SECOND SUPPLEMENTARY PROSPECTUS

BIOSIGNAL LIMITED
[ABN 45 071 781 363]

Important Notice

This second supplementary prospectus is dated 17 May 2010 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This second supplementary prospectus supplements the Prospectus dated 21 April 2010 issued by Biosignal Limited ("the Company") and lodged with ASIC on that date and the first supplementary prospectus lodged with ASIC on 3 May 2010. This second supplementary prospectus must be read in conjunction with the Prospectus and the first supplementary prospectus. ASIC and ASX Limited take no responsibility for the contents of this second supplementary prospectus, the first supplementary prospectus or the Prospectus. Terms used in this second supplementary prospectus have the same meaning as in the Prospectus unless otherwise defined or the contrary intention appears.

Closing Date of Prospectus

The indicative timetable in the Prospectus states that the Closing Date will be 24 May 2010. The Company has now extended the Closing Date to 7 June 2010.

Key Issues and Risks - GEM Equity Line Financing Agreement

The Company has entered an agreement with GEM Global Yield Fund Limited and GEM Investment Advisors Inc ("GEM") which provides the Company with an equity line finance facility for up to $20,000,000. This facility is to operate by allowing the Company to draw funding through issuing Shares to GEM or its nominee on terms which price the Shares by reference to a pre-agreed discount to average trading values for the Shares and provides for the Company to give advance notice of such draw downs. The facility has not been activated. However activation of the facility could have the effect of increasing the volume of sell orders in the market for the Company's Shares as GEM may elect to sell down any existing holding in Shares to fund its commitments to subscribe for new Shares under a draw down. Although there are restrictions on the number of Shares GEM can sell leading into completion of a draw down, any increase in sell orders could be expected to act as a negative influence on market price for the Shares. The activation of the GEM facility could therefore adversely affect the price of the Company's Shares. This information should be read in conjunction with the Key Issues and Risks disclosures described in the Prospectus.

RGM- Historical Activities and Performance

In seeking to form a view of the prospects of the Company, investors should exercise caution in assessing the historical activities and performance of RGM. The RGM artist management business has operated for over 25 years and has established for RGM a network of contacts and general standing in the global entertainment and media industry. These historical activities provide a useful platform for development of RGM's plans for film and television production. However, RGM's background as an agent and manager does not ensure it will be a successful producer of content and will not protect RGM from the risks of developing and operating a production business. Accordingly, since the majority of RGM's plans for growth are based upon the development of its production business, its historical performance is considered to be of limited probative value to assessing its prospects. Furthermore, RGM has only entered the production area recently and is essentially in start up phase with respect to those activities.

As is disclosed in Section 7 dealing with financial information, RGM from its incorporation in September 2009 until 31 December 2009, made a loss of $109,857 and for the period from 1 January 2010 until 31 March 2010, RGM management accounts recorded a loss of approximately $195,000. These results incorporate costs incurred in relation to the start up of the production business and other costs connected with the transaction through which RGM is to be acquired by the Company. In the absence of those costs, RGM would have achieved a break even result or a marginal profit or loss. However, the further expansion planned for the production business and the costs associated with that expansion means that it would be inappropriate to rely on these historical results as supporting a case for future profitability. In essence the future prospects for profitability will be dependent upon the success or otherwise of RGM's plans to develop its production activities which as stated above are in start up phase.

Financial Information - Impairment of Intangible Assets (Goodwill)

As noted in item (h) in section 7.2 of the Prospectus, when recognising the impact of the Proposed Acquisition on the intangible assets of the combined group, the Proposed Acquisition has been treated as a reverse acquisition.

As a result of the proposed reverse acquisition, Biosignal has recognised an adjustment of $1,156,146 to intangible assets. The Pro-Forma Consolidated Statement of Financial Position in section 7.1 of the Prospectus represents the financial position of the combined Biosignal and RGM Group companies at the date of the transaction. In accordance with accounting standards, it will be necessary for the Directors to perform an impairment test in the next reporting period.

The resulting impairment adjustment could range from nil to $1,156,146 depending on:

- accessibility of Biosignal's existing intellectual property derived from its previous research and development program which may create an opportunity for Biosignal to generate revenues from its commercialisation; and
- the Directors' decision about the ongoing operations of the parent entity (Biosignal), which at that time may not be limited to acting as the listed vehicle for the Consolidated Group.

If the Directors make no further decision on the basis of the items above, it is likely that the full intangible asset recognised as part of the reverse acquisition ($1,156,146) will be written off to nil value.

By way of additional background to assist with understanding the calculation of the intangible assets, the issue price of Biosignal shares under the Prospectus (20 cents) was used to calculate the respective notional values of RGM as acquirer and Biosignal as the entity being acquired.

In accordance with the accounting standards, the calculation of the notional cost of acquisition of Biosignal is based on the number of equity interests the RGM Group would have had to issue to give the owners of Biosignal the same percentage equity interest in the combined entity that results from the reverse acquisition. This equity interest is then valued using the issue price under the Prospectus.

The intangible goodwill figure is derived by deducting the fair value of Biosignal's net assets (after adding adjustments for unbooked receivables and payables and conversion of the Empire/Chalmsbury Convertible Notes to equity) from the notional cost of the acquisition of Biosignal. This is described in item (h) of section 7.2 of the Prospectus.

The notional values should not be treated as indicative of a future value of the Company or the consolidated group after the Acquisition.

The accounting policy of the Group in respect of goodwill assessment and impairment is described in section 7.3.9 of the Prospectus.

Financial Information –Contingent Liability – Point Break 2 Executive Production Agreement

Because of the interrelationship of the triggers to both the contingent liability of US$675,000 in respect of development and pre-production costs and the entitlement to receive fees over the production cycle (US$1,000,000) of the picture referred to in item 7.3.25(b) of the Prospectus, the contingent liability has not been treated as a net asset or a net liability and therefore has not been recognised in the Pro-Forma Consolidated Statement of Financial Position.

Quitclaim Agreement

The condition precedent in the Quitclaim Agreement between RGM Group Pte Ltd and LEI Development Projects Inc (as extended by a letter of agreement) is the payment of US$560,000 (of which $100,000 has already been paid) which has been included in the proposed use of funds described in section 1.3 of the Prospectus. A decision to make the payment described above is conditional upon the Directors being satisfied with the due diligence investigations into LEI Development Project Inc's rights in respect of "Point Break 2".

Options to Be Issued to GEM Global Yield Fund Limited on a Post-Consolidation Basis

Certain provisions of the Prospectus incorrectly refer to the grant of 16,000,000 options to GEM Global Yield Fund Limited (or its nominee). The 16,000,000 figure is the number of options on a pre-consolidated basis. On a post consolidation basis this equates to 640,000 options (having an exercise price of $0.50 each). As a result, the following sections of the Prospectus are amended as set out below. Amendments are *italicised*:

<u>Capital Structure - Options</u>

The first note under the table setting out the issued options of the Company in the Capital Structure section of the Prospectus should be read as follows:

> **An additional 200,000 options are to be issued to Ayre Nominees Pty Ltd, a company associated with Tim Boyd and an additional 640,000 options are to be issued to GEM Global Yield Fund Limited (or nominee). Further details are set out in Sections 8.13 and 8.8.*

<u>Section 7.2</u>

Section 7.2(o)(ii) of the Prospectus should be read as follows:

> *"On consolidation: recognise the value of the 640,000 options ($100,000) to be issued under the GEM Equity Line Facility Agreement per Section 7.3.24."*

Section 8.4

The second last sentence in the fourth bullet point item in section 8.4 of the Prospectus should be read as follows:

- *The agreement also allows for the grant on a post consolidation basis of 640,000 options with an exercise price of $0.50 each (with each option being convertible into one Share) to GEM Global Yield Fund Limited or its nominee.*

Section 8.8

Item 10 of the Existing and Proposed Options table in section 8.8 of the Prospectus should be read as follows (amendments are *italicised* and column headings have been included for ease of reference):

Item Number	Vesting Date	Expiry Date	Number of Shares into which Options convert	Exercise price per Option
10	*Vest immediately upon issue*	*Five years from date of issue (as part of the GEM Equity Line Financing agreement described in Section 8.4 to be issued to GEM Global Yield Fund Limited (or its nominee) upon completion of the RGM acquisition)*	*640,000*	*$0.50*

Further to the amendments described above, the final row of the Existing and Proposed Options table in section 8.8 of the Prospectus should be read as follows (amendments are *italicised* and column headings have been included for ease of reference only):

Item Number	Vesting Date	Expiry Date	Number of Shares into which Options convert	Exercise price per Option
TOTAL	-	-	*1,086,560*	-

Whilst the second bullet point of section 7.3.24 of the Prospectus refers to 16,000,000 options on a pre-consolidation basis, as noted above 640,000 options (having an exercise price of $0.50 each) would be issued on a post consolidation basis.

Capital Structure- Shares

The sixth row of the table headed "Shares" in the Capital Structure section of the Prospectus incorrectly refers to 700,000 shares being issued upon completion of the Offer. This figure requires the inclusion of 1,000,000 shares that are to be issued to Stonebridge Securities Limited as part of the consideration it is to receive for acting as lead manager to the offer as described in section 8.16 of the Prospectus. Accordingly the sixth and seventh rows of the table, including footnotes 1 and 2, should be read as follows (amendments are *italicised* and column headings have been included for ease of reference only):

Shares	Minimum Subscription	Maximum Subscription
Shares to be issued upon completion of the Offer [1]	*1,700,000*	*1,700,000*
Total Shares [2]	*90,790,449*	*100,790,449*

[1] *Shares to be issued to consultants and advisors to the Offer. Further details are set out in Sections 8.13, 8.15 and 8.16.*

[2] *The capitalisation price (at the 20 cent Offer price) is $18,158,000 (minimum subscription) and $20,158,000 (maximum subscription).*

Further to the above amendment the final sentence of the first paragraph under the table should read as follows:

> *"This will have the effect of increasing the total shares issued in the Company to 110,790,449 (minimum subscription) and 120,790,449 (maximum subscription)."*

DIRECTORS' CONSENT

Each of the Directors of Biosignal Limited has consented to the lodgement of this supplementary prospectus with ASIC.

Signed for and on behalf of Biosignal Limited:

Timothy Morrison
Director

Date: 17 May 2010