

Anagen believes BioClip will provide Australian wool producers with significant potential to achieve both on-farm benefits and down-stream wool processing benefits, including:

- efficiency and margin of shearing enterprise;
- ability to safely combine the BioClip injection with routine injections, minimising costs;
- superior fleece quality and wool presentation;
- reduced occupational stress and injury hazards; and
- reduced sheep stress, injury and disease transfer.

Anagen Strategic Advantages

The Directors believe that Anagen has strategic advantages as:

- it has patents over the BioClip fleece retention nets in Australia and New Zealand;
- it has an exclusive global distribution agreement with Heiniger and the benefit of Heiniger's global industry strength;
- it has a sound strategy for continuous product and technology improvement;
- BioClip increases the flexibility of wool harvest timing in young sheep;
- BioClip has a lower skill requirement for application compared to conventional shearing, addressing both training costs and the decrease in numbers of trained shearers;
- BioClip reduces stress on the animals through decreased handling time and less physical trauma when compared to traditional shearing; and
- BioClip eliminates skin damage and infection to the animal from cuts from shears.

Offer Summary

Investment into Anagen offers investors:

- investment into a unique product that will continue to develop and improve;
- investment into a product that has the potential to replace traditional shearing methods that will bring many benefits to the user; and
- investment into a product that has strong support from an international company that intends to distribute it throughout the global market.

The above highlights are a brief summary only, and must be read in conjunction with the remainder of this Prospectus.

1.3 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. Major specific risks include:

- The active ingredient of the injectable product is not patented and is therefore potentially available to competitors;
- The design and field testing of improved fleece retention nets is not complete;
- Currently the Company relies on one source of the key active ingredient EGF, one contract formulator and one manufacturer of fleece retention nets. Whilst it is intended to broaden these cornerstone arrangements of the business, any change to the existing supply relationships may adversely impact on the Company's operations. It is also acknowledged by management that input costs associated with these suppliers cannot be fully controlled even with contractual agreements in place;

- Agricultural disasters including flood, drought, disease, pestilence and other natural disasters could have an adverse effect on the Company's operations;
- The Company's view on the outlook for the Australian sheep industry are based on a current Australian sheep population of approximately 67 million head, the lowest level in 100 years. Recent improved seasonal conditions and increased overall profitability of sheep gives the Company confidence that the industry has stabilised and may see a growth in sheep numbers. Should this not occur then there may be an adverse impact on Company performance;
- The BioClip system is suitable for use with all sheep breeds, however, the current market is primarily for lambs and weaners of Merino and other woollen breeds and shedding breeds in all environments. Further development and field testing is required under controlled conditions to determine BioClip's utility in a wider range of breeds which, amongst other traits, have differing wool or hair coats;
- Changes in regulation of the Company's product in Australia and overseas may have a negative impact on the Company's current and planned activities;
- The Company may not be able to meet future requirements for capital on satisfactory terms or at all;
- Changes in general economic conditions could adversely impact the Company; and
- The Directors' declaration in the 31 December 2009 financial report indicates an inability by the then directors to declare that the financial statements and notes have been prepared in accordance with the Corporations Act 2001. There may be information from prior to 30 June 2010 that the current directors have been unable to obtain, the impact of which may be materially adverse to the Company's current financial position, although the Directors are not aware of any such information. As such, the Investigating Accountant's Report in Section 8 states that the Investigating Accountant has been unable to express any conclusion as to whether the historical financial information contained in their report is presented fairly in accordance with mandatory professional reporting requirements. Please refer to the Investigating Accountant's Report in Section 8 and risk factors in Section 5.1 for further information.

For a more comprehensive list of general and specific risks you should refer to section 5 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 5 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. **Accordingly, an investment in the Company should be considered highly speculative.**

1.4 INDICATIVE TIMETABLE

Lodgement of Prospectus with ASIC:	3 December 2010
Opening Date for Applications:	13 December 2010
Closing Date for Applications:	31 January 2011
Dispatch of Statements of Shareholdings:	3 February 2011
Quotation of Shares on ASX expected to commence:	15 February 2011

These dates are indicative only and may vary. Anagen reserves the right to close the Offer early, or extend the Closing Date without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.

1.5 PRO FORMA CAPITAL STRUCTURE

The pro-forma capital structure of Anagen is summarised below:

	Fully Subscribed		Full Oversubscriptions accepted	
	Number	%	Number	%
Shares presently on issue	25,368,442	55.9	25,368,442	50.4
Shares now offered	20,000,000	44.1	25,000,000	49.6
Total Issued Capital	45,368,442	100.0	50,368,442	100.0

Shares

A total of 45,368,442 Shares will have been issued by the Company at the successful conclusion of the Offer. Should the full amount of Oversubscriptions be achieved, a total of 50,368,442 Shares will have been issued by the Company at the conclusion of the Offer.

Oversubscriptions

The Company may accept Oversubscriptions of up to a further $1,000,000 through the issue of up to 5,000,000 Shares at an issue price of $0.20 each under the offer. The maximum amount that may be raised under this Prospectus is $5,000,000.

1.6 ESCROW PROVISIONS

Securities on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. These agreements will be entered into in accordance with the Listing Rules.

DETAILS OF THE OFFER

2.1 SHARES OFFERED FOR SUBSCRIPTION

This Prospectus invites investors to apply for a total of 20,000,000 Shares at an issue price of $0.20 per Share to raise $4,000,000 before expenses of the Offer. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of $0.20 each to raise up to a further $1,000,000 may be accepted.

All Shares issued pursuant to this Prospectus will be issued as ordinary fully paid and will rank equally in all respects with the Shares already on issue.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares, and can only be made by completing the Application Form attached to this Prospectus.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

2.2 MINIMUM SUBSCRIPTION

The minimum subscription to the Offer is 20,000,000 Shares at an issue price of $0.20 per share raising $4,000,000 before expenses of the Offer. If the minimum subscription has not been raised within three (3) months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act 2001.

2.3 PURPOSE OF THE OFFER AND USE OF PROCEEDS

In the two years after listing on ASX the funds raised from the Issue will be applied as follows:

Use of Funds	Full Subscription $	Full Over Subscription $
Pre-Offer cash and receivables	186,413	186,413
Total raised in the Offer	4,000,000	5,000,000
Total Funds Available	**4,186,413**	**5,186,413**
Year 1		
Expenses of the Issue	323,000	378,000
Payout existing creditors	525,000	825,000
Net trials and injection manufacture scale up trials	300,000	300,000
Inventory for commercial sales	850,000	850,000
Research and Development:		
• new generation nets	50,000	100,000
• alternative to nets	80,000	100,000
• novel dose forms	100,000	200,000
Administration expenses	300,000	300,000
Cash balance end Year 1	**1,658,413**	**2,133,413**

Use of Funds	Full Subscription $	Full Over Subscription $
Year 2		
Payout existing creditors	500,000	600,000
Inventory for commercial sales	300,000	500,000
Research and Development:		
• new generation nets	50,000	50,000
• alternative to nets	20,000	40,000
• novel dose forms	100,000	250,000
International patent registrations	90,000	90,000
Administration expenses	350,000	350,000
Cash balance end Year 2	**248,413**	**253,413**
Total Funds Applied	**4,186,413**	**5,186,413**

Notes:

1. In the event that more than the minimum subscription and less than the maximum subscription is raised, the Company intends to allocate the funds primarily towards repayment of long term debt and advancing the development timeframe of new generation nets, novel dose forms and the novel project to develop an alternative to nets.

2. The above tables represent statements of the intended use of the funds raised by the Company as at the date of this Prospectus. However, it must be recognised that budgets may change, for a number of reasons including but not limited to identification of new opportunities, changes in market dynamics and technological and scientific breakthroughs. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives.

2.4 UNDERWRITING

The Offer is not underwritten.

2.5 ARRANGEMENT WITH BROKERS

Anagen will pay a Lodgement Fee of 5% on all Applications lodged bearing a stamp representing a licensed broker.

2.6 CASH FLOW PROJECTIONS

Anagen is predominantly a biotechnology company. Biological wool harvesting is a new and emerging market and there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

2.7 ALLOTMENT AND ALLOCATION OF SHARES

Subject to ASX granting conditional approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of Shareholdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Directors have the right to allocate Shares under the Offer. The Company may reject any Application or allocate any Applicant fewer Shares than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

2.8 APPLICANTS OUTSIDE AUSTRALIA

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

2.9 ASX LISTING

Within 7 days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be granted Quotation.

If approval for Quotation is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all Application Monies without interest as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit Anagen to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

2.10 CHESS

Anagen will apply to participate in the Clearing House Electronic Sub register System (**CHESS)**, operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub register and an electronic CHESS sub register. The two sub registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

This statement will also advise investors of either their Holder Identification Number (**HIN)** in the case of a holding on the CHESS sub register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer–sponsored sub register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time however a charge may be incurred for additional statements.

2.11 HOW TO APPLY

Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus.

The Application Form must be completed in accordance with the instructions set out on the back of each Application Form. **Completed application forms and accompanying cheques should, at any time after the Opening Date be:**

Posted to:	**OR**	**Delivered to:**
Anagen Limited		Anagen Limited
C/- Advanced Share Registry Services		C/- Advanced Share Registry Services
PO Box 1156		150 Stirling Highway
NEDLANDS WA 6909		NEDLANDS WA 6009

Cheques must be made payable to "Anagen Limited – Application Funds" and crossed "Not Negotiable".

No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares at the issue price of 20 cents per Share. Applications for more than 10,000 Shares must be in multiples of 1,000.

2.12 ELECTRONIC PROSPECTUS

This Prospectus is available on-line at **www.anagen.com.au**

2.13 PRIVACY DISCLOSURE

The Company collects information in relation to each Applicant as provided on an Application Form (**Information**) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (**Purposes**).

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of take-overs, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

2.14 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 5 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company. The risk factors set out in Section 5 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. **Accordingly, an investment in the Company should be considered highly speculative**.

2.15 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in Anagen and it should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in Anagen, please contact your stockbroker, accountant or independent financial adviser.

BUSINESS SUMMARY

3.1 COMPANY AND PROJECT OVERVIEW

BioClip – a new alternative wool harvesting system

BioClip is a wool harvesting system which produces a natural break in the wool of sheep enabling harvest of the fleece from wool producing sheep and removal of unwanted fibre from self-shedding breeds. BioClip is a system of wool harvesting offering the sheep producer a realistic alternative to conventional shearing. The Company holds the rights to and interest in BioClip via its wholly owned subsidiaries Biological Wool Harvesting Co Pty Ltd and BioClip Pty Ltd. The components of this wool harvesting system and its potential benefits to sheep producers are detailed below.

EGF – A naturally occurring protein in mammals

BioClip's injection contains a naturally occurring protein, called epidermal growth factor (EGF) with the unique effect of causing a temporary cessation of wool growth in sheep. The EGF effect of weakening the wool occurs within a couple of days and the wool breaks between seven and fourteen days of injection. The protein breaks down into its combinate amino acids and has disappeared from the body approximately 40 hours after administration with minimal side effects. The protein is commercially manufactured by fermentation of a special bacterium into which laboratory synthesised DNA has been inserted which codes for EGF.

EGF was discovered in 1956, and identified in mice as having effects on wool follicles. Its use in sheep for wool harvesting was researched and patented by CSIRO in the 1970s and 80s. The EGF patent has expired, though the manufacturing method is unique to the supplier with which Anagen has an exclusive supply agreement. The Company believes the supply to be secure, as access to the seed culture and manufacturing know-how for EGF is closely protected by the manufacturer.

The injection formulation of the EGF is subject to patent. This formulation is the basis of a new registration for the BioClip product granted in February 2010. Manufacturing scale-up trials and ongoing stability studies remain to be completed to fully commercialise this formulation.

Applying a net is teamwork

The Break Process

Following injection and wool break, the wool fibre releases from the wool follicle commencing approximately 5 days from injection and is complete at 14 days post-injection. New wool growth commences at the same time and appears at skin level at 18-21 days post injection.

Sufficient wool re-growth has normally occurred by day 28 to prevent sunburn or hypothermia in the sheep and the wool can therefore be safely harvested. Upon removal of the net, the freshly harvested sheep displays a completely intact skin and returns to the paddock to resume grazing with minimal interference to their daily routine.

By contrast shorn sheep have generally been off feed and water for approximately 24 hours prior to shearing. Mechanical shearing invariably leads to some skin cuts (especially in Merinos) and shorn sheep may take a few days to return to normal feed intake.

Fleece Retention Net

The other essential component of BioClip is the fleece retention net which is applied at the same time as the injection. The nets are elasticised and are available in three sizes covering the live weight range of 20-50kg in 10kg increments. Correct net selection is an important criterion in the performance of the net in respect of retention of wool. Nets are single use only and are disposed of once the wool is removed.

The fleece retention net is essential in Merinos and their crossbreeds to protect the sheep from sunburn and hypothermia (cold shock), and to retain the wool for later harvesting.

The BioClip net continues to undergo improvement and development. Current activity is focussed on enhancing the wool retention performance of the net. Initial prototypes of the product involved wool retention/capture via coats utilising internal Velcro. These were expensive, cumbersome to use and resulted in a substantial amount of felted wool. Progress was made when a netting material was used, which evolved into elasticised netting to simplify application and to conform to a wider range of sheep sizes. The current net is commercial in its own right, however continues to undergo constant development to improve its wool holding capability and to expand the bodyweight range of sheep to those greater than 50kg.

Large scale field trials with new nets designed and developed in association with Heiniger will commence in the latter part of 2010 with an expectation of commercial quantities of these nets becoming available in 2011.

BioClip sheep can be assessed very accurately for skin wrinkle

BioClip Work Rates and Handling Equipment Innovation

Work rates to apply and remove nets and prepare harvested wool are similar to the total labour requirement of conventional shearing. A major difference to shearing is that the labour skills are less specialised for the application of the BioClip wool harvesting system.

The process of injection, application of nets and their removal is assisted by the development of specialised sheep handling equipment. The BioClip sheep handler is portable and is designed to be used in conjunction with existing sheep handling facilities including remote portable yards. The handler has weigh scales incorporated which assists the operators with net selection. For application of nets, a patented restraint device called a "scoop" is attached to the equipment.

During net removal a V-trough is used to hold the sheep whilst the net is removed by simply cutting the net with a shearing handpiece or peeling it off as per a jumper. At net removal, weight of the sheep and/or the fleece can be recorded using the same weigh scales built into the handler.

The handler has been designed to accept other restraint devices such as crutching cradles to make it truly multifunctional.

Once the net and woolclip are removed from the sheep the net is then removed from the wool on a net stretcher table designed by Anagen and Heiniger. The table is mesh topped to allow dirt and vegetable matter to fall through in similar fashion to standard wool tables. Skirting of the fleece proceeds in a similar way to normal wool preparation and the wool is classed according to standard industry Australian Wool Exchange Limited (AWEX) guidelines. It is noticeable that wool handlers are required to spend very little of their time sweeping the floor, and concentrate their effort on the valuable part of the clip – the fleece wool.

Quantifiable Benefits for Sheep Producers

Benefits for sheep owners using the BioClip wool harvesting system are multifactorial and the magnitude of identified benefits depends upon individual circumstances. In summary these benefits may be:

- Enhanced wool quality: Fleece wool staple length increase by about 10mm and coefficient of variation of staple length reduces. When BioClip is used in Merino weaners with wools up to approximately 70mm, the additional 10mm is worth about 120cents per kg clean at current wool prices (2010). This benefit is locked-in provided that the subsequent clip does not drop below 80mm in staple length, which is quite achievable in many situations.

Young rams previously BioClipped as weaners

- No locks: Table locks are largely converted to fleece wool and the very low value shank wool falls away into the paddock.
- No skin pieces: These are formed during shearing when pieces of skin are (accidently) cut off the sheep and remain in the fleece. Skin pieces increase card waste in early stage processing of wool, such that BioClip wools show increased top yield by as much as 3.5%.
- As a result of no skin cuts, the spread of at least 2 diseases in the immediate post-shearing period are reduced, the main ones being cheesey gland (CLA) and arthritis. Both diseases represent a significant loss of production to the industry.
- Eliminated teat damage: Industry surveys have put the incidence of cut teats due to shearing at 2.2% per year. It may be expected that improved lamb survival and growth rate effects will result from lowering the incidence of cut teats.
- When all of the above effects and the costs associated with BioClip are subject to sheep enterprise comparative analysis, the net benefit has been estimated to be approximately $4/hectare for a Merino enterprise running at 12 dry sheep equilavent per hectare. Best results are achieved in flocks where wool is longer at first shearing, rather than lambs.
- BioClipped sheep present very well for sale purposes. The value of this is difficult to quantify however there are commercial practises emerging which exploit this benefit.
- The BioClip system deskills the work force requirements and places wool harvesting into the hands of the sheep owner. This potentially makes it a much more flexible wool harvesting option than shearing. Also it is quite portable wherein the equipment can be taken to the sheep, rather than the sheep mustered into a shed for shearing. Whilst BioClip does not require a feed and water curfew as does shearing, there are currently 2 musters involved with BioClip. The impact of this may be reduced as the product is assimilated into other mustering requirements in the sheep cycle.

Accreditation to use BioClip is essential

It is a BioClip requirement that flock owners must be accredited to purchase and use BioClip. This is a free service offered by the distributor in response to the registration conditions of the injection product. The BioClip distributor, Heiniger Ltd, use the accreditation process to educate BioClip users in correct techniques and provide them with practical information to assist in management planning and the outcome from BioClip.
The BioClip system including accreditation has also expanded to include self-shedding breeds such as Dorpers and Damaras. In most cases the flock owner does not require the use of a fleece retention net for these breeds. Research is underway to

provide reliable predictive information to ensure that only suitable sheep do not receive a net. Those sheep with inadequate hair density (medullated or hairy fibre does not break in response to EGF) still require a net to protect the sheep from extreme weather.

3.2 Sales, Marketing and Research and Development Plans

The Market for BioClip

The market for the current BioClip product includes:

- Merino lambs and weaners;
- Merino hoggets under 50kg;
- Shedding breed breeding ewes; and
- Cross bred lambs.

Each of these classes of sheep comprise several million sheep in Australia. The target market within these classes is further refined by:

- Merinos to 50kg for use with a net:
  - Not including pregnant or lactating sheep;
  - High stocking density sheep districts; and
  - No vegetation to catch nets (clean country).

- Shedding breeds (no weight limit where net not used):
  - All pastoral and high stocking density sheep districts;
  - Ewes between weaning and 28 days prior to joining; and
  - Lambs a few weeks pre-slaughter to remove hair coat and reduce fibre contamination of carcass in abattoirs.

International market potential has not been fully assessed at this time.

Commercialisation

Historically, Anagen has been primarily focussed on research and development of the BioClip product. Whilst nominal sales volumes have been achieved, these were driven by a purely cash-flow perspective on a semi commercial basis to fund the research and development initiative.

Anagen is now moving towards full commercial operations and the Company is confident that the product re-launch is imminent. The Company believes it is well positioned to take advantage of the research and development success it has achieved to date, the strong international partnerships it has formed in areas of supply, distribution and funding, and the loyal shareholder support it receives from highly respected local investors.

Distribution Strategy

The Company has entered into a Global Distribution Agreement via its wholly owned subsidiary with Heiniger Limited to distribute BioClip on a world wide basis with an initial term of five years (refer to Section 9: Summary of Material Contracts) (GDA). Heiniger's sales and marketing effort is currently focussed on substantially the same customer base as Anagen's proposed customer base, providing Anagen a clear path to global market penetration and distrubution. Initially Heiniger will deploy territory representation to promote BioClip in all major sheep raising areas of Australia.

Distribution is proposed to be via the agricultural merchandise networks (e.g. Elders, Landmark CRT). Their logistical strengths will ensure product availability and enables Heiniger sales team to focus on the end user.

Customers must become accredited in the use of the BioClip product and training is a primary role for the sales and marketing teams. It is Anagen's responsibility to ensure that the trainers are appropriately qualified to ensure correct and safe application of the product. All existing users of BioClip will be re-accredited in the first year of operations.

Part of the proceeds of the Offer will be used to acquire inventory for the purposes of supply under the GDA over the next two years.

Product Re-Introduction

There have been limited sales of BioClip product since the change in management in July 2010 as the new generation net was being tested for introduction in 2011. The Company anticipates that BioClip will be relaunched under the Heiniger GDA in early 2011 with the timing dependent on the successful completion of:

1. Scale-up of injection manufacturing;
2. Extension of shelf life for the injection; and
3. Field testing of newly designed nets.

The Company is confident in the success of completion of these outstanding issues however the timing of the product re-launch cannot be predicted with certainty at the date of this Prospectus.

Research and Development

Target market expansion will initially be by way of net development to include sheep outside the current scope for the net due to design constraints. Proposed immediate development focus will be on an adult sheep net, a ram net or coat, and a small lamb net.

Injection line extensions will focus on improving efficacy of injection in lambs. This will be a formulation redevelopment project with high priority. The Company also intends to study the relationship between sheep nutrition status and injection efficacy by undertaking university based studies. The objective will be to ascertain best injection practices for variable (amongst other factors) climates, feed supplies, feed qualities, breeds and pestilence/disease prevalence.

Several longer term product development projects are also planned to commence in the first two years of operations as the Company strives to provide products that will keep it on the leading edge of supply of solutions to the Biological fibre harvesting market.

Please refer to Section 2.3 for details regarding the proposed use of funds raised under this Offer.

Advanced laboratory assays are used in product development

3.3 Use of Funds

Anagen intends to use the funds raised pursuant to this Offer primarily for (in no particular order):

- expenses of the issue;
- product trials that if successful the Company is confident will lead to commercialisation;
- purchase of inventory stocks (injection and nets);
- payout existing creditors (see below); and
- research and development as described previously in this Section.

The Company currently has amounts owing to two companies that are unrelated Shareholders of Anagen and these amounts form the majority of the balance of external payables. It is the Company's intention that should the minimum subscription be reached, only $525,000 of these amounts be repaid in the first year from Listing on ASX and if full oversubscriptions are achieved then only $825,000 will be repaid in the first year from Listing on ASX.

The two Shareholder companies have confirmed that the remainder of the balance of amounts payable to these two entities (approximately $1million) will not be called nor become due and payable until the Company has reached a substantial positive cashflow position. The Company believes this intention on behalf of the two current shareholders shows strong support for the commercialisation of the product.

Please refer to Section 2.3 for details regarding the proposed use of funds raised under this Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives

4.1 BOARD AND MANAGEMENT

Mr John Allen ---- B.Agric.Sc
Non-Executive Chairman

Mr Allen was part of the company executive of Nufarm Limited for 23 years prior to his retirement in 2005. Mr Allen managed global commercial operations and in his time with Nufarm saw revenue grow from $32m to $1.8b with expansion of the company from an Australian operation to a global operation which participates in the major agricultural markets of the world.

Currently Mr Allen sits on the boards of Becker Underwood Australasia Pty Ltd, Heiniger Australia Ltd and is the Chairman of Intec Industries Ltd which has operations in Australia and Malaysia. Mr Allen is also currently the WA Project Manager for Select Harvests almond projects. Mr Allen is a Fellow of the Australian Institute of Company Directors.

Dr Tim Watts ---- BVMS MVS
Executive Director

Dr Watts is a veterinarian with a postgraduate Masters degree in veterinary science (Melbourne 1987) who has worked in the sheep industry since graduation in 1984. He has worked in agricultural consulting and for veterinary pharmaceutical companies both in Australia and overseas in technical and commercial roles. Dr Watts continues to run a sheep and cropping farm at Pingelly in WA.

Dr Watts has utilised BioClip for the past 5 years on his commercial flock of sheep, continuously developing the processes for use on farm to its current status. Dr Watts is arguably the best exponent of the product Australia wide, and his technical knowledge and research is now an invaluable asset to the Company. Dr Watts has driven the commercialisation process to the point where it is now truly a commercial alternative to traditional shearing.

Dr Watts is also involved in the sheep industry in various roles, including the third year review board of the Sheep Co-operative Research Centre and sits on the advisory panel to the Australian Wool Innovation funded "Sheep's Back" extension program.

Mr Gary Lyons
Non-Executive Director

Mr Lyons has occupied the role of Managing Director of Heiniger Australasia for more than 20 years. In that time, Mr Lyons has overseen the growth of Heiniger Australasia from a one employee company to a current workforce of more than 65 and operations in 5 locations throughout Australasia today. Heiniger has become well known to Australian and New Zealand farmers under Mr Lyons' stewardship. He is a founding director of the Australasian standardbred breeding establishment Stallion Station and recently took up a public position as Director of Fairstar Resources Limited.

Mr Michael Pedley ---- B.Bus CA
Non-Executive Director

Mr Pedley is a Chartered Accountant with over 20 years' experience in Accounting, Company management and governance, capital raising and corporate finance. He has been involved in both small and large companies including a term on the board of ASX listed Elixir Petroleum Ltd and is currently a board member of Synergy Agronomy Pty Ltd. Mr Pedley also has a keen interest in the rural sector handling a sizeable rural base of clients in his accounting practice, including farmers and suppliers to the rural sector.

Bioclip adds value for when sheep are sold

4.2 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation, the Company has adopted the principles outlined in the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council.

The following policies and procedures have been implemented and are available in full on the Company's website at www.anagen.com.au:

- Statement of Board and Management Functions;
- Code of Conduct for Directors and Key Executives;
- Share Trading Policy;
- Audit Committee Charter;
- Continuous Disclosure Policy;
- Shareholder Communications Strategy;
- Risk Management Policy;
- Remuneration Committee Charter;
- Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives; and
- Corporate Code of Conduct.

Newly developed net stretcher for removing the fleece

The responsibilities of the Board include:

- protection and enhancement of shareholder value;
- formulation, review and approval of the objectives and strategic direction of the Company;
- monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of executive directors and key staff;
- the establishment and maintenance of appropriate ethical standards; and
- evaluating and where appropriate adopting with or without modification the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company is presently considering the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company seeks to follow these recommendations for listed companies where appropriate for its size and operations. In cases where the Company determines it would be inappropriate to follow the principles because of its circumstances, the Company will provide reasons for not doing so in its Annual Report. One such instance is the Board presently considers that due to the Company's size and scope of activities, it does not justify the establishment of special or separate committees at this stage, preferring to manage the Company through the full Board of Directors.

RISK FACTORS

An investment in Anagen has risk and prospective investors in the Company should consider the risk factors described in this section, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

5.1 SPECIFIC RISKS ASSOCIATED WITH THE COMPANY

There are a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities.

Listed below are specific risks that may adversely affect the Company:

Patent Risk
The Company owns intellectual property in respect of the fleece retention nets and methods of their application to sheep. These are tied to the EGF injection product via the indications for use on the label. Whilst we believe this to be a strong commercial combination of products it may not prevent competitors seeking to offer an alternative fleece retention system to the market with similar performance characteristics with the Company's product.

Product Development Risks
As with any product development project there is a degree of technical risk associated with it. Future growth of the Company is in part dependant on successful outcomes of the product development projects and as such may affect future performance of the Company.

Exclusivity of BioClip System
The Company cannot secure a patent over the active ingredient (EGF) in the injectable component of the BioClip system. This potentially opens the market to competition risk.

Increased Competition by New or Existing Competitors
The response of the shearing industry to BioClip may result in increased competition.

Limited Operating History by Current Management and Audit Qualifications
The financial performance of the Company to 30 June 2010 under previous management appears to have been poor. The directors' declaration in the 31 December 2009 financial report indicates an inability by the then directors to declare that the financial statements and notes have been prepared in accordance with the Corporations Act 2001. There may be information from prior to 30 June 2010 that the current directors have been unable to obtain, the impact of which may or may not be materially adverse to the Company's current financial position, although the directors are not aware of any such information. As such, the Investigating Accountant's Report in Section 8 states that the Investigating Accountant has been unable to express any conclusion as to whether the historical financial information contained in their report is presented fairly in accordance with mandatory professional reporting requirements. Please refer to the Investigating Accountant's Report for further information.

The new board of management has an excellent track record of success in this and other industries and a determination to succeed, however, it has only a limited operating history with this product.

The Company's Prospectus must therefore be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of development and operation.

The Company is subject to operational risks including inter alia:

- Cash flow problems;
- Securing supply agreements; and
- Finalising off take or sale agreements.

Market Risks
The Company's view on the outlook for the Australian sheep industry are based on a current Australian sheep population of approximately 67 million head, the lowest level in 100 years. Recent improved seasonal conditions and increased overall profitability of sheep gives the Company confidence that the industry has stabilised and may see a growth in sheep numbers. Should this not occur then there may be an adverse impact on Company performance.

Demand for wool
There has been a recent change in the mix of sheep breeds in Australia towards meat production by non-woolled or self-shedding breeds. Whilst these breeds represent a market for BioClip at least in the early generation Merino crosses (subject to further development work in the short term), continued long term decline in wool sheep (mainly Merinos) could adversely impact on the Company's financial performance.

Market Acceptance
Manual shearing methods have been employed by farmers for generations requiring substantial technical training. Tradition and resistance to change may contribute to reluctance to adopting the new technology offered by the BioClip system.

Market for only Specific Sheep Breeds
The BioClip system is suitable for use with all sheep breeds, however, the current market is primarily for lambs and weaners of Merino and other woollen breeds and shedding breeds in all environments. Further development and field testing is required under controlled conditions to determine BioClip's utility in a wider range of breeds which, amongst other traits, have differing wool or hair coats.

5.2 GENERAL INVESTMENT RISKS

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the following:

Agricultural Risk
As an agricultural business the Company is subject to the risks specific to the agricultural industry including but not limited to:

- Flood and drought;
- Natural disasters; and
- Pestilence and disease.

Economic Risks
General economic conditions, movements in interest rates and inflation rates and currency changes may have an adverse impact on the Company's activities as well as its ability to fund those activities.

Additional Requirements for Capital
The Company's capital requirements depend on numerous factors. Expenditure may need to be incurred that has not been taken into consideration in the preparation of this Prospectus. Although the Company is not aware of any such expenditure requirement, if such expenditure is incurred this may adversely impact on the performance of the Company.

Advanced laboratory assays are used in product development

Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. The Company may be unable to obtain additional capital required on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Regulatory Risks

Australian and international regulatory agencies have powers to review the status of product registrations. Should this occur or regulatory conditions change in international markets then the Company's plans to expand into other markets may be adversely impacted.

Supply and Manufacturing Arrangements

Currently the Company relies on one source of the key active ingredient EGF, one contract formulator and one manufacturer of fleece retention nets. Whilst it is intended to broaden these cornerstone arrangements of the business, any change to the existing supply relationships may adversely impact on the Company's operations. It is also acknowledged by management that input costs associated with these suppliers cannot be fully controlled even with contractual agreements in place.

Price Risk

The prices the Company receives for its product are subject to market forces that are beyond the Company's control. The Company monitors the stability and trends of market prices closely and, where possible, will negotiate agreements that reflect market prices and maintain adequate underlying profit margins.

Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such expenditure requirement, if such expenditure is incurred this may adversely impact on the performance of the Company.

UniQuest

Prepared for
Anagen

Subject
Technical Review of Bioclip

Author
Professor Jim Rothwell

25 November 2010
UniQuest Project No: 16803

UniQuest Pty Limited

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Technical Review of Bioclip

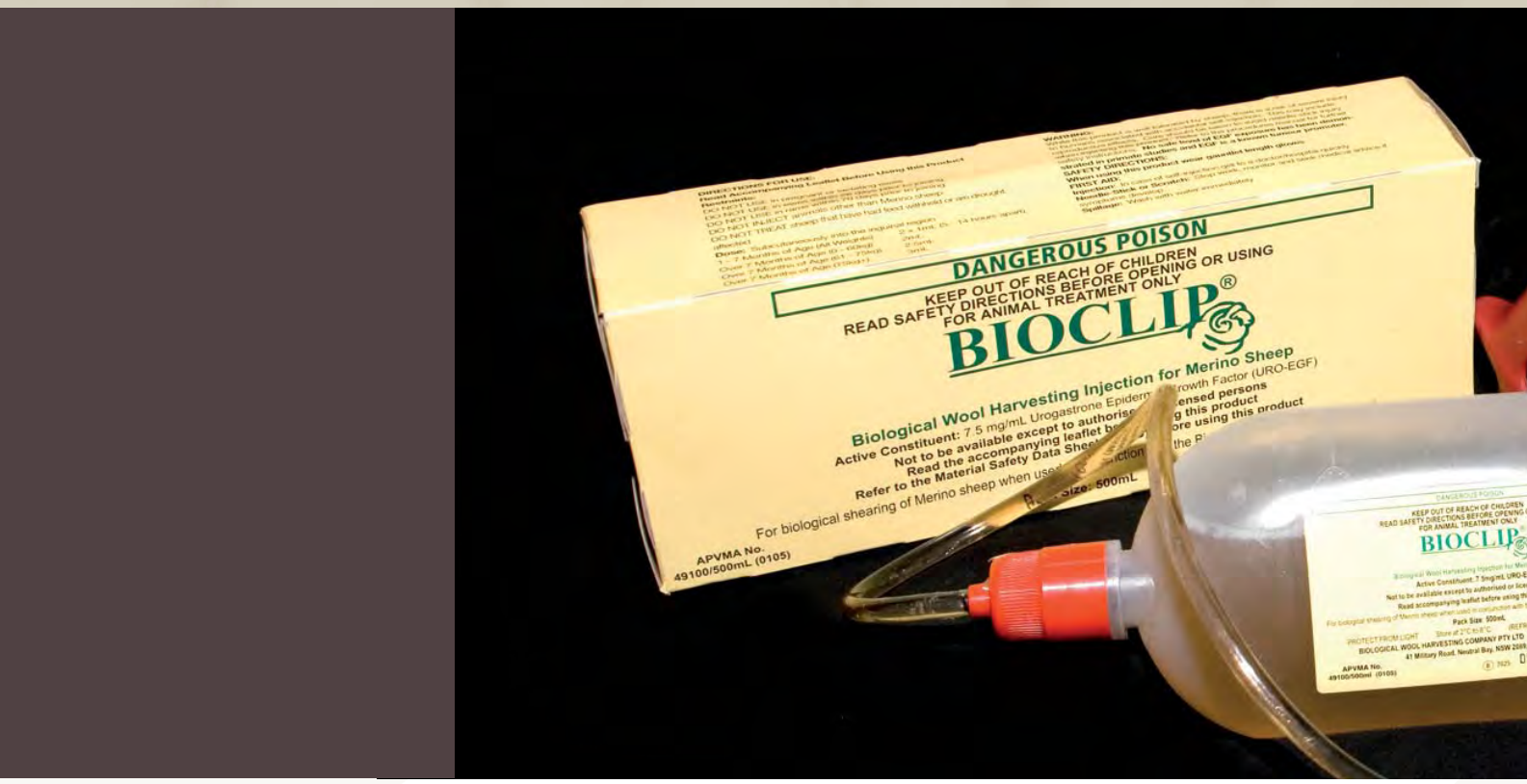
Author's Declaration

This report has been prepared in accordance with UniQuest's Quality Management System, which is compliant with AS/NZS ISO 9000:2000.

The work and opinions expressed in this report are those of the Author.

Signed for and on behalf of UniQuest Pty Limited

Gary Heyden – General Manager
UniQuest Signatory
UniQuest Project No: **16803**



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1. EXECUTIVE SUMMARY

Bioclip is a product invented by Australian scientists that allows the removal of fleece from sheep as an alternative to mechanical shearing. The active ingredient is human epidermal growth factor (EGF). It is injected beneath the skin on the inner thigh of sheep in a slow release or gel formulation and gives sustained blood levels for 14 to 16 hours. The EGF produces a break or weakness in the wool fibre. About 1 week later the break in the wool reaches the skin surface and the wool either falls off or is easily removed. The wool is retained on the sheep by a net or coat and after 4 weeks, once sufficient wool has grown back to prevent sunburn or hypothermia, the wool and net are removed and the fleece processed in the usual way. The aim of the review is to present potential investors with an independent and considered overview of the technical and regulatory data supporting the product and provide an opinion on it's scientific, technical and practical merit. The author has worked with sheep diseases, particularly external parasitic infestations for 30 years. He spent 10 years working for the pharmaceutical industry in product development for farm animals.

EPIDERMAL GROWTH FACTOR

Epidermal Growth Factor is a small stable protein composed of 53 amino acid residues. EGF causes differentiation and growth of epidermal tissues. At the base of the wool follicle is a group of cells called the bulb matrix cells. These cells proliferate and then differentiate into the wool fibre cells and the fibre sheath cells. CSIRO scientists at Prospect in Sydney showed that within 6 hours of treatment EGF produced a transient redirection and disruption of synthetic activity in the base of the wool follicles and this led to shedding of fleece. From 4 to 8 days after treatment the follicles regenerated and recommenced producing wool fibres.

The Australian Wool Research and Development Corporation funded the preliminary development of the biological defleecing product and net/coat system which became Bioclip. Coopers Animal Health (Pitman-Moore then Mallinckrodt) were chosen to commercialise the product and invested significant effort and resources into performing this task diligently. For corporate strategy reasons they withdrew from the development process in 1995 and Biological Wool Harvesting Co Pty Ltd (BWH) was formed to take the product to market. BWH obtained a registration for 'Bioclip Biological Wool Harvesting Injection for Merino Sheep' in September 1997. In 2007 a submission was made to the Australian Pesticides and Veterinary Medicines Authority to change to a 'gel' formulation. The current registration for Bioclip Biological Wool Harvesting Injection Gel® for Sheep was granted to BWH in February 2010. BWH is a wholly owned subsidiary of Anagen Limited.

THE AUTHOR'S OPINION

Professor JT Rothwell, BVSC, PhD MACVS. Professor Rothwell is a registered veterinarian and has worked with sheep for 30 years. Initially this was as a veterinary pathologist, then during PhD studies on a sheep parasite and more recently in product development for sheep and other farm animals with a multinational pharmaceutical company. Since 2006 he has been Professor of Veterinary Pathology and Infectious Diseases, School of Veterinary Science, University of Queensland and lectures in the area of farm animal parasitology. He has 6 patents, 37 scientific papers and numerous conference proceedings and other publications, in the areas of farm animal pharmaceuticals, diseases and parasite infestations. Professor Rothwell has no financial or other involvement with BWH nor Heiniger and stands to gain nothing from a successful listing.

UTILITY AND EFFICACY

There is no doubt that in virtually all Merino sheep, on a rising or steady plane of nutrition, a correctly applied injection of Bioclip Gel® causes a wool break 1 week later and the fleece either falls off or is easily removed. This is vastly easier than shearing and the quality of the fleece is slightly better than a well shorn fleece. If the injection can be given in a way safe to the operator, if the nets are cheap and can be easily applied, if say 95% of the fleece is retained in place for a month or so and if the net can then be easily removed then the product is extremely useful and in my opinion has commercial applicability.

RISKS

If the label directions are not followed then reduced female and male fertility can be expected. However these effects are fully reversible and a return to service or delay in lambing is the worst outcome. Treatment in early pregnancy causes abortions.

It seems that the wool fibre needs to be growing normally for Bioclip Gel to be effective. Therefore efficacy in drought effected, overstocked or poorly nourished sheep can not be guaranteed and this is not rare in the Australian wool industry. If this is the case it is likely in practice that a percentage of the flock up will be difficult to defleece and will need to be mechanically shorn.

EGF is a human hormone and does have effects on people. Single doses are unlikely to be toxic and no enduring effects are likely. Repeat doses over time with a full dose of Bioclip is likely to be harmful to humans. The precise nature of this toxicity is unknown. A single 'needlestick' event is serious only if a significant dose is injected and for serious harm to accrue repeat injections are necessary. In my opinion the label directions and training that is compulsory for operators removes significant risk to people and must be balanced against the physical risks associated with shearing.

The efficacy studies indicate that Merinos of a certain size and 50% cross breeds can be confidently treated. Efficacy in meat breed sheep and indeed in large sheep is not completely characterised. However if BWH can conclude that work satisfactorily it increases market potential in Australia and overseas. The Bioclip Gel® formulation was devised to allow effective treatment of lambs. The data supporting this use are less comprehensive than for more mature sheep and it is possible that treatment of lambs will not be a good as older sheep.

BWH is relying on a Japanese company to provide EGF. If they cease operations or cease manufacture or supply BWH must find alternative sources. Other companies do or could make EGF, overseas or in Australia but it would take time to establish alternatives. This would probably involve a regulatory delay and could impede supply and sales. BWH is relying on a contract formulator to produce the product. Should that company fail or cease production alternative arrangements could be made but that may require regulatory efforts and delay and could impede manufacture and harm sales.

BWH must develop and ensure supply of cheap and effective nets and their means of application. Solving this was a significant hurdle for Coopers Animal Health and is not a trivial matter. However Heiniger have a good track record in this area and it is this expertise that they bring to Bioclip Gel® and that makes the product more attractive than under previous management.

The pricing, marketing and supply of Bioclip Gel is a pivotal element for the continuing market success of Bioclip Gel. Sheep farmers will be difficult to convince to use Bioclip Gel if there are significant supply or efficacy issues. Furthermore BWH and its distributor Heiniger will need to be well organised to service this product, address complaints and coordinate training. My review does not address these risks and are outside its scope.

2. BIOCLIP GEL®. BIOLOGICAL WOOL HARVESTING INJECTION GEL FOR SHEEP. AN INDEPENDENT, EXPERT REVIEW

2.1 Introduction

Bioclip is a product invented by Australian scientists that provides an alternative to mechanical shearing to remove the fleece from sheep. The active ingredient is human epidermal growth factor (URO-EGF) produced by genetically modified bacteria. It is injected beneath the skin on the inner thigh of sheep in a slow release or gel formulation and gives sustained blood levels for 14 - 16 hours. The EGF produces a rapid but transient redirection of mitotic activity in the base of the wool follicles and this produces a break or weakness in the wool fibre. About 1 week later the break in the wool reaches the skin surface and the wool either falls off or is easily removed. The wool is retained on the sheep by a net or coat and after 4 to 6 weeks, once sufficient wool has grown back to prevent sunburn or hypothermia, the wool and net are removed and the fleece processed in the usual way.

This document is a review of the information submitted by the owners of Bioclip to the Australian regulatory authorities (the Australian Pesticide and Veterinary Medicines Authority and previously the National Registration Authority) in 1998, 2004, 2007 and 2008 as well as public release statements from the APVMA, scientific papers and some marketing materials. The aim of the review is to present potential investors with an independent and considered overview of the data supporting the product and provide an opinion of it's scientific, technical and practical merit. The author has worked with sheep diseases, particularly external parasitic infestations and recently mulesing for 30 years. He spent 10 years working for the pharmaceutical industry in product development for farm animals.

2.2 Epidermal Growth factor

Epidermal Growth Factor (EGF) is a small stable protein composed of 53 amino acid residues with 3 intra-molecular disulphide bonds which are important for the molecule to maintain its three dimensional shape and hence its ability to bind to the EGF-receptor. Stanley Cohen discovered it in extracts from the submaxillary salivary gland of mice and won the Nobel prize for Physiology and Medicine in 1986 for his work. EGF was shown to cause differentiation and growth of epidermal tissues – hence its name. It is found in many body fluids and has an important role in maintaining the integrity of epidermal tissues. The EGF receptor is large glycoprotein found in and across the plasma membrane of cells (outer cell membrane). Binding of EGF to its receptor sets off a cascade of intracellular signalling events which leads to protein synthesis, DNA synthesis and cell proliferation. EGF was previously known as urogastrone because it was isolated from saliva and urine and found to protect the stomach against erosion and ulceration.

2.3 Epidermal Growth factor in sheep

At the base of the wool follicle is a group of cells called the bulb matrix cells. These cells proliferate and then differentiate into the wool fibre cells and the inner and outer root sheath cells which line the fibre and the wool follicle wall respectively. As these cells grow the wool fibre grows out of the wool follicle and above the skin and wool is produced. CSIRO scientists at Prospect in Sydney showed that giving a sufficient dose of EGF caused an inhibition of wool fibre growth and shedding of fleece 1 to 2 weeks after treatment (Moore, Panaretto and Robertson, 1982). Further studies showed that there was an inhibition of DNA synthesis (and presumably cell division) in the dermis and reduction in weight (Panaretto et al., 1984). Hollis and others (1983) showed that the wool fibre and inner root sheath cells were disrupted within 6 hours of EGF treatment and wool fibre production either ceased giving a tapered end to the fibre or it was markedly reduced in diameter. The follicle bulb moved into the catagen or regression stage within 24 hours and there was a cessation of cell division in the follicular bulb by 4 days and apoptosis or cell death. From 4 to 8 days the follicles regenerated and began producing wool fibres.

Within the follicle EGR receptors are found on the cells in the follicular bulb and outer root sheath cells (Bond et al., 1996). They showed in vitro that when wool follicles were treated with EGF fibre production ceased and the follicular bulb did not regress as it does in vivo. Rather cell division continued, differentiated towards outer root sheath cells but not wool fibre cells thus

explaining the loss of fibre growth. Philpott and Kealey (1994) cultured human hair follicles in vitro and found that EGF caused a proliferation of outer root sheath cells that uncoupled the normal patterns of proliferation and migration that occur in an anagen or growing follicle resulting in a catagen like transformation. Ansari-Renani and Hynd (2004) also found disruption in normal development of inner root sheath cells in wool follicles in vitro exposed to low concentrations of EGF.

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- Bond JJ, Wynn PC, Moore GPM, 1996. Effects of epidermal growth factor and transforming growth factor alpha on the function of wool follicles in culture. Arch Dermatol Res 288:373-382.
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- Moore GPM, Panaretto BA Robertson D, 1982. Inhibition of wool growth in Merino sheep following administration of mouse epidermal growth factor. Aust J Biol Sci 35:163-172.
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- Philpott MP, Kealey T, 1994. Effects of EGF on the morphology and patterns of DNA synthesis in isolated human hair follicles. J Invest Dermatol 102:186-191.

2.4 History of Bioclip

The CSIRO invented and the Australian Wool Research and Development Corporation funded the preliminary development of the biological defleecing product and net/coat system which became Bioclip. Coopers Animal Health (Pitman-Moore then Mallinckrodt) were chosen to commercialise the product and invested significant effort and resources into performing this task diligently. Pitman Moore filed the first data package with the regulator in 1993. This submission was approved with certain label restrictions. Their studies are the basis of the 1997 and 1998 submissions. For corporate strategy reasons Mallinckrodt who had taken over Pitman Moore withdrew from the development process in 1995 and Biological Wool Harvesting Company Pty Ltd (BWH) was formed to take the product to market. BWH obtained a registration for 'Bioclip Biological Wool Harvesting Injection for Merino Sheep' in 1997. It was an injectable formulation containing 7.5 mg/ml epidermal growth factor as the active ingredient. The use of the product was restricted to employees of the company because of uncertainty about human operator safety. Initially registration was sought for methionine-EGF (met-EGF) which has the 53 amino acids present in mouse EGF plus a methionine residue at one end which is a consequence of the protein being made by recombinant E. coli bacteria. In 1998 the company asked for Urogastrone-EGF to be included in the approved registration. That is human EGF made by a different recombinant bacteria Bacillus brevis and has just 53 amino acids. In 1998 the company submitted a full registration package to the National Registration Authority (the precursor of the APVMA) and registration was granted.

In 2004 a revision was submitted to permit the dividing of the dose into 2 separate injections several hours apart for lambs. It included a full manufacturing regulatory package associated with a change in contract manufacturer. This split dose regimen was registered in 2006.

In 2007 a submission was made to the AVPMA for a minor formulation change to a 'gel' formulation. Unsurprisingly the APVMA required a modular submission to address chemistry and manufacture, residue, efficacy and safety which was duly filed in 2008. The current registration for Bioclip Biological Wool Harvesting Injection Gel for Sheep® was granted to the Biological Wool Harvesting Company Pty Ltd in February 2010. It contains 7.5 mg/ml urogastrone-EGF.

In 2002 BWH took on Wesfarmers as an exclusive distributor. Merial became the distributor in 2005 and then Elders in 2007. Heiniger entered a distribution arrangement with BWH in 2008 and in 2010 Heiniger took a majority shareholding and administration of BWH's parent company.

2.5 Regulatory Submissions and data packages

The author has reviewed:

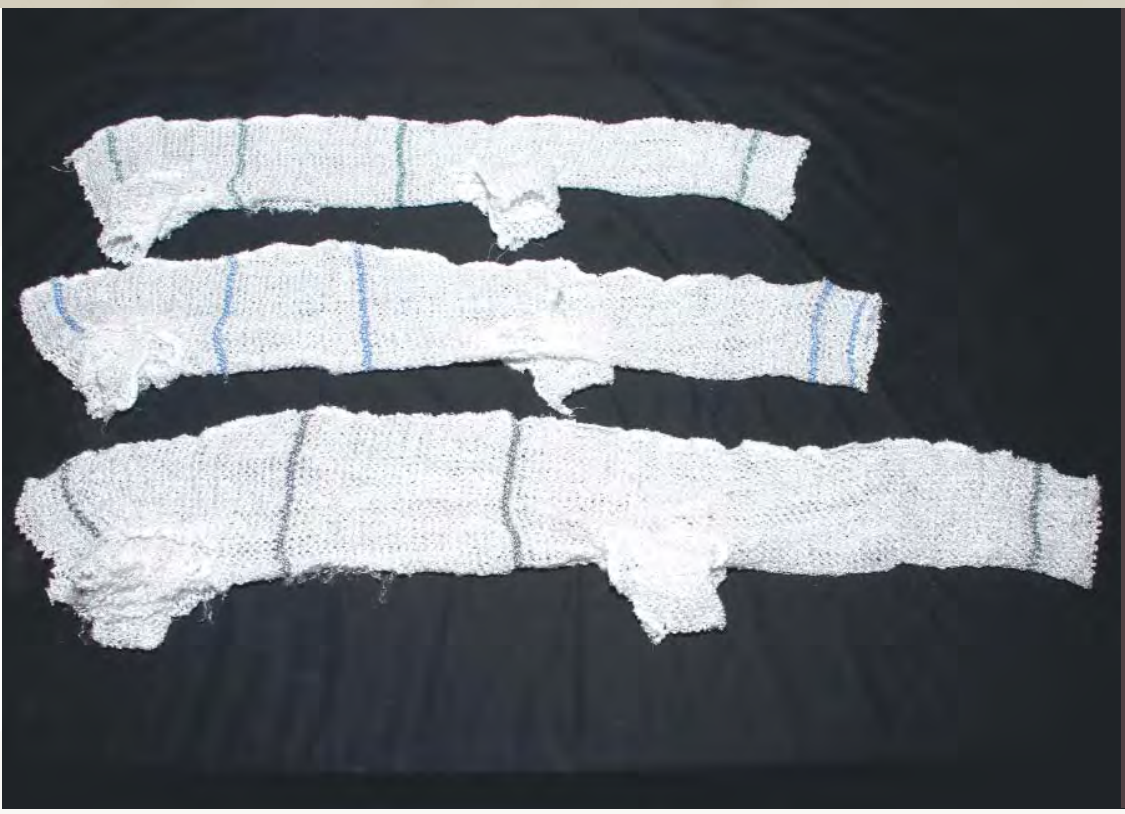
- The 1997 public release summaries for Bioclip including the preliminary toxicology, occupational health and safety assessments and residue evaluation.
- The 1998 full Bioclip submission to the NRA.
- The argument and data to extend regulatory approval from met-EGR to Uro-EGF.
- The 2004 chemistry and manufacture submission – of little relevance.
- The 2007 and 2008 regulatory submissions for the gel formulation.
- The current labels.
- The current operator manual.
- The scientific literature on EGF in sheep that is in the public domain.
- The APVMA's adverse event reports.

The author has not reviewed the 1993 submission, current nets, nor recent developments in net nor application technology nor the state of the intellectual property protection around Bioclip, nor the commercial and business arrangements and affairs of Heiniger nor of BWH.

3. 1997 PUBLIC RELEASE SUMMARY

3.1 Residues in meat

Data was provided showing blood concentrations of uro-EGF and met-EGF following sub-cutaneous injection in Merino sheep. Peak concentrations of about 20 ng/ml of both molecules were seen 8 hours after treatment and by 48 hours concentrations were below the limit of detection (< 0.05 ng/ml). Based in this data a slaughter with holding period of 7 days was granted.



Prototype nets under test covering the weight range 20-50kg

3.2 Scheduling

In November 1996 and February and May 1997 the National Drugs and Poisons Schedule Committee of the Therapeutic Goods Administration placed EGF on Schedule 7 (Dangerous Poison) and allowed it's use by authorised or licensed persons only – i.e. employees of the company.

3.3 Occupational Health and Safety Assessment

In July 1997 Worksafe delivered it's assessment of an injectable product containing 7.5 mg/ml uro-EGF or met-EGF. Single treatment studies in rats, mice and rabbits did not produce deleterious effects. People given 0.125 and 0.25 micrograms EGF/kg/hour for 1 hour were unaffected. 0.5 micrograms/kg/hour in people caused headache that lasted for 3 hours after treatment ceased. Rats given 0.3, 0.9 or 3 mg EGF/kg/day by intravenous injection for 4 weeks had increased appetite, increased body weight and epithelial hyperplasia in various organs. However cynomolgus monkeys given 0.3, 0.9 or 3 mg EGF/kg/day by subcutaneous injection for 4 weeks were badly affected and animals were euthanized for humane reasons from 7 days after treatment. Daily treatments of pregnant rabbits at 0.3, 0.9 or 3 mg EGF/kg/day were also harmful and led to maternal deaths and foetal losses. 90 to 120 micrograms/kg induced abortions in ewes treated during the first 50 days of gestation but not at 75 or 108 days gestation.

EGF was classified hazardous and no minimum safe dose could be established. Bioclip was unable to be classified. A lowest observable effect level of 0.3mg/kg/day was established. This is equivalent to 21 mg for a 70 kg man which would be delivered by the injection of 3 mls of Bioclip. The main hazard was recognised to be associated with self injection, particularly repeat self injection. Worksafe concluded that Bioclip should only be available to trained harvesting teams, care be taken to avoid self injection and that accidental self injection could be associated with severe injury.

4. 1998 SUBMISSION TO REGISTER BIOCLIP

In January 1998 Biological Wool Harvesting Co applied to the National Registration Authority (NRA) to register Bioclip and to extend the regulatory definition of EGF to include human uro-EGF as well as mouse met-EGF. The new product utilised 7.5 mg/mL uro-EGF produced by Higeta Shoyu Co, Japan, made by Bacillus brevis. The new product was formulated at pH 6.5 – 6.8 rather than pH 3.4- 3.8 as in the former product and included methylcellulose. The submission included a revised label.

The submission included:

- Part 1 Submission overview
- Part 2 Chemistry and Manufacture
- Part 3 Toxicology
- Part 4 Metabolism
- Part 5 Residues
- Part 6 Occupational Health and safety – summary only.
- Part 7 Environmental Chemistry and fate. Environmental Toxicology – summary only.
- Part 8 Efficacy and toxicity to Target Species.
- Parts 6 and 7 were judged not to be required in full and presumably the outcomes from the previous submissions in these areas were accepted.

4.1 Part 2 Chemistry and Manufacture

Part 1. The first of 2 parts of the Chemistry and Manufacture section is the 1993, Pitman Moore submission. The reason for it's inclusion is unclear and bears little relevance to the product actually manufactured. It specified the use of mouse met-EGF produced by Pitman Moore in Melbourne using recombinant Escherichia coli. This organism produced EGF as intracellular inclusion bodies which required a mechanical separation step as well as classical purification methods. The section requested the registration of 2 formulations one with (formulation A) and one without (formulation B) methylcellulose. Both were adjusted to pH 3.4 – 3.8 and produced by Pitman Moore in Sydney. The product was stable when stored at 4°C for 8 and 13 months with <3% degradation of met-EGF at 13 months. The product was packaged in low density polyethylene vaccine packages.

Part 2. The second of 2 parts was prepared in 1997. The manufacturer was Fernz Health and Science Ltd Auckland New Zealand. It specified the use of human urogastrone (uro-EGF) produced by Higeta Shoyu Co, Tokyo, Japan. Higeta Shoyu used recombinant B. Brevis which secreted EGF into the culture medium and required a different purification process to met-EGF. This molecule was missing the methionine residue found at one end of met-EGF. Furthermore the amino acid structure was different at 16 amino acid residues to met-EGF. However the 3 disulphide bonds between cysteine residues were in identical positions and functionally it was the same as mouse EGF. Only the formulation containing methylcellulose was included and pH was specified as 7.4 – 7.8 during manufacture whereas quality control specifications for release specify pH 6.5-8.5. Both pH ranges differed from the summary where pH 6.5 to 6.8 was specified. As the formula contains no pH buffering ingredients the range of pH movement around neutral is clearly broad. The product was packaged in poly vinyl chloride. No storage stability data was included but an undertaking made to supply it over time.

4.2 Part 3 Toxicology

Human epidermal growth factor, the active ingredient in Bioclip, is naturally present in blood saliva, gastric juice, milk, prostatic fluid, urine and tears. Concentration in blood is usually < 1 nanogram/mL. Furthermore mouse EGF and human EGF are equivalent molecules so studies conducted with one are relevant to the use of the other. In vivo EGF reduces gastric acid secretion, induces cell division and differentiation, keratinisation of epidermis, is rapidly cleared from blood and excreted in urine at between 120 and 1360 ng/kg/day. A dose rate of 0.25 micrograms/kg/hour of EGF reduced acid secretion in humans.

Maraschin and others (Tox Path, 23:356-366, 1995) evaluated the toxicity of EGF using classic toxicological methods. EGF was not mutagenic nor teratogenic, nor clastogenic (harmful) to chromosomes. Single treatments of rats and mice with 15 mg/kg caused no toxicity. Treating rats at 0.3, 0.9 and 3 mg/kg/daily for 4 weeks by intravenous injection (i.v.) caused dose dependant epithelial hyperplasia, but no apparent ill health. However, the same dose given by subcutaneous injection in cynomolous monkeys caused loss of body weight, gastrointestinal, respiratory, neurological and cutaneous abnormalities in all animals and deaths after 7 days at the higher doses and after 14 days at the lower dose. Reproductive abnormalities were seen at necropsy and microscopic examination. Rats and rabbits were treated with at 0.3, 0.9 and 3 mg/kg/daily i.v. from days 6 to 15 of pregnancy in rats and days 6 – 18 in rabbits. In rats there was increase in maternal and foetal body weights only. In contrast in rabbits severe clinical signs, deaths and foetal resorptions were seen. Maraschin concluded that a single high dose was not deleterious in rats and mice. Longer term exposure was of minor consequence in rats but monkeys were much more susceptible. Monkeys showed the same general response of epithelial hyperplasia but was more rapid and advanced, critically affecting their physiology and caused death. Likewise pregnant rats were un-affected whereas rabbits were severely affected.

Single subcutaneous treatments of rabbits with 0.025 to 0.2 mg/kg of EGF caused depilation but no deaths and no reported illness.

Treatment of human volunteers with 0.125. 0.25 and 0.5 micrograms/kg/hour EGF caused headaches at the higher dose only but no other deleterious effects.

Maraschin's findings caused the regulatory authorities to schedule EGF as hazardous and limit it's use to licensed operators. Bioclip contains 7.5 mg EGF/mL and the usual dose is 2 mL. If this was fully injected into an operator this gives a dose of 14 mg – in a 70 man = 0.2 mg/kg (that is similiar to the lowest monkey daily dose). However toxicity in monkeys occurred after a number of daily injections not after one. BWH argued and NRA agreed that multiple daily treatments were most unlikely and good technique and training would reduce risk to an acceptable level.

4.3 Part 4 Metabolism

EGF was transferred readily from blood into milk. Twenty-four adult Merino wethers were given mouse EGF subcutaneously (s.c.) at doses ranging from 0·02 to 0·12 mg/kg body weight or intravenously (i.v.) in the dose range 0.01 to 0·14 mg/kg body weight for periods ranging from 3 to 48 h. When plasma concentrations of EGF were sustained at ≥ 20 ng mEGF/mL for 15–24 h it caused feed rejection and casting of the fleeces. Approximately 10% of the dose of mEGF appeared in the urine of three sheep 1 to 3 days after the start of s.c. infusions and EGF was rapidly cleared from the circulation after infusions ceased. Further studies showed that 85 to 130 micrograms EGF/kg bodyweight did not give sustained plasma concentrations above 20 ng/ml in plasma. Further work showed that following s.c. infusion of EGF plasma concentrations took 3 - 4 hours to peak and then plateaued.

Pitman Moore showed that using a formulation of met-EGF thickened with methylcellulose and injected s.c. at 300 micrograms/kg body weight plasma concentrations of EGF stayed above 90 ng/ml in plasma for more than 12 hours and this was correlated with good defleecing. Unthickened formulations at the same dose and route gave a shorter elevated EGF concentration and poor defleecing.

Studies showed that a thickened formulation of met-EGF with a pH of 3.6 was more chemically stable than formulations with a higher pH. Given at 250 ng/kg this formulation gave excellent defleecing. In a study conducted with met-EGF given at sub-optimal doses of 125 ng/kg, the low pH, thickened formulation gave the best efficacy. The study also showed that having a plasma concentration greater than about 20 ng/mL EGF 12 hours after treatment was correlated with good defleecing activity. Less than 10 ng/mL EGF gave poor efficacy. However the low pH formulation was associated with irritation of the injection site but this was judged to be transient and minor. Based on these studies a dose of 250 micrograms/kg body weight s.c. in a thickened, low pH formulations was chosen as the product for commercialisation.

4.4 Part 5 Residues

O'Keefe and others (1988) infused Merino sheep i.v. with radioisotope-labelled mouse EGF for 24 hours to give a total dose of 120 micrograms/kg. EGF was cleared from the blood within 24 hours after treatment ceased. 65% of the total dose was excreted in urine and faeces within 8 days of treatment. 8 days after treatment residues in muscle were 32 micrograms/kg, 5 micrograms/kg in fat and 172 micrograms/kg in kidney. The authors estimated that if people ate sheep 8 days after treatment up to 1 microgram of EGF could be eaten and this would be broken down in the gut and cause no harm to humans. (O'Keefe JH, Sharry LF and Panaretto BA, 1988. The fate of tritiated rm-epidermal growth factor in the sheep : validation of the labelling procedure and rate of tissue clearance. Aust J Biol Sci 41:539-52).

A further study was undertaken to characterise concentrations of EGF at the injection sites. 250 and 500 micrograms/kg were given s.c. in the inguinal region. 80% was cleared within 24 hours of treatment and by 48 hours less than 0.01% of the EGF remained.

According to the 1998 public release summary the arguments were accepted and a 2 week meat withholding period established. EGF was included on table 5 of the minimum residue Limit (MRL) table and no MRL was set because residues should not occur in food.

4.5 Part 6 Occupational Health and safety

BWH argued that EGF does not represent a human health hazard, particularly with the risk of self administration reduced by operator training and injection into the inguinal region of sheep.

Worksafe agreed that Bioclip would be safe to workers. It was registered as a schedule 6 (Poison) chemical – "CAUTION, use strictly as directed, keep out of the reach of children, read safety directions before opening, for animal use only'

4.6 Part 7 Environmental Chemistry and fate. Environmental Toxicology

Because EGF is a small protein that is not stable at temperatures above 8°C, EGF is no hazard to the environment. This argument was accepted by the NRA.

4.7 Part 8 Efficacy and toxicity to Target Species.

4.7.1. Efficacy

Work by CSIRO workers showed that doses ≥ 120 µg/kg were required for efficacy and that the subcutaneous route was effective. Pitman-Moore showed that 250 µg/kg was required for consistent efficacy – in rams for example. They also showed that injection into the inguinal region was better than into the neck because it was easier to visualise the skin there and to be certain the injection was correctly administered. The use of the formulation containing methyl cellulose gave a more gradual release of EGF from the injection site and better efficacy than a non-thickened formulation. 1317 sheep were treated in 49 pilot studies and 4% only required conventional shearing. A later group of studies with an optimised formulation gave 99% efficacy.

Poor efficacy was observed in sheep on poor nutrition indicating that the presence of actively growing wool fibres was necessary for efficacy. Furthermore there were variable results in meat breed cross sheep. For this reason the product was initially only registered for Merino sheep.

4.7.2. Safety

Intravenous. infusion of 129 µg/kg EGF over 24 hours caused a significant reduction in serum calcium to < 2 mmol/L, an increase in serum magnesium and an increase in parathyroid hormone which is associated with calcium homeostasis. A number of other physiological responses were reported: temporary anorexia mostly lasting 24 hours after treatment stops; erythema of the face and skin due to vasodilation of skin capillaries; increased plasma cortisol; diarrhoea in some sheep; decreased plasma thyroxine. Apart from the anorexia and soft faeces the same effects have not been reported in s.c. treated sheep.

4.7.3. Reproduction

EGF treatment during the follicular phase of the oestrus cycle prevented oestrus and mating. EGF also caused luteolysis, depending on the stage of the ovarian cycle with return to oestrus up to 1 cycle later (21 days) and fertile mating 2 to 4 weeks after treatment. An interval of 5 weeks between EGF treatment and mating was judged to lead to normal fertility. Ewes treated during the first 50 days of pregnancy aborted but not ewes at 75 or 108 days gestation.

The semen from Merino rams treated with EGF was examined. A range of abnormalities expressed to variable degrees and at different times were seen in semen from treated rams for up to 10 weeks after treatment. Rams treated with EGF at 150 µg/kg 12 weeks earlier had normal fertility when joined with flocks of ewes.

4.7.4. Acute toxicity

Merino sheep were given 3 and 5 times the recommended dose of 250 µg/kg EGF s.c. using the thickened, acidified formulation. There was inappetence for up to 48 hours, soft faeces up to 3 hours after treatment and slight injection site reactions which resolved to s.c. lumps or small necrotic skin area within 48 hours. One sheep in the 5x group had facial reddening and slight swelling of the eyelids.

4.7.5. Registered label

According to the 1998 public release summary the data was accepted and the proposed label registered. The label included a 14 day meat withholding period and a restriction not to use in ewes 28 days prior to joining, nor in rams 70 days prior to mating, nor for use in pregnant or lactating sheep and for use in Merinos only.

5. ADVERSE EVENTS

The APVMA has a system for the routine monitoring of adverse events following the use of registered products. Eleven reports of adverse events thought to be associated with Bioclip use were forwarded to and examined by the author. 7 reports were from 2002, 1 from 2003, 2 from 2005 and 1 from 2009. In 2008 APVMA requested any outstanding reports so it is possible that not all of the adverse reports events were examined.

Three events were clearly not associated with Bioclip use.

Most of the remainder were in young sheep given a split dose of Bioclip. This entails mustering young sheep, handling them twice and keeping them in sheep yards, presumably without water or feed, for a number of hours between treatments. This together with the known temporary appetite suppression effect of EGF exposes young and vulnerable sheep to considerable stress and dehydration. In one case lot feeding of lambs complicated the issue and in another salmonellosis was diagnosed which could also be associated with stress. The author interprets most of the adverse events as associated with metabolic disorders as due to poor management of young sheep exacerbated by treatment. The gel formulation requires one treatment of lambs and that together with improved advice to farmers should overcome these issues in young sheep.

6. 2007/8 SUBMISSION TO REGISTER BIOCLIP GEL

In December 2007 BWH submitted a 'modular' application to the Australian Pesticides and Veterinary Medicines Authority to authorise the modification of the formulation of Bioclip. The change involved the addition of polyethylene glycol to the formulation to form a 'gel' and to delay the release of EGF from the injection site. This change is reported to give a 4 hour longer effective concentration of EGF in blood and thus increase efficacy following one injection. In particular this formulation was developed to allow sheep less than 8 months old to be treated with a single injection rather two, several hours apart as had been previous practice. BWH argued that a new toxicology, metabolism, occupational health and safety and environmental safety section was not required. New information is summarised below.

6.1 Part 2 Chemistry and Manufacture

This section was submitted in 4 sections over time with the last in August 2008. The only change to the formulation was the inclusion of polyethylene glycol. Human uro-EGF at 7.5 mg/mL was the active ingredient, methylcellulose was maintained, pH was specified as 6.8 – 7.8 and Pfizer Animal Health, Parkville, Melbourne was the contract manufacturer. Stability data was absent from the December 2007 submission and in June 2008 12 month stability data was submitted. The product was stable when kept refrigerated.

6.2 Part 5 Residues

BWH presented data that showed that in 4 month old Merino sheep the gel formulation gave a lower plasma peak concentration of EGF than the original Bioclip formulation, a slower decline in plasma concentrations and maintenance of plasma concentrations above 100 ng/mL for at least 14 hours compared to 12 hours with the original formulation. This longer effective plasma concentration of EGF was used to explain why the gel formulation gave improved efficacy in young sheep. At 36 hours the gel formulation gave twice the plasma concentration and at 28 hours 4 times the concentration of the original Bioclip formulation. In the residue case BWH argued that the gel formulation had a similar plasma profile to the original Bioclip formulation and therefore that the original Pitman-Moore injection site residue study of 1993. The argument made was that residues at the injection site would decline to nothing after 14 days.

6.3 Part 8 Efficacy and toxicity to Target Species

BWH conducted a large number of studies to demonstrate that the gel formulation was effective and to define the dose needed for efficacy in sheep > 60 kg body weight. They also assessed safety in 30,000 sheep.

Studies numbered 9 to 46 treated Merino and Merino cross sheep 7 months or less of age and weighing 40 kg or less with 2 mL of gel formulation. In every case except one the average wool harvesting score – ie ease of wool removal was acceptable (4.0 or above). However in 18 of these 38 studies a small number of sheep had scores of 1 or 2 which required mechanical shearing. The percentage of low score sheep varied from 0.02% to 4% and was usually less than 1%. On the other hand in the remaining studies 100% of sheep were all easily defleeced.

In one study 10% of sheep had a wool harvest score of 1. On investigation these 4 month old Merino sheep weighing 20 kg were found to have been on a poor diet when treated and then moved onto a high protein diet or were moved off the poor diet onto a high protein diet and then treated – the report is ambiguous. BWH scientists argued that the liver was primed to metabolise protein and thus cleared EGF from the blood before it could act on the wool follicles. The author thinks that the poor diet put the wool follicles into a resting phase and therefore the EGF was ineffective as it requires active follicles to be effective.

A further group of studies looked at efficacy on small groups of large sheep – presumably rams and of a mixture of breeds. High dose rates appeared to give adequate efficacy but larger numbers are required for definitive assessment.

There were no adverse events, apart from a few sheep with inadequate defleecing in 30,000 sheep

6.4 Outcome

The data and arguments were accepted and Bioclip Gel® was granted registration in February 2010

7. REGISTERED LABEL AND OPERATORS MANUAL

7.1 Label

The revised label has the following features:

- Dangerous poison scheduling (schedule 7).
- Warning statements about human exposure. A restriction on use to authorised or licensed operators only. Operators must wear gauntlet length leather gloves. In case of self injection seek medical help. In case of needle stick or scratch stop work and monitor.
- The gel is no longer restricted to Merino sheep only – i.e. registered for sheep in general.
- It is to be used in conjunction with the Bioclip fleece retention net.
- Store at between 2°C and 8°C – i.e. refrigerate.
- Dose rate table based on weight – 2ml for sheep < 60kg, 3 ml 61- 80 kg, 4 ml 81-100 kg, 5 ml 101kg +.
- Restrictions for use in; pregnant and lactating ewes, ewes 28 days prior to breeding, rams 70 days prior to breeding, drought effected or starved sheep.
- Sheep need to crutched and pizzle ringed prior to treatment.
- Nets are only available for sheep < 50 kg in weight.
- Warning to watch sheep to make sure they are not cast (i.e. cant get up) following net application.
- A note not to withhold feed and water after treatment.
- A note that scouring may occur after treatment.
- Allow 28 days between treatment and harvesting to allow adequate wool regrowth.
- Meat withholding period – 7 days.

7.2 Bioclip Training and reference manual

The manual is a comprehensive, thorough and an obviously well developed document. The author considers it to be suitable.

7.3 Marketing material

The 4 A4 page marketing brochure seems accurate and reasonable.

8. OPINION

8.1 Utility and efficacy

There is no doubt that in nearly all Merino sheep, on a rising or steady plane of nutrition, a correctly applied injection of Bioclip Gel causes a wool break 1 week later and the fleece either falls off or is easily removed. This is vastly easier than shearing and the quality of the fleece is slightly better than a well shorn fleece. If the injection can be given in a way safe to the operator, if the nets are cheap and can be easily applied, if say 95% of the fleece is retained in place for a month or so and if the net can then be easily removed then the product is extremely useful and in my opinion has commercial applicability.

8.2 Risks

8.2.1. Reproductive losses

If the label directions are not followed then reduced female and male fertility can be expected. However these effects are fully reversible and a return to service or delay in lambing is the worst outcome. Treatment of ewes less 75 days gestation may cause abortion.

8.2.2. Poor nutrition

It seems clear that the wool fibre needs to be growing normally for Bioclip Gel to be effective and therefore efficacy in drought effected, badly nourished or overstocked sheep can not be guaranteed. This situation is not rare in the Australian wool industry. The registrant argued that protein supplementation could increase the rate of metabolism of EGF by sheep – in my opinion this is unlikely to be the case and poor nutrition with a consequent quiescent wool follicle prior to treatment is more likely.

8.2.3. Operator safety

EGF is a human hormone and does have effects on people. Single doses are unlikely to be toxic and no enduring effects are likely. Repeat doses over time with a full sheep dose of Bioclip is likely to be harmful to humans. The precise nature of this toxicity is unknown. A single 'needlestick' event is serious only if a significant dose is injected and for serious harm to accrue repeat injections are necessary. In my opinion the label directions and training that is compulsory for operators removes significant risk to people and must be balanced with the physical risks associated with shearing.

8.2.4. Poor 'harvest score', difficulty in collecting fleece

In an occasional flock up to 1 % of the sheep will be difficult to defleece and may require mechanical shearing. This will usually be associated with poor nutrition or poor treatment technique.

8.2.5. Uncertain efficacy in non- Merino breeds and large sheep

The efficacy studies indicate that Merinos of a certain size and 50% cross breeds can be confidentially treated. Efficacy in meat breed sheep and indeed in large sheep is not completely characterised. However if BWH can conclude that work satisfactorily it increases market potential in Australia and overseas.

8.2.6. Manufacturing risk

BWH is relying on a Japanese company to provide human EGF. If they cease operations or cease manufacture or supply BWH must find alternative sources. Other companies do or could make EGF, overseas or in Australia but it would take time to establish alternatives. This would probably involve a regulatory delay and could impede supply and sales.

BWH is relying on a contract formulator to produce the product. Should that company fail or cease production alternative arrangements could be made but that may require regulatory efforts and delay and could impede manufacture and harm sales.

8.2.7. Nets or coats and means of application

BWH and Heiniger must develop and ensure supply of cheap and effective nets and their means of application. Solving this was a significant hurdle for Coopers Animal Health and is not a trivial matter. However Heiniger has a good track record in this area and it is this expertise that they bring to Bioclip Gel and that makes the product more attractive than under previous management.

8.2.8. Treatment of lambs

The Bioclip Gel formulation was devised to allow effective treatment of lambs. The data supporting this use are less comprehensive than for more mature sheep and it is possible that treatment of lambs will not be a good as older sheep.

8.2.9. Commercial considerations

The pricing and supply of Bioclip Gel is a pivotal element for the continuing market success of Bioclip Gel. Sheep farmers will be difficult to convince to continue to use Bioclip Gel if there are significant supply or efficacy issues. Furthermore BWH and its distributor Heiniger will need to be well organised to service this field, address complaints and coordinate training. Excellent marketing will be required. My review does not address these risks and they are outside the its scope.

Jim Rothwell

JT Rothwell, Professor of Veterinary Pathology and Infectious Diseases, School of Veterinary Science, University of Queensland. November 2010.

Contact: Peter Caporn
Partner/Associate: Peter Caporn

29 November 2010

The Directors
Anagen Limited
46 Miguel Road
BIBRA LAKE WA 6163

Dear Sirs,

Independent Expert's Report
Anagen Limited (ACN 080 451 136)
Our ref: 203331:PMC:lw

This report has been prepared for inclusion in the Prospectus of Anagen Limited (hereinafter "Anagen") relating to the issue of twenty (20) million shares of twenty (20) cents each. We understand that oversubscriptions of up to a further five (5) million shares at an issue price of twenty (20) cents each may be accepted.

We understand that Anagen is the ultimate holding company for both Bio-clip Pty Limited and Biological Wool Harvesting Co. Pty Limited.

Background

Wrays is a firm of patent and trade marks attorneys specialising in the law and practice relating to intellectual property. The firm was established in 1920 and has a long history in servicing the intellectual property needs of both Australian and overseas clients.

Each of our partners and our fully qualified professional staff members is a Fellow of the Institute of Patent and Trade Mark Attorneys of Australia. Our professional staff are divided into groups by technology area, each group being overseen by one or more partners. The firm's structure presently contains groups dedicated to chemical, biotechnology, electronic/electrical/communications, and mechanical engineering technology areas. Our professional staff each hold a tertiary qualification in the technology field in which he/she practices.

Intellectual Property

The term 'Intellectual Property', relates to a group of rights covering patents, trade marks, registered designs, copyright, confidential information/trade secrets, plant breeder's rights and printed circuits. Patents are perhaps the most familiar, and in certain circumstances the most powerful, of these rights. A patent provides the owner with a statutory monopoly for a limited period. This monopoly allows the patent owner to exercise control over the use of the technology protected by the patent, including restricting excess or allowing its use through grant of licenses. Patents may be granted for a wide variety of technologies, including mechanical apparatus and chemical compositions.

It should be noted that the granting of a patent does not guarantee that the patentee is entitled to practice the invention claimed in the patent. It may be that the working of a patented invention is prevented by the existence of another patent or a patent application which has still to mature to a patent and which has an earlier priority date than the patented invention.

In addition, the grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid then the patent is unenforceable. For example, relevant prior disclosures may be discovered which may limit the scope of patent protection sought, perhaps to a very narrow field.

Patents

We confirm that Bioclip Pty Ltd and Biological Wool Harvesting Co. Pty Ltd are the patentees in respect of a number of Australian patents as described in Schedule A. Each of the four patents described therein are presently in force and each has been the subject of full or 'ordinary' examination before the Australian Patent Office.

A granted Australian patent provides the owner of that patent with the exclusive right to 'exploit' the invention in Australia, and to prevent others from exploiting the invention in Australia. The definition of 'exploit' from the Australian Patents Act 1990 is as follows:

exploit, *in relation to an invention, includes:*

(a) where the invention is a product—make, hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or

(b) where the invention is a method or process—use the method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use.

It is what is defined in the claims of the specification of a granted Australian patent that defines the monopoly granted thereby. That is, the patentee has the exclusive rights defined above in respect of the invention(s) defined in the claims of the granted Australian Patent. The claims are typically found at the end of the description in a patent specification, immediately prior to any drawings or figures that may be present.

For convenience, we set out below the various 'independent' claims as are present in each of the four Australian patents, set out in Schedule A, at this time. An 'independent' claim is a claim that is not dependent upon another. Such claims are generally considered to be the broadest definition of any invention claimed in an Australian patent/application. We have also included the broadest claims that may have been provided to different aspects of the invention, whether independent or not. For example, a claim may be provided to a method of using a device, where that device is described in other claims. Whilst such a claim is strictly dependent, it is directed to a different aspect of that invention.

Australian Patent 2003328763

1. A fleece retention device for use in biological de-fleecing of fleece bearing animals, including a substantially tubular section composed of elastic material, the tubular section being elastically expandable for receiving the body of a fleece bearing animal therein during fitting of the device to the animal, wherein the tubular section is composed of netting material, having holes with a width of approximately 0.9 to 1.5 cm when the tubular section is elastically expanded and approximately 0.5 to 1.1 cm when the tubular section is relaxed, the netting material of the fitted device acts to retain fleece at least on the body of the animal.

9. A method of fitting a fleece retention device according to any one of claims 1 to 8 to a fleece bearing animal, the method including:
   locating an animal in a frame substantially supporting the animal;
   placing an open end of the tubular section about one end of the frame;
   elastically expanding the tubular section over the frame such that the frame and supported animal are substantially enclosed by the device;
   positioning the legs of the animal through respective leg holes in the tubular section; and
   simultaneously removing the animal and device from the frame such that the tubular section contracts about the body of the animal for retaining fleece at least on the body of the animal.

15. A frame when used in fitting a fleece retention device according to any one of claims 1 to 9 to a fleece bearing animal, the frame including a cradle for receiving an animal in a supine position, the cradle being configured so that the device can be elastically expanded over the cradle such that the cradle and animal are enclosed by the device, whereupon the animal and device can be simultaneously removed from the frame such that the tubular section contracts about the body of the animal for retaining fleece at least on the body of the animal.

Australian Patent 2002320806

1. A method of biological defleecing of an animal including treatment of the animal with a biological defleecing agent in a manner so as to provide a blood plasma concentration of the defleecing agent in the animal above a threshold 5 level (X ng/ml) for at least a period of time (Y hours), the period of time (Y) being greater than 10 hours and being dependent on the threshold level (X), wherein the combination of threshold level and period of time are effective to defleece at least 80% of animals subjected to the treatment, and further wherein X and Y are such that X*Y> 1500 ng hours/ml.

21. A composition for defleecing an animal wherein the composition includes from 30% to 70% of a defleecing agent, from 5% to 45% of a surface active agent, and from 5% to 45% of a dissolution modifier.

Australian Patent 2004200050

1. A fleece retention net for use during de-fleecing a fleece bearing beast, the net including:
a body portion of netting material having at least two opposite longitudinal edges and at least two opposite transverse edges, in use, the body portion being wrapped around the body of a fleece bearing beast with the longitudinal edges substantially secured together to form a tubular arrangement having substantially opposite openings through which the head and rear of the beast can extend defined by the transverse edges; and
holes for receiving legs of the beast therethrough so as to fit the net to the beast,
wherein the fitted net acts to retain fleece during a period when substantially all of the fibres of the fleece are caused to be weakened and/or separated from the beast as a result of administration of an effective amount of biological defleecing agent to the beast, by reception of groupings of outer ends of fibres in the apertures of the netting material.

12. A method of defleecing a beast following administration to the beast of an effective amount of biological defleecing agent sufficient to produce weakening and/or separation from the beast of substantially all of the fibres of the fleece of the beast over a predetermined period of time, the method including the steps of:
a) applying a retention net as claimed in any one of Claims 1 to 11 over the fleece on the body of the beast;
b) leaving the retention net in place for a predetermined period of time during which groupings of outer ends of the fibres are received in apertures of the netting material so as to retain the fleece;
c) removing the retention net after the predetermined period whereby a substantial and homogenous portion of the fleece of the beast comes away from the beast with the net; and
d) separating the fleece from the net.

Australian Patent 2003204848

1. A fleece retention net fitting apparatus for fitting a fleece retention net to a fleece bearing animal, the net having a tubular body section and being composed of resiliently extendable material, the apparatus including:
a cradle having a recess for supporting the animal in a supine position and a pair of spaced apart side walls that partially surround the animal when supported therein, the side walls tapering toward one end of the cradle to facilitate placing an open end of the retention net about that one end and elastically expanding the net over the cradle; and
mounting means for stably securing the apparatus,
the cradle and mounting means being arranged so that a net can be positioned on the cradle with the body section along and about the supported animal in a resiliently expanded condition, whereupon the animal and retention net can be removed from the cradle so that the body section resiliently contracts into engagement with the body of the animal.

12. A method for fitting a fleece retention net to a fleece bearing animal, the net having a tubular body section and being composed of resiliently extendable material, the method including:
    supporting the animal in a supine position at a fitting station which includes a cradle having a recess, the cradle having a pair of spaced apart side walls that partially surround the animal when supported therein, the side walls tapering toward one end of the cradle to facilitate placing an open end of the retention net about that one end and elastically expanding the net over the cradle;
    positioning a retention net about the fitting station so that the body section extends along and about the animal in a resiliently expanded condition;
    putting the legs of the animal through respective holes in the body section; and
    removing the animal and net from the fitting station so that the body section resiliently contracts into engagement with the body of the animal.

Wrays has not investigated the specific circumstances of the examination of each of the patents and cannot comment on how rigorous or otherwise this process may have been. However, whilst the Australian Patent Office does not warrant the validity of the patents that it grants, it is apparent that the Australian Patent Office has been satisfied that the inventions described in each of the patents meets the requirements of novelty, inventive step, clarity and fair basis.

Independence

Neither Wrays nor any of its partners has any direct entitlement to any shares in Anagen Limited, Bioclip Pty Ltd, Biological Wool Harvesting Co. Pty Ltd, or has any interest in the promotion of these companies.

Wrays has not acted in the prosecution and filing of the various applications noted herein and in Schedule A. Wrays will be paid its usual professional fee for the preparation of this report.

The views expressed herein are based on publically available records, such as may be obtained through IPAustralia (the Australian Patent Office) and the Australian Securities and Investments Commission.

Conclusion

Anagen Limited, Bioclip Pty Ltd and Biological Wool Harvesting Co. Pty Ltd appear to have worked to protect their intellectual property in a diligent manner, resulting in the grant of four Australian Patents, each being in relation to inventions in the technical area of biological defleecing.

Yours sincerely
WRAYS

Peter Caporn
Partner

Encl: Schedule A

Schedule A

Australian Patent 2002318763

Recorded Owner:	Bioclip Pty Ltd
Title:	Fleece Retention Device
Priority Date:	13 December 2001
Effective Date of Patent:	12 December 2002
Examination Type:	Full examination
Maximum Term:	12 December 2022
Current Status:	Granted and in force, renewals paid to 12 December 2010.

Australian Patent 2002320806

Recorded Owner:	Bioclip Pty Ltd
Title:	Compositions
Priority Date:	21 December 2001
Effective Date of Patent:	20 December 2002
Examination Type:	Full examination
Maximum Term:	20 December 2022
Current Status:	Granted and in force, renewals paid to 20 December 2010.

Australian Patent 2003204848

Recorded Owner:	Biological Wool Harvesting Co. Pty Ltd
Title:	Biological Wool Harvesting
Priority Date:	20 June 2002
Effective Date of Patent:	20 June 2003
Examination Type:	Full examination
Maximum Term:	20 June 2023
Current Status:	Granted and in force, renewals paid to 20 June 2011.

Australian Patent 2004200050

Recorded Owner:	Biological Wool Harvesting Co. Pty Ltd
Title:	Wool Harvesting System and Related Methods
Priority Date:	21 August 1997
Effective Date of Patent:	21 August 1998
Examination Type:	Full examination
Maximum Term:	21 August 2017
Current Status:	Granted and in force, renewals paid to 21 August 2011.

Bentleys
Thinking ahead

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CW:ND:1BIOL01:C

30 November 2010

The Directors
Anagen Limited
46 Miguel Road
BIBRA LAKE WA 6163

Dear Sirs

Investigating Accountant's Report
– Anagen Limited (Formerly Biological Wool Harvesting Holding Company Limited)

INTRODUCTION

This report has been prepared at the request of the Directors of Anagen Limited ("Anagen" or "the Company"), for inclusion in a Prospectus to be lodged with the Australian Securities and Investment Commission ("ASIC") on or around 30 November 2010 ("Prospectus"), relating to the proposed issue of 20,000,000 ordinary shares to raise a total of $4,000,000.

The Company may accept oversubscriptions of up to a further 5,000,000 shares to raise up to a further $1,000,000. The offer is not underwritten and the minimum subscription level is $4,000,000.

BASIS OF PREPARATION

The report has been prepared to provide investors with information on historical results and the financial position of the Company, and to provide investors with a pro forma Statement of Comprehensive Income and Statement of Financial Position of the Company as at 31 October 2010 adjusted to include funds raised by this Prospectus and other transactions as referred to in Note 2 of Appendix 2.

This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, the risks associated with the investment, nor form the basis of an Expert's opinion with respect to a valuation of the Company or a valuation of the share issue prices of $0.20 per share for the Public. Risk factors are set out in Section 5 of the Prospectus.

Bentleys has not been requested to consider the prospects for the Company nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor purport to do so. Bentleys accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report.

BACKGROUND

Biological Wool Harvesting Holding Company Limited was formed as a public company limited by shares on 20 October 1997 and changed its name to Anagen Limited on 25 November 2010.

From the date of incorporation to 31 October 2010, 142,579,085 shares have been issued for the amount totalling $9,386,745.

The principle business activity of the Company is to produce and market a unique wool harvesting system as an alternative to conventional shearing. The BioClip system offers a proven alternative to traditional/manual sheep shearing via the combination to two products - an injection, causing natural shedding of the fleece, and a patented fleece retention net.

The Company has entered into a Global Distribution Agreement with Heiniger Limited Switzerland for the distribution of the BioClip product globally. Heiniger has a proven relationship with farmers, shearers and shearing contractors worldwide and specifically in Australia and New Zealand. The Company believes Heiniger's reputation in the industry will alleviate resistance to the product which may arise from farmers with a long history of employing traditional shearing methods.

For further details of the Company refer to the Business Summary in Section 3 of this Prospectus.

SCOPE OF REPORT

Bentleys has been requested to:

(a) report whether anything has come to our attention which would cause us to believe that the historical financial information disclosed in the appendices to this report is not fairly presented in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company, and

(b) report whether anything has come to our attention which would cause us to believe that the pro forma financial information disclosed in the appendices to this report is not presented fairly in accordance with the basis of preparation and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company.

Anagen has prepared, and is responsible for, the historical and pro forma financial information included in the appendices to this Report.

SCOPE OF REVIEW

Bentleys has not audited the financial statements of Anagen as at 31 October 2010. We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASRE 2405 "Review of Historical Financial Information Other Than a Financial Report". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

(i) enquiry of directors, management and others;
(ii) analytical procedures on the historical information;
(iii) a review of work papers, accounting records and other documents; and
(iv) comparison of consistency in application of the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company.

The review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards.

Having regard to the nature of the review, which provides less assurance than an audit and to the nature of the historical and pro forma financial information, this report does not express an audit opinion on the historical and pro forma financial information included in the appendices to this report.

VALUATION OF INTELLECTUAL PROPERTY

The principal assets of Anagen Limited will be its intellectual property.

The intellectual property has been included at fair value in the pro forma Statement of Financial Position. We have not performed our own valuation of the intellectual property. We are unable to form a view on whether the carrying values of the intellectual property are fairly stated.

OPINIONS

(a) Historical Financial Information

On 7 July 2010 the Managing Director of the Company resigned. The Managing Director was responsible for the management and administration of the business. The current directors have only been able to access files and records since July 2010. Every reasonable effort has been made by the directors to ascertain the true position of the Anagen (formerly Biological Wool Harvesting Holding Company Limited) as at 31 December 2009. However, there may be information that the directors have not been able to obtain, the impact of which may or may not be material on the accounts.

Furthermore, the director's declaration in the 31 December 2009 financial report indicates an inability by the directors to declare that the financial statements and notes have been prepared in accordance with the Corporations Act 2001, including;

(i) comply with Accounting Standards; and

(ii) give a true and fair view of the financial position as at 31 December 2009 and of the performance for the year ended on that date of the company.

Due to these limitations we are unable to obtain all the information and perform the required procedures in order to form our opinion on the financial report.

In our opinion due to the disclosure made by the directors in their declaration above, and because of the existence of the limitation on the scope in place upon our work, as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion as to whether the historical financial information, as set out in the appendices of this report is presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Anagen.

(b) Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in the appendices of this report is not presented fairly in accordance with the basis of preparation in the appendices and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company.

SUBSEQUENT EVENTS

To the best of Bentleys' knowledge and belief, there have been no material items, transactions or events subsequent to 31 October 2010 not otherwise disclosed in this report or its appendices that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.

Bentleys does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this report for which normal professional fees will be received. Bentleys were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Bentleys consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

STATEMENT OF COMPREHENSIVE INCOME

	Reviewed Actual 31 October 2010 $	Reviewed Pro forma 31 October 2010 $
Revenue	339,118	339,118
Other income	37,528	37,528
Raw material and consumables used	(515,991)	(515,991)
Accounting and administration expense	(409,572)	(409,572)
Employee benefit expense	(219,740)	(219,740)
Capitalised expenditure written off	(1,020,869)	(1,020,869)
Finance cost	(12,206)	(12,206)
Depreciation and amortisation expense	(17,071)	(17,071)
Reversal of provision for employee entitlements	668,243	668,243
Other expense	(163,164)	(163,164)
Loss before income tax	(1,313,724)	(1,313,724)
Income tax expense	-	-
Loss attributable to members of the company	(1,313,724)	(1,313,724)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	(1,313,724)	(1,313,724)

APPENDIX 1 – HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

	Note	Reviewed Actual 31 October 2010 $	Reviewed Pro forma 31 October 2010 $
CURRENT ASSETS			
Cash and cash equivalents	3	243	3,157,243
Trade and other receivables	4	181,170	181,170
Other assets	5	10,685	10,685
Inventories	6	163,717	163,717
TOTAL CURRENT ASSETS		355,815	3,512,815
NON CURRENT ASSETS			
Plant and equipment	7	9,463	9,463
Intangible assets	8	1,800,000	1,800,000
TOTAL NON CURRENT ASSETS		1,809,463	1,809,463
TOTAL ASSETS		2,165,278	5,322,278
CURRENT LIABILITIES			
Trade and other payables	9	1,360,218	835,218
Financial liabilities	10	605,581	605,581
Borrowings	11	5,287	5,287
Provisions	12	2,351	2,351
TOTAL CURRENT LIABILITIES		1,973,437	1,448,437
NET ASSETS		191,841	3,873,841
EQUITY			
Issued capital	13	9,386,745	13,068,745
Accumulated losses	14	(9,194,904)	(9,194,904)
TOTAL EQUITY		191,841	3,873,841

APPENDIX 2 – NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Statement of Comprehensive Income and Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Comprehensive Income and Statement of Financial Position are disclosed where appropriate.

The financial information has been prepared on the basis of a going concern. The company's ability to continue as a going concern is contingent upon raising additional capital to fund future projects, other principal activities, and for use as working capital. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No allowance for such circumstances has been made in the financial information.

The Statement of Comprehensive Income and Statement of Financial Position as at 31 October 2010 is in accordance with the Company's reviewed financial performance and position at that date. The pro forma of Statement of Comprehensive Income and Statement of Financial Position at 31 October 2010 represents the reviewed financial position as at that date adjusted for the transactions discussed in Note 2 to this Report. The Statement of Comprehensive Income and Statement of Financial Position should be read in conjunction with the notes set out in this Report.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(c) Revenue and Other Income Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	25.0%

(f) Intangible Assets

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Balances disclosed in the financial statements and the notes thereto are based on the best estimates of directors.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition, (ii) less principal repayments, (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Recognition and de-recognition
Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses from investment securities.

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

(h) Impairment of Assets
At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Trade Creditors
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Employee Benefits
(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the payables in the Statement of Financial Position.

2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma financial information has been included for illustrative purposes to reflect the position of the Company on the assumption that the following transactions had occurred as at 31 October 2010:

(a) Consolidate existing capital on a 1 for 7 basis such that the 142,579,085 ordinary shares on issue will be consolidated to 20,368,442 ordinary shares;
(b) Issue of 5,000,000 ordinary shares to the seed investors at an issue price of $0.001 each;
(c) Issue of 20,000,000 ordinary shares at an issue price of $0.20 each pursuant to the Prospectus to raise a gross amount of $4,000,000;
(d) The payment of expenses of the Prospectus totalling an estimated $323,000 and expensed against equity; and
(e) The payment of trade and other payables totalling $525,000.

		Note	Reviewed Actual 31 October 2010 $	Reviewed Pro forma 31 October 2010 $
3.	**Cash and cash equivalents**			
	Cash at bank		41	41
	Cash on hand		202	202
	Issue of 5,000,000 ordinary shares to the seed investors	2(b)	-	5,000
	Issue of 20,000,000 ordinary shares pursuant to this Prospectus	2(c)	-	4,000,000
	Prospectus issue costs	2(d)	-	(323,000)
	Payment of trade and other payables	2(e)	-	(525,000)
			243	3,157,243

Note: The effect of over subscriptions has not been accounted for. In the event that over subscriptions occur the Company's total raising would fall between the minimum subscription of $4,000,000 and the maximum oversubscription up to $5,000,000, the pro-forma cash balance would be increased to the extent of the oversubscription (adjusted for any increase in prospectus issue costs arising from the oversubscription).

4.	**Trade and other receivables**			
	Trade receivables		3,606	3,606
	Trade receivables – related entity		119,212	119,212
	Other receivables		58,352	58,352
			181,170	181,170
5.	**Other assets**			
	Prepayments		10,685	10,685
6.	**Inventories**			
	At cost			
	Finished goods		163,717	163,717
7.	**Plant and equipment**			
	Plant and equipment		97,513	97,513
	Accumulated depreciation		(88,050)	(88,050)
			9,463	9,463
8.	**Intangible assets**			
	Intellectual property		1,800,000	1,800,000
9.	**Trade and other payables**			
	Trade and other payables		278,168	278,168
	Trade and other payables – related entity		1,082,050	1,082,050
	Payment of trade and other payables	2(e)	-	(525,000)
			1,360,218	835,218
10.	**Financial liabilities**			
	Loan – related entity		605,581	605,581

		Note	Reviewed Actual 31 October 2010 $	Reviewed Pro forma 31 October 2010 $
11.	**Borrowings**			
	Bank overdraft		679	679
	Lease liabilities		4,608	4,608
			5,287	5,287
12.	**Provisions**			
	Employee entitlements		2,351	2,351
13.	**Issued capital**			
	Issued capital		9,386,745	9,386,745
	Issue of 5,000,000 shares to seed investors at $0.001 per share	2(b)	-	5,000
	Issue of 20,000,000 ordinary shares pursuant to this Prospectus	2(c)	-	4,000,000
	Prospectus issue costs	2(d)	-	(323,000)
			9,386,745	13,068,745
	a. Ordinary Shares		**No.**	**No.**
	Opening Balance		142,579,085	142,579,085
	Consolidate existing capital on a one for seven basis	2(a)	-	(122,210,643)
	Issue of 5,000,000 shares to seed investors at $0.001 per share	2(b)	-	5,000,000
	Issue of 20,000,000 ordinary shares pursuant to this Prospectus	2(c)	-	20,000,000
			142,579,085	45,368,442
14.	**Accumulated Losses**			
	Accumulated Losses		(9,194,904)	(9,194,904)

15. Related Parties

Refer to Section 10 of this Prospectus for details of related party transactions and shareholdings.

16. Commitments

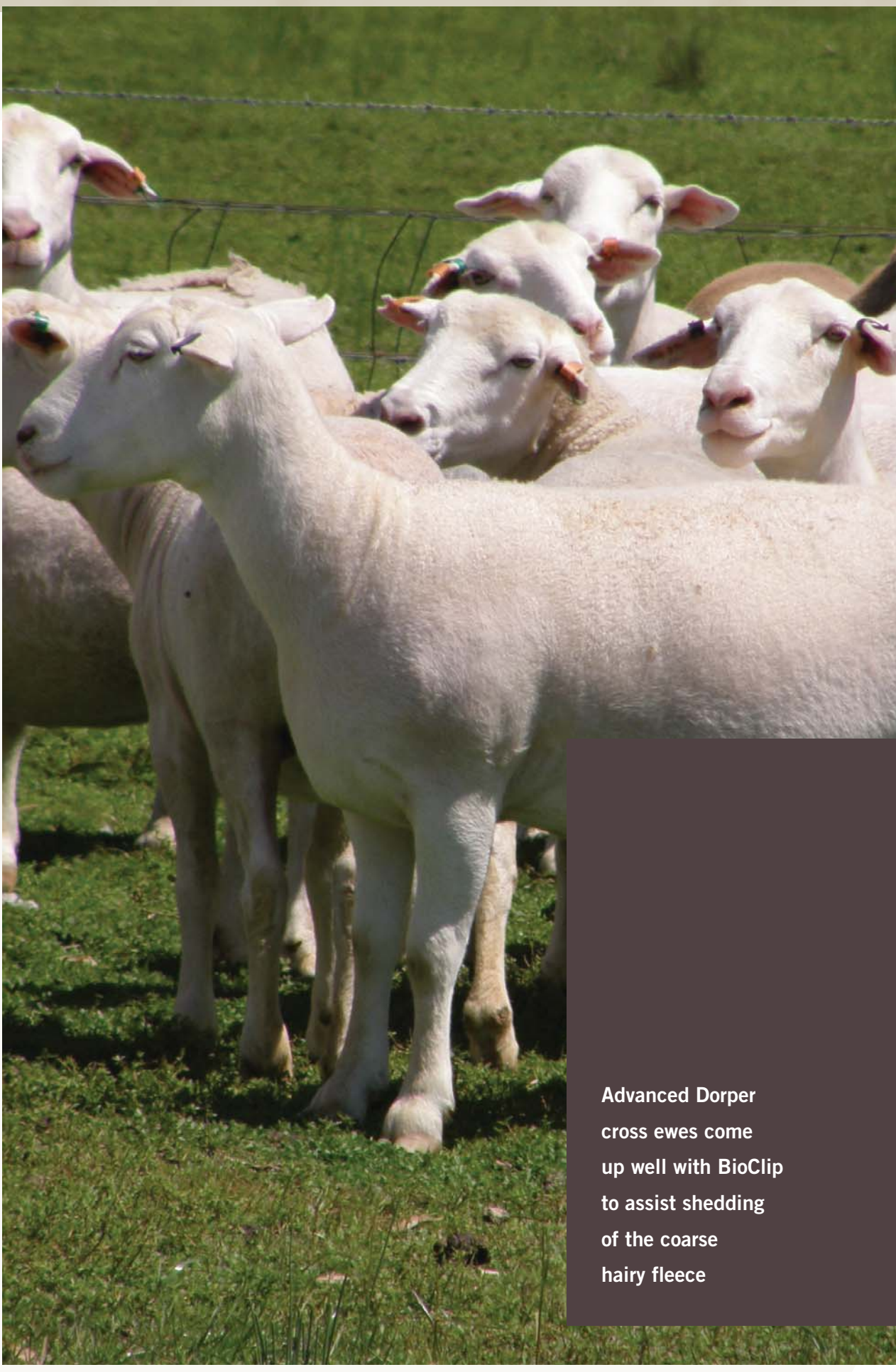
There are no commitments not already disclosed in this Prospectus or accounted for in the pro forma financial information which are sufficiently material to warrant disclosure.

17. Contingent Assets and Liabilities

Further details and specific arrangements are contained in Section 10 of this Prospectus. In the opinion of the directors, other than the matters disclosed above, there were no material contingent liabilities or assets as at 31 October 2010 and in the interval between 31 October 2010 and the date of this Report.

18. Subsequent Events

There have been no events subsequent to balance date not already disclosed in this Prospectus or accounted for in the pro forma financial information which are sufficiently material to warrant disclosure.



Advanced Dorper cross ewes come up well with BioClip to assist shedding of the coarse hairy fleece

SUMMARY OF MATERIAL CONTRACTS

Set out below is a summary of the contracts to which BWH or its related entities are a party that may be material to the Offer or otherwise may be relevant to a potential investor in BWH. The whole of the provisions of the agreements are not repeated in this Prospectus.

Distribution Agreement

On or about 16 November 2010, Biological Wool Harvesting Co Pty Ltd (ACN 065 027 054) ("BWH") entered into a global distribution agreement with Heiniger Limited ("Heiniger") pursuant to which BWH agreed to grant to Heiniger an exclusive licence to distribute, market and sell the protein known epidermal growth factor ("EGF") and fleece nets of BWH (together the "Products") throughout the world ("Distribution Agreement"). BWH is a wholly owned subsidiary of the Company.

The distribution agreement commenced on 1 November 2010 and has an initial period of 5 years. Heiniger may elect to extend the term of the Distribution Agreement for two additional five year terms. BWH may grant another party a right of distribution, marketing or sale in respect of the Products if Heiniger fails to achieve a specified level of orders.

Heiniger will sell in its own name and for its own account the Products supplied by BWH. Heiniger will use its best efforts to promote the sale of Products globally and shall protect BWH's interests with the diligence of a responsible businessman. Heiniger may appoint dealers to promote and sell the Products globally in accordance with Heiniger's obligations under the Distribution Agreement.

The prices of the Products for the first 12 months of the Distribution Agreement are set and are based on one fleece net and one dose of EFG combination. Any subsequent increases in the prices of the Products shall be agreed by the parties. Heiniger will provide BWH with bi-monthly reports regarding the sales of the Products and the inventory levels of the Products.

During the term of the Distribution Agreement, BWH shall, among other things, continue to develop intellectual property associated with the Products and do all things necessary to maintain the intellectual property. The parties may from time to time undertake developmental activities in relation to animal fibre harvesting products and will agree the costs of such activities, distribution rights and other relevant matters from time to time. If BWH approves the development and use of an improvement to the Products, the intellectual property rights arising from the improvements belong to BWH. During the term of the Distribution Agreement, BWH shall not be involved in any way with the distribution or sale of any animal fibre harvesting products without Heiniger's consent.

Heiniger may request BWH to further develop the intellectual property relating to the Products, in which case BWH and Heiniger will agree the terms of such research and development and at the sole discretion of BWH will proceed to develop the additional intellectual property. Heiniger may only use the trademarks and logos associated with the Products in connection with the performance of its obligations under the Distribution Agreement. Heiniger is not entitled to represent, manufacture, market or sell any Products which are competitive with the Products.

BWH indemnifies Heiniger against, among other things, losses incurred by Heiniger arising in connection with a claim that the Products sold by BWH to Heiniger infringe any intellectual property and for any loss or damage as a result of the Products not being fit for the purpose or any material non-compliance with the Distribution Agreement by BWH.

Either party may terminate the Distribution Agreement if, among other things, the other party is in material breach of the Distribution Agreement and fails to remedy such breach within 90 days of being notified of the breach, commits any breach of the fundamental terms and conditions of the Distribution Agreement or makes any false representation on which the other party has relied. Upon termination Heiniger will complete the orderly fulfilment of all orders from customers for the Products until the termination date and cease to engage in any advertising or promotion of the Products or to represent in any manner that Heiniger is BWH's distributor. Upon termination of the Distribution Agreement BWH has the first right to purchase Heiniger's remaining stock for the Products at whichever is the lower of the price paid by Heiniger and the price specified in Heiniger's then currently published price list for the Products.

Heiniger is not permitted to make any representation or warranty in respect of the Products other than those made on the registered label of the Products.

Heiniger will indemnify BWH against, among other things, claims arising out of negligence on behalf of Heiniger or its employees, agents or contractors or any material non-compliance with the Distribution Agreement by Heiniger or the sale, distribution, transportation or delivery of the Products by Heiniger or its distributors, except where the Product sold did not meet the requirements of the Distribution Agreement. Neither party is liable for any loss of profits of business indirect, consequential or punitive damages.

The Distribution Agreement contains additional provisions considered standard in an agreement of this type.

Pfizer Manufacturing Agreement

On or about 3 August 2004, BWH entered into a manufacturing agreement with Pfizer Australia Pty Ltd ("Pfizer"), pursuant to which Pfizer agreed to manufacture and supply to BWH biological wool harvesting product ("Product") ("Manufacturing Agreement").

Pursuant to the Manufacturing Agreement, BWH appointed Pfizer to be the exclusive manufacturer of the Product in Australia and New Zealand. In the event that Pfizer is unable to supply the Product required by BWH, BWH is entitled to obtain the Product from third parties.

Following commencement of the Manufacturing Agreement, BWH will periodically establish forecasts of its anticipated requirements for the Product and use its best efforts to place orders with Pfizer for such quantities of products established in the forecasts on a quarterly basis. Where BWH wishes to place orders for the Product with Pfizer for sale in countries other than Australia and New Zealand, BWH will first negotiate with Pfizer in good faith the terms of such supply including price and specifications and in the event that the parties cannot agree on the terms of such supply, BWH is entitled to source product from third parties.

BWH will inform Pfizer of its requirements for any modifications to the Product and the parties will work in good faith to enable Pfizer to manufacture such modified product. If BWH's requirements for the Product change such that the materials specifically ordered by Pfizer for BWH are no longer required, BWH will compensate Pfizer accordingly.

BWH will instruct Pfizer in respect of its requirements for the manufacture of the Product. Where BWH supplies any materials to Pfizer to be used in the manufacture of the Product, BWH warrants, among other things, that the materials are of good merchantable quality and fit for the purpose and BWH will provide sufficient stocks of the same. Pfizer is not required to pay BWH for materials supplied by BWH or for delivery of the same.

Pfizer will obtain such consents and approvals as may be necessary to manufacture the Product and BWH will obtain such consents and approvals as may be necessary to sell the Product. BWH agrees to compensate Pfizer for any loss suffered as a consequence of cancellation or variation by BWH of a firm order.

The Manufacturing Agreement commenced on the date of the Manufacturing Agreement and continued for an initial term of five years (until 3 August 2009) and thereafter continues in force until terminated by 12 months notice in writing by either party. The Manufacturing Agreement may also be terminated by written notice by a party, if, among other things, a party fails to rectify a breach of its obligations under the Manufacturing Agreement upon receipt of 30 days notice, or an insolvency event occurring in respect of the other party. On termination, BWH will, if requested by Pfizer, repurchase at cost any raw materials specifically ordered for BWH which Pfizer cannot otherwise use.

Pfizer provides various warranties in respect of the manufacture of the Product including that the Product will be in accordance with BWH's requirements and any regulatory standards and if the Product fails to comply with these standards, Pfizer may, at its discretion, either replace the Product or allow full credit in respect of the Product.

BWH will indemnify Pfizer against any loss arising out of the use or effect of the materials provided by BWH or from a breach of BWH's warranties provided under the Manufacturing Agreement, except to the extent that such loss is caused by a breach of the Manufacturing Agreement or negligence or wilful default of Pfizer. Pfizer will indemnify BWH against any loss arising from any failure by Pfizer to meet BWH's specifications in respect of the Product except where such loss arises as a result of negligence or wilful default of BWH.

The Manufacturing Agreement contains additional provisions considered standard in an agreement of this type.

CSIRO and AWRAP Biological Wool Harvesting Technology Licence Agreement

On or about 28 October 1997, BWH entered into a Licence Agreement with the Commonwealth Scientific and Industrial Research Organisation ("CSIRO") and the Australian Wool Research and Promotion Organisation ("AWRAP") (together "the Licensors"), pursuant to which the Licensors agreed to licence to BWH the right to exploit certain intellectual property held by the Licensors in connection with biological wool harvesting ("Licence Agreement").

The licence granted by the Licensors includes an exclusive licence to work, use, exercise and apply the patents and applications for patents held by the Licensors to the extent that BWH requires those in relation to the defleecing of sheep, alpaca, goats and rabbits and to develop, manufacture, market and sell apparatus for donning and doffing of nets, netting for retention of fleece on sheep's body and the administration of EGF to defleece sheep, alpaca, goats and rabbits in Australia, New Zealand, the USA, the United Kingdom, South Africa, Paraguay, Uruguay, Turkey, Spain, Italy, France and any other country in which a patent was filed in respect of such intellectual property. BWH is required to use its best endeavours to exercise its rights under the Licence Agreement for the benefit of Australia.

If any amount payable by BWH to the Licensors is in arrears and remains outstanding after 30 days notice from the Licensors, if BWH fails to perform or observe any fundamental term and condition of the Licence Agreement and fails to remedy such breach within 30 days notice or if there is any change in the beneficial shareholding or underlying beneficial shareholding of BWH, the Licensors are entitled to convert BWH's exclusive licence to a non-exclusive licence.

Before sub-licensing any rights, interests or obligations under the License Agreement, BWH must consult with and reasonably and properly take into account any views expressed by the Licensors in relation to the proposed engagement of sub-licensees and must include certain standard commercial terms as set out in the License Agreement.

BWH must pay licence fees including an initial instalment of $250,000.00 within 30 days of the agreement, plus annual instalments on the anniversary of that date based on the number of defleecing treatments carried out by BWH until a total of $1,000,000.00 is paid, or until seven annual instalments are made, regardless of whether or not the $1,000,000.00 total is reached. 5.5% of licence fees received from sub-licensees must also be paid to the Licensors. BWH is required to pay additional royalties annually in arrears, indexed to CPI, based on the number of defleecing treatments carried out by BWH, at between $0.01 and $0.05 per treatment.

BWH will use its best efforts to exploit the patents the subject of the Licence Agreement and to market and sell products and methods produced via use of such patents, in accordance with an annual business plan to be agreed between the parties BWH must not knowingly make or permit any inaccurate or misleading representation in respect of the patents or products the subject of the patents or permit to be used the name of the Licensors or any words, marks or devices which may imply a connection with the Licensors without the prior written approval of the Licensors.

BWH shall, in respect of its use of the Licensors' patents in accordance with the Licence Agreement, maintain generally accepted quality standards and comply with all applicable laws.

The Licensors shall notify BWH of improvements made to the products and methods used in the defleecing of sheep, alpaca, goats and rabbits, and BWH may elect to exploit such improvement. If the improvement relates to an EGF substitute additional fees will be payable by BWH.

Patented net – wool retention for next 28 days

If the parties become aware of an infringement of the patents the subject of the Licence Agreement, the parties will liaise in good faith regarding the best way to deal with such infringement and failing agreement may take action on their own behalf in relation to such infringement, although BWH will not institute any proceedings without the Licensors' prior consent. The Licensors warrant to BWH that the research underlying the patents the subject of the Licence Agreement was original and carried out in accordance with generally accepted scientific practice however no warranty is made regarding, among other things, the infringement of any third party intellectual property rights or the validity of the patents. BWH indemnifies the Licensors against, among other things, any loss arising out of the use by BWH of the patents. The Licensors are responsible for securing and maintaining registration of the patents.

The Licence Agreement will remain in force for so long as the intellectual property the subject of the Licence Agreement remains in force, unless the Licence Agreement is otherwise validly terminated. BWH may at anytime terminate the Licence Agreement by three months notice or at any time in respect of a specific country. The Licensors may terminate the Licence Agreement on the happening of an insolvency event in respect of BWH, if at any time a foreign person is in a position to control BWH which is deemed to be contrary to Australia's national interest or if BWH fails to meet a sufficient proportion of projected sales under its annual business plan.

The Licence Agreement contains additional provisions considered standard in an agreement of this type.

Higeta EGF Supply Agreement

BWH has entered into a supply agreement with Higeta Shoyu Co., Ltd ("Higeta"), pursuant to which Higeta agreed to sell to BWH and BWH agreed to purchase epidermal growth factor products known as EGF ("Supply Agreement"). The commercial terms and conditions of the Supply Agreement are considered highly commercially sensitive and are not considered to be of a nature requiring disclosure in this Prospectus. The Supply Agreement contains additional provisions considered standard in an agreement of this type.

ADDITIONAL INFORMATION

10.1 Rights Attached to Securities

Full details of the rights attaching to Shares are set out in Anagen's Constitution a copy of which can be inspected, free of charge, at Anagen's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank pari passu with all the Company's existing Shares.

10.1.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representation, to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance Section 249D of the Corporations Act and the Constitution of the Company.

10.1.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of Anagen:

a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

10.1.3 Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of Anagen which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

10.1.4 Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act 2001, and any other laws and ASTC Settlement Rules and ASX Listing Rules, Shares are freely transferable.

10.1.5 Future Increases in Capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act 2001, the

Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

10.1.6 Variation of Rights

Under the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.1.7 Rights on Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of Anagen all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid Shares held by them.

10.1.8 Liabilities

The Shares offered under this Prospectus are fully paid Shares. There is no liability on a holder of those Shares to contribute any further amount to the Company in respect of those shares.

10.2 Summary of Material Contracts

The summary of the contracts to which the Company is a party which may be material in terms of the Offer or the operation of the business of Anagen are summarised in the Summary of Material Contracts in Section 9 of this Prospectus.

10.2.1 Deeds of Indemnity and Access

The Company has entered into a deed of indemnity and access with each of its Directors and the company secretary.

Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances.

10.3 Interests of Directors of the Company

Except as disclosed in this Prospectus, no Director holds, or during the last two years has held any interest in:

a) The formation or promotion of Anagen;

b) Property acquired or proposed to be acquired by Anagen in connection with its formation or promotion of the Offer; or

c) The Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of Anagen or the Offer.

Directors' Shareholdings

The Directors are not required to hold any Shares in Anagen under the constitution of Anagen.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company are as follows:

Director	No. of Shares
Gary Lyons	0
Tim Watts	0
Michael Pedley	0
John Allen	0

Notes:

i) Mr Lyons is the Managing Director and a minority shareholder of Heiniger Australia Pty Ltd which is a controlled subsidiary of Heiniger Limited. Mr Lyons does not hold a relevant interest in Heiniger Limited's shareholding in Anagen

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of Anagen from applying for Shares under this Prospectus.

Directors' Remuneration

Mr Allen will receive Chairman's fees of $50,000 per annum, exclusive of superannuation.

The Directors have arranged for Dr Watts to provide his services as Technical Director of Anagen. Anagen will pay Dr Watts at a rate calculated on the basis of $220,000 per annum exclusive of superannuation requirements.

Mr Lyons will provide his services as Non-Executive Director of Anagen. Anagen will pay Mr Lyons directors fees of $50,000 per annum exclusive of superannuation requirements.

Mr Pedley will provide his services as Non-Executive Director of Anagen. Anagen will pay Mr Pedley directors fees of $50,000 per annum exclusive of superannuation requirements.

Directors - Related Party Interests

Mr Lyons is the Managing Director and a minority shareholder of Heiniger Australia Pty Ltd which is a controlled subsidiary of Heiniger Limited and which is party to the Global Distribution Agreement with Anagen as noted in section 9 of this Prospectus, Summary of Material Contracts. Mr Lyons does not hold a relevant interest in Heiniger Limited's shareholding in Anagen and is therefore not a related party to the GDA.

10.4 Interests of Persons Named

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had within the two years before lodgement of this Prospectus with the ASIC, any interest in:

a) the formation or promotion of Anagen;

b) any property acquired or proposed to be acquired by Anagen in connection with its formation or promotion or in connection with the Offer; or

c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Bentleys will receive professional fees of approximately $8,000 for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report included on Section 8 of this Prospectus.

Bentleys will act as auditors of the Company. The Company will pay for auditing or related services in the normal course of business.

UniQuest Pty Ltd will receive professional fees of approximately $5,000 for the provision of the Independent Technical Review of BioClip included in Section 6 of this Prospectus.

Wrays will receive professional fees of approximately $5,000 for the provision of the Independent Expert's Report on Patents included in Section 7 of this Prospectus

Price Sierakowski will receive professional fees of approximately $12,000 for the provision of legal services in respect of this Prospectus.

Advanced Share Registry Services Limited has been appointed as Anagen's share registry and will be paid for these services on normal commercial terms.

Mining Corporate Pty Ltd has been appointed as IPO Compliance Manager and will be paid professional fees of approximately $40,000.

10.5 CONSENTS

The following persons have each consented to being named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

- UniQuest Pty Ltd – Independent Technical Review of BioClip
- Bentleys – Investigating Accountant's Report
- Wrays – Independent Expert's Report on Patents
- Mining Corporate Pty Ltd – IPO Compliance Managers

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by those persons.

10.6 TOP SHAREHOLDERS

As at the date of this Prospectus the full list of shareholders is as follows:

#	Name	Shares
1	Heiniger Limited	13,186,594
2	Thorney Holdings Pty Ltd	5,051,826
3	Arpege Pty Ltd	2,000,000
4	Barclay Wells Ltd <Nominee A/C>	2,000,000
5	Stonebridge Nominees Pty Ltd	1,415,736
6	Generation Capital Pty Ltd	1,000,000
7	Higeta Shoyu Co Limited	714,286
		25,368,442

10.7 EXPENSES OF THE OFFER

It is estimated that Anagen will pay the following costs in connection with the preparation and issue of this Prospectus excluding GST:

	Fully subscribed	Full over subscriptions received
Broker Fees	200,000	250,000
IPO Advisory	40,000	40,000
Legal	12,000	12,000
Accounting	8,000	8,000
Independent Experts	10,000	10,000
Printing	12,000	12,000
ASIC and ASX Fees	32,411	37,411
Other costs	10,589	10,589
Total	**323,000**	**378,000**

10.8 TAXATION

The acquisition and disposal of Shares in Anagen will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Anagen are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Anagen, its officers and each of their respective advisors, accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.9 EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act 2001. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

10.10 LITIGATION

Other than as disclosed elsewhere in this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

10.11 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic Prospectus and electronic application form on the basis of a paper Prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@anagen.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at: www.anagen.com.au. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

10.12 EMPLOYEE INCENTIVE SCHEME

As an incentive to employees of Anagen, the Company has adopted a scheme called the Anagen Employee Share Option Plan (**ESOP**). At the date of this Prospectus, no Options have been granted under this ESOP.

The purpose of the ESOP is to give employees, Directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors consider the ESOP will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

Brief Overview of the Scheme

A summary of the Terms and Conditions of the ESOP is set out below:

Participants in the Scheme

The Board may offer free options to persons ("Eligible Persons") who are:

- Full-time or part-time employees; or
- Directors

Upon receipt of such an Offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the options.

Terms of Options

There is no issue price for the Options. The exercise price for the Options will be:

- Determined by the directors in their absolute discretion provided that the exercise price is not less than the average Market Price on ASX on the average Market Price on the ASX on the five trading days prior to the day the Directors resolve to grant the Options; or

- Any greater price determined by the Board,

Shares issued on exercise of Options will rank equally with other ordinary Shares of the Company.

Options may not be transferred without the approval of the Board. Quotation of Options on the ASX will not be sought.

Restrictions on Issues and Exercise of Options

The Board may not offer Options under the Scheme if the total number of shares which would be issued were each Option accepted, together with the number of shares in the same class or Options to acquire such shares issued pursuant to all employee or executive share schemes during the previous five years, exceeds 5% of the total number of issued shares in that class as at the date of the offer.

Options may only be issued or exercised within the limitations imposed by the Corporations Law and the ASX Listing Rules.

Exercise of Options

The Directors will determine the expiry date of the Option. All Options will have an expiry period not greater than 5 years.

Options may be exercised at any time between 1 year and the Expiry date of the Options.

If an Eligible Person leaves the employment of the group because of retirement at or after 55 years of age, disablement, retrenchment, death or any other circumstances approved by the Board, the Options may be exercised within 30 days (or 3 months in the case of death), or any longer period permitted by the Board. If not exercised in that time the Options lapse.

If an Eligible Person leaves the organisation voluntarily, or is dismissed from their employment because they act fraudulently, dishonestly or in breach of obligations to the Company or any subsidiary then, at the Board's discretion, Options issued for that person will lapse.

Unexercised Options will automatically lapse on their expiry date.

Participation in Future Issues

The holders of Options will only participate in new issues, including bonus issues, if they have exercised the Options at that time and provided such exercise is permitted by the terms of the Option.

If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the options may be reduced in accordance with Listing Rule 6.22.

Capital Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

GLOSSARY OF NAMES & TERMS

Anagen or **Company** means Anagen Limited ACN 080 451 136

Applicant means a person who submits an Application.

Application means a valid application to subscribe for Shares.

Application Form means the application form attached to and forming part of this Prospectus.

Application Monies means monies received by Anagen from Applicants.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 624 691, trading as the Australian Securities Exchange.

Auditors means Bentleys.

BioClip means the wool harvesting system which produces a natural break in the wool of sheep by way of injecting a gel enabling harvest of the fleece from wool producing sheep via use of a patented net and removal of unwanted fibre from self-shedding breeds.

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

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date on which the Offer closes.

Company means Anagen Limited ACN 080 451 136.

Constitution means the constitution of Anagen Limited ACN 080 451 136.

Corporations Act 2001 means the Corporations Act 2001 of Australia.

Corporate Governance means the systems and processes by which the directors and officers of Anagen are required to carry out and discharge their legal, moral and regulatory accountabilities and responsibilities.

Directors means the directors of the Company from time to time.

Dollars or **$** means Australian dollars unless otherwise stated.

Exposure Period means the period of seven (7) days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.

Global Distribution Agreement or GDA means the agreement between Heiniger and Anagen and detailed in Section 9 of this Prospectus, Summary of Material Contracts.

Glossary means this glossary.

GLW#5 means formulae for new princess.

GST means Goods and Service Tax.

Heiniger means Heiniger Limited based in Switzerland.

Heiniger Australia means Heiniger Australia Pty Ltd, a controlled subsidary of Heiniger.

HIN means Holder Identification Number.

Independent Technical Consultants means UniQuest Pty Ltd.

Independent Technical Review of BioClip means the report contained in Section 6 of this Prospectus.

Independent Expert means Wrays.

Independent Expert's Report on Patents means the report contained in Section 7 of this Prospectus.

Investigating Accountant means Bentleys.

Investigating Accountant's Report means the report contained in Section 8 of this Prospectus.

IPO means initial public offer.

Issue means the issue of securities pursuant to this offer.

Listing Rules means Listing Rules of ASX.

Lodgement Fee means the fee to be paid for the licensed broker.

Offer means the offer of 20,000,000 Shares at $0.20 each pursuant to this Prospectus, with the ability to accept oversubscriptions for up to a further 5,000,000 Shares at $0.20 each.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of the ASX.

Opening Date means the date on which the Offer opens.

Option means an option to acquire one Share.

Ordinary Share(s) means the principal type of shares bought representing part ownership of a company.

Prospectus means this prospectus dated 3 December 2010 for the issue of 20,000,000 Shares including any electronic or online version. Oversubscriptions of up to a further 5,000,000 Shares may be accepted.

Quotation means quotation of the Shares on ASX.

Section means a section of this Prospectus.

Share means one fully paid ordinary share in Anagen Limited.

Shares means more than one share.

Shareholder means a holder of Shares.

Share Registrar means Advanced Share Registry Services Limited.

Summary of Material Contracts means the summary of material contracts contained in Section 9 of this Prospectus.

WST means Western Standard Time, Perth, Western Australia.

CONSENT BY THE DIRECTORS

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of Anagen Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated the 3 December 2010.

Signed for and on behalf of
ANAGEN LIMITED
By

Dr Tim Watts BVMS MVS
Executive Director

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APPLICATION FORM

Anagen LIMITED

ACN 080 451 136

Before completing this Application Form, you should read the Prospectus dated 3 December 2010 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Broker/Dealer Stamp

Share Registrar Use Only

PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

A I/We apply for

Shares in Anagen Limited at 20c per Share
or such lesser number of Shares which may be allocated to me/us by the Directors.

B **I/We lodge full Application Monies of**

A$.

(Cheques to be payable to **"Anagen Limited – Application Funds")**

C **Full name (Title, given name(s) and surname or company name**

Joint applicant 2 <designated account>

Joint applicant 3 <designated account>

D **Postal Address (PLEASE PRINT)**
Street Number Street Name

City/Suburb/Town State Postcode

E **Contact name** **Home telephone number** **Work telephone number**

F **CHESS HIN** (where applicable) **Email address**

G **Tax file number or exemption** **Applicant #2** **Applicant #3**

CHEQUE DETAILS
Please enter details of the cheque(s) that accompany this application

I **Cheque Details**

Drawer	Bank	BSB	Amount of cheque
Drawer	Bank	BSB	Amount of cheque

Cheques should be marked 'Not Negotiable' and make payable "Anagen Limited – Application Funds".

Declaration and Statements:
By lodging this Application Form:
I/We declare that all details and statements made by me/us are complete and accurate;
I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;
I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;
I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Metal Bank Resources and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 3 DECEMBER 2010.

HOW TO COMPLETE THE APPLICATION FORM

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by $0.20.

C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.

D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.

E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.

F) The Company will become an Issuer Sponsored participant in the Australian Stock Exchange CHESS System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issued sponsored on allotment.

G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.

H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 3 December 2010. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

PAYMENT

Applications for Shares must be accompanied by the application money of $0.20 per Share (in Australian currency). Cheques should be made payable to "**Anagen Limited – Application Funds**" and crossed '**Not Negotiable**'.

LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

Posted to:
Anagen Limited
C/- Advanced Share Registry Services
PO Box 1156
NEDLANDS WA 6909

OR

Delivered to:
Anagen Limited
C/- Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Applications must be received by no later than **5.00pm WST on the Closing Date, currently 31 January 2011** (unless varied by the Company).

APPLICATION FORM

Anagen LIMITED

ACN 080 451 136

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I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;
I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
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Dorpers with dense hairy fibre can receive the injection and do not require a net

ANAGEN LIMITED

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E: admin@anagen.com.au

www.anagen.com.au