



NUSEP HOLDINGS LTD
ACN 120 047 556

PROSPECTUS

Entitlement Offer

For a conditional fully underwritten non-renounceable pro-rata offer of approximately 284,617,002 New Shares on the basis of one (1) New Share for every one (1) Share held on the Record Date at an issue price of \$0.01 per New Share, together with one (1) free attaching Option exercisable at \$0.016 on or before 30 November 2016 (**New Option**) for every New Share subscribed for and issued, to raise up to approximately \$2.846 million before costs (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

Placement Option Offer

For the offer of 37,123,956 New Options at no additional cost to the Placement Investors on the basis of one (1) New Option for every one (1) Share issued under the Placement (**Placement Option Offer**).

Underwriter Option Offer

For the offer of 50 million Underwriter Options at no additional cost to the Underwriter (or its nominees) in part consideration for the underwriting services provided by the Underwriter in relation to the Entitlement Offer (**Underwriter Option Offer**).

Consultant Option Offer

For the offer of 20 million Consultant Options at no additional cost to the Consultant (or his nominee) in part consideration for consultancy services provided or to be provided to the Company by the Consultant (**Consultant Option Offer**).

UNDERWRITER OF THE ENTITLEMENT OFFER

Transocean Securities Pty Ltd
ABN 25 009 230 120 (AFS Licence No. 230161)

IMPORTANT NOTICE

THIS PROSPECTUS IS A TRANSACTION-SPECIFIC PROSPECTUS ISSUED IN ACCORDANCE WITH SECTION 713 OF THE *CORPORATIONS ACT 2001* (CTH). THIS PROSPECTUS DOES NOT CONTAIN ALL THE INFORMATION THAT IS GENERALLY REQUIRED TO BE SET OUT IN A DOCUMENT OF THIS TYPE, BUT REFERS TO OTHER DOCUMENTS, THE INFORMATION OF WHICH IS DEEMED TO BE INCORPORATED INTO THIS PROSPECTUS.

THIS DOCUMENT AND ANY SUCH INCORPORATED DOCUMENTS ARE IMPORTANT AND SHOULD BE READ IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES. IF YOU DO NOT UNDERSTAND THEIR CONTENTS, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

The Entitlement Offer opens on Friday, 25 February 2016 and is scheduled to close at 5:00pm AEDT on Friday, 4 March 2016.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

The Securities offered under this Prospectus should be considered as speculative.

IMPORTANT INFORMATION

Authorisation

This Prospectus is dated 15 February 2016 and was lodged with ASIC on the same date.

ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus.

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

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.

Expiry date

No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Non-renounceable Entitlement

The Entitlement Offer is non-renounceable which means that Shareholders will not be able to trade their Entitlements on ASX. Any Entitlement not taken up, in whole or in part, will form the Shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all information that is generally required to be included in a document of this type. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Forward-looking statements

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are

outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. These risks include, but are not limited to, the risks outlined in section 7. Forward looking statements include those containing such words as 'estimates', 'should', 'will', 'expects' or similar expressions.

No overseas registration

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares, Options or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless the Shares are registered under the US Securities Act, or an exemption from the registration.

Risk factors

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities. A number of key risk factors that investors should consider are outlined in section 7 of this Prospectus.

Availability

This Prospectus will be issued in paper form and also as an electronic prospectus.

This Prospectus is available in electronic format at www.nusep.com.au. The Offers constituted by this Prospectus in electronic form are only available to eligible persons receiving this Prospectus in electronic form within Australia and New Zealand. Persons having received this Prospectus in electronic form may, during the Offer period, obtain a paper copy of this Prospectus (free of charge) by telephoning +61 2 8415 7300.

Applications for:

- New Shares and attaching Options may only be made on the personalised Entitlement and Acceptance Form or by making payment using BPAY® (please refer to section 5.13 of the Prospectus for further information);
- the Placement Options may only be made on the personalised Placement Option Application Form;
- the Underwriter Options may only be made on the Underwriter Option Application Form; and
- the Consultant Options may only be made on the Consultant Option Application Form,

which accompany or is attached to a copy of this Prospectus in its paper form.

The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form, Placement Option Application Form, Underwriter Option Application Form and Consultant Option Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer, other than that which is contained in this Prospectus. Any information or representation not contained in this

Prospectus may not be relied on as having been authorised by the Company or its Directors, or any other person in connection with the Entitlement Offer. None of the Company, nor any other person, guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

Glossary, currency and time

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary in section 11 of this Prospectus. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Decision to invest

This document is important and should be read in its entirety. If in doubt, you should consult your stockbroker, accountant or other professional adviser before deciding whether to invest.

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1. Corporate Directory

Directors

Ms Alison Coutts (Executive. Chairman)
Mr Andrew Goodall (Non-Executive Director)
Mr Mark Gell (Non-Executive Director)

Registered Office and Principal Place of Business

30 Richmond Road
Homebush NSW 2140
Telephone: + 61 2 8415 7300
Facsimile: +61 2 8415 7399
Email: info@NuSep.com
Website: www.NuSep.com.au

Company Secretary

Mr Mark Studd

ASX Code

NSP

Underwriter

Transocean Securities Pty Ltd
Level 5, 56 Pitt Street
Sydney NSW 2000
Telephone: +61 2 8823 3100
Facsimile: +61 2 9252 8466

Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760 (within Australia)
Telephone: +61 2 9290 9600 (outside Australia)
Facsimile: +61 2 9279 0664
Email: [enquiries @boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)
Website: www.boardroomlimited.com.au

Solicitors

HWL Ebsworth Lawyers
Level 14, Australia Square
264-278 George Street
Sydney NSW 2000

Auditor*

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

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

2. Proposed Timetable for Entitlement Offer

Announcement of Entitlement Offer and lodgement of Appendix 3B with ASX	15 February 2016 (before commencement of trading)
Prospectus lodged with ASIC and ASX	15 February 2016
Notice containing Appendix 3B details sent to Shareholders	16 February 2016
New Shares quoted on 'ex' basis	17 February 2016
Record Date for identifying Shareholders entitled to participate in Entitlement Offer (7:00 pm Sydney time)	19 February 2016
Despatch of Prospectus to Shareholders	24 February 2016
Entitlement Offer opens	25 February 2016
Closing Date of the Entitlement Offer (5:00pm Sydney time)	4 March 2016
Deferred settlement trading of New Shares commences	7 March 2016
Announcement of shortfall	9 March 2016
New Shares and New Options issued under the Entitlement Offer. Deferred settlement trading ends and despatch of holding statements	11 March 2016
Expected commencement of trading of New Shares on ASX on a normal settlement basis	15 March 2016

The above dates are indicative only and may change without notice subject to receipt of approval from ASX. The Company reserves the right to extend the Closing Date of the Entitlement Offer without notice (in consultation with the Underwriter). The commencement of trading of the New Shares is subject to confirmation from ASX.

3. Chair's Letter

Dear Fellow Shareholders

Pro-Rata Entitlement Issue

I would like to welcome Shareholders to participate in the Company's Entitlement Offer.

As many of the long-term Shareholders will appreciate, the current board and management have done the necessary work to put the Company back on a solid foundation. We are now ready to build upon that foundation. We have a clear view of what we need to do to elicit value from our excellent technology and market opportunity. With renewed focus and additional funding, we are positioning ourselves to deliver the value that we see. It is an exciting "relaunch" time for the Company and an opportunity for Shareholders to get behind the offer.

We are raising funds to develop the SpermSep business and new membranes, which will have application to a wide range of biological separations. SpermSep is the first application for commercialisation.

SpermSep uses the NuSep proprietary technology to select the most viable sperm for both the human and animal applications. We are developing our SpermSep business under the guidance of pre-eminent reproductive biology specialist at the University of Newcastle who also chairs our Scientific Advisory Committee.

The membrane work is being done in collaboration with the Melbourne University Chemical Engineering Department led by the Chairman of the Department. This work has already led to the development of a new membrane material which will be utilised in our next generation SpermSep device. This membrane is more bio-compatible, easier and cheaper to make than the prior membrane and will be far more scalable.

Shortly, we will be changing our name to "Memphasys" which reflects the emphasis we are putting on our membrane separation systems. It also signifies a clear break from the past and a sign to the future of the Company.

The Entitlement Offer has been priced to offer excellent value to attract new capital for growth. Over time we anticipate that the revitalised investor base will foster a vibrant market for our Shares. We hope that Shareholders will get on board with us in growing the inherent value that lies within NuSep and participate in this next exciting phase.

This Entitlement Offer is part of the process that we have embarked upon to raise money for key things we need to do and to enable us to hit some near term value inflection points. Those who support us in the Entitlement Offer will have the opportunity to be rewarded as we embark upon this new value adding phase.

On behalf of my fellow directors who are sub-underwriting part of the Entitlement Offer, I look forward to you joining us on this next chapter in the development of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alison Coutts', with a stylized, cursive script.

Alison Coutts

NuSep Holdings Limited

4. Investment Overview

This section provides a summary of information that is key to a decision to invest in the New Shares and the attaching New Options. This is a summary only. Eligible Shareholders should read this entire Prospectus carefully.

If you are unclear in relation to any aspect of the Entitlement Offer, or if you are uncertain whether the New Shares and the attaching New Options are a suitable investment for you, you should consult your financial or other professional adviser.

4.1 Key terms of the Entitlement Offer

Topic	Summary	Where to find further information
Who is the issuer of this Prospectus?	NuSep Holdings Ltd ACN 120 047 556 (ASX Code: NSP).	Section 5.1
What is being offered and at what price?	<p>The Company proposes to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable rights issue, i.e. the Entitlement Offer.</p> <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for 1 New Share for every 1 Share held on the Record Date, at a price of 1 cent per New Share, with one free attaching New Option (exercisable at 1.6 cents on or before 30 November 2016) for every New Share issued.</p>	Section 5.1
How many New Shares and New Options will be issued?	<p>The maximum number of New Shares that will be issued under the Entitlement Offer (if the Entitlement Offer is fully subscribed) is 284,617,002</p> <p>If the Entitlement Offer is fully subscribed, 284,617,002 New Options will be issued (which if all exercised will cause the issue of a further 284,617,002 Shares).</p>	Section 5.2
What are the rights attaching to the New Shares and New Options?	<p>New Shares under the Offer will rank equally with existing Shares on issue.</p> <p>New Options under the Offer will rank equally with existing Options on issue.</p>	Section 5.2
What is the amount that will be raised under the Entitlement	<p>If the Entitlement Offer is fully subscribed, the Company will raise approximately \$2.846 million through the issue of New Shares (before taking into account the costs of the Offers).</p> <p>If the Entitlement Offer is fully subscribed and all New Options</p>	Section 6.1

Offer?	are exercised, a further \$4.554 million will be raised (before taking into account the costs of the Offers).	
Who is eligible to participate in the Entitlement Offer?	<p>The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.</p> <p>If you are not an Eligible Shareholder, you are not able to participate in the Entitlement Offer.</p>	Section 5.6
What are the alternatives for Eligible Shareholders?	<p>The Entitlement Offer is non-renounceable so you can not trade your Entitlements.</p> <p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlements; • apply for Shortfall Securities; • take up part of your Entitlements, and allow the balance of your Entitlements to lapse; • allow all of your Entitlements to lapse. 	Section 5.14
What if I do not wish to exercise my Entitlements?	If you do not wish to exercise your Entitlements, you do not have to do anything.	Section 5.14
What is the purpose of the Entitlement Offer?	The funds raised by the Entitlement Offer will be used to settle debt, fund product development, pay the costs of the Offers and otherwise be available for working capital.	Section 6.1
What are the risks of a further investment in the Company?	The Entitlement Offer should be considered speculative. Before deciding to subscribe under the Entitlement Offer, you should consider the risk factors set out in this Prospectus (in particular section 7), and all other relevant material including the Company's public announcements and reports.	Section 7
Is the Entitlement Offer underwritten?	<p>The Entitlement Offer is fully underwritten by the Underwriter.</p> <p>The Directors have entered into sub-underwriting agreements with the Underwriter for a total sub-underwritten amount of \$955,571 (Directors' Sub-Underwriting). The Director Sub-Underwriting will be satisfied by the settlement of debts.</p>	Sections 5.4, 9.10

What is the effect on control of the Company?	The effect on the control of the Company will depend on the take-up of Entitlements by Eligible Shareholders, the extent of the Shortfall and the manner in which the Underwriter discharges its obligations.			Sections 6.6 and 9.10
What are the costs of the Entitlement Offer?				Section 9.15
			\$	
	ASIC lodgement fee		2,320	
	ASX quotation fee		10,498	
	Underwriter Fees		244,232	
	Legal expenses		45,000	
	Share Registry Expenses		5,000	
	Printing, mailing and other expenses		5,000	
	Total		312,050	
How will any Shortfall be allocated?	<p>Any Entitlements not taken up will form the Shortfall, for which Eligible Shareholders who take up their full Entitlement may apply.</p> <p>The Underwriter has sole discretion to deal with the Shortfall, including Applications for Additional New Shares to Applicants who apply for Shortfall Securities.</p>			Sections 5.9, 5.10, 9.10
How will the proceeds of the Entitlement Offer be applied?				Section 6.1
	Description of use of proceeds		\$'000	
	Settlement of debts and creditors		1,535	
	Product development		631	
	Working Capital		368	
	Costs of Entitlement Offer		312	
	Total funds raised under the Entitlement Offer		2,846	
Is there any brokerage, commission or stamp duty payable by the Applicants?	No brokerage, commission or stamp duty is payable by Applicants on New Shares and New Options allotted under the Entitlement Offer.			

5. Details of the Offers

5.1 Background to the Offers

On 11 January 2016, the Company announced that:

- (a) it was completing placement of 37,123,956 Shares (**Placement Shares**) to sophisticated and professional investors (**Placement Investors**) at an issue price of \$0.01 per Share to raise approximately \$371,240 (before costs) (**Placement**);
- (b) the Placement Investors were also offered, subject to Shareholder approval, the New Options, i.e. one (1) free attaching unquoted Option exercisable at \$0.016 on or before 30 November 2016 (for every one (1) Share subscribed for and issued under the Placement (**Placement Option Offer**);
- (c) it would provide Eligible Shareholders the opportunity to participate in a non-renounceable pro-rata offer on the same terms as the Placement, to raise up to approximately \$2.846 million (before costs) (based on the number of Shares then on issue) (**Entitlement Offer**); and
- (d) it has engaged Transocean Securities Pty Ltd (**Underwriter**) and Dr Robert Gilmour (**Consultant**) to provide strategic and fund raising services to the Company; and
- (e) it had entered into a consultancy agreement with the Consultant.

Under the agreement with the Consultant, the Consultant has agreed to provide advisory services to the Company for a term of 2 years (unless terminated earlier by either party giving not less than 60 days notice to the other) in consideration for the payment of cash fees and, subject to Shareholder approval, the issue to the Consultant (or his nominee) of 20 million unquoted Options exercisable at \$0.02 each on or before the third anniversary of their issue date (**Consultant Options**) (**Consultant Option Offer**).

On 15 February 2016, the Company announced that it had entered into an underwriting agreement with the Underwriter. In consideration for the Underwriter performing its obligations under the Underwriting Agreement, the Company has agreed to pay it 6% of the gross proceeds raised under the Entitlement Offer, 1% of the gross proceeds raised under the Entitlement Offer as a co-ordination fee, a corporate advisory fee of \$45,000 and, subject to Shareholder approval, issue to it 50 million unquoted Options exercisable at \$0.02 (**Underwriter Options**) each (on or before the third anniversary of their issue date) (**Underwriter Option Offer**).

On 14 January 2016, the Company announced that it had issued the Placement Shares.

The Placement Shares ranked equally in all respects with the Shares on issue as at the date on which the Placement was completed and are entitled to participate in the Entitlement Offer.

The Placement was made within the Company's 15% annual placement capacity under ASX Listing Rule 7.1 and did not require Shareholder approval.

The issue of New Options to the Placement Investors and the issue of the Underwriter Options and the Consultant Options will require Shareholder approval for the purposes of ASX Listing Rule 7.1. The Company intends to seek those approvals at a general meeting of the Company to be held as soon as practicable after the Closing Date.

The Entitlement Offer, the Placement Option Offer, the Underwriter Option Offer and the Consultant Option Offer are being made under this Prospectus. Details of each of these Offers are set out below.

5.2 The Entitlement Offer

This Prospectus includes a non-renounceable pro rata offer to Eligible Shareholders on the basis of one (1) New Share for every one (1) Share held as at the Record Date at an issue price of \$0.01 per New Share together with one (1) free attaching New Option for every New Share subscribed for and issued.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options are exercised prior to the Record Date) a maximum of 284,617,002 New Shares and 284,617,002 New Options will be issued under the Entitlement Offer to raise up to \$2.846 million (before costs). No funds will be raised from the issue of the New Options.

As at the date of this Prospectus, the Company has 5,900,000 Options on issue. Please refer to section 6.4 of this Prospectus for information on the exercise price, vesting dates and expiry dates of these Options.

All of the New Shares will rank equally in all respects with all other Shares on issue as at the date of this Prospectus. All Shares issued on exercise of the New Options, Underwriter Options and Consultant Options will be fully paid and will rank equally in all respects with all other Shares on issue as at the date on which they are issued. Please refer to section 8.1 for further information regarding the rights and liabilities attaching to the New Shares.

Please refer to section 8.2 of this Prospectus for further information regarding the terms and conditions of the New Options and section 8.3 of this Prospectus for further information regarding the terms and conditions of the Underwriter Options and Consultant Options.

The purpose of the Entitlement Offer and the intended use of the funds raised are set out in section 6.1 of this Prospectus.

5.3 No minimum subscription

There is no minimum subscription for the Entitlement Offer.

5.4 Underwriting and sub-underwriting

The Entitlement Offer is fully underwritten by Transocean Securities Pty Ltd (**Underwriter**). For more information on the Underwriting Agreement between the Underwriter and the Company, please refer to section 9.10.

Any New Shares and attaching New Options which are not subscribed for by the Eligible Shareholders in accordance with their Entitlement will form part of the Shortfall to be taken up by the Underwriter pursuant to the Underwriting Agreement or the sub-underwriters.

The Entitlement Offer is sub-underwritten to a total aggregate amount of \$955,571 by the Directors of the Company or their related entities.

The following Directors' Sub-underwriting arrangements have been entered into:

- (a) Andrew Ernest Goodall an amount of \$634,751 directly and \$26,885 in the name of AEMAGOOD Pty Ltd <Goodall Family Super Fund>;

- (b) Mark Edward Gell an amount of \$100,901 directly and \$103,178 in the name of Gelloyce Pty Ltd as trustee of the Gelloyce Superannuation Fund; and
- (c) Alison Coutts an amount of \$79,980 directly and \$9,876 in the name of Alison Coutts Consulting Pty Ltd <Alison Coutts Super Fund>,

(together **Director Sub-Underwriters** or individually **Director Sub-Underwriter**)

Each of the above sub-underwriting arrangements is detailed in sub-underwriting agreements between the Underwriter and each Director Sub-Underwriter. The Company has agreed that the sub-underwriting liabilities in respect of the Directors' Sub-Underwriting may be satisfied in full by the settlement and offset of existing debts owed by the Company to each of the Director Sub-Underwriters.

The Directors' Sub-underwriters will not receive a fee in respect of their sub-underwriting.

Please refer to section 9.12 for a summary of the material terms of the Director sub-underwriting agreements.

Refer to section 9.11 for information on the potential effect of the sub-underwriting on the control of the Company.

Please refer to section 9.10 for a summary of the material terms of the Underwriting Agreement including the fees and commission payable to the Underwriter for underwriting the Entitlement Offer.

5.5 Settlement and Offset Deeds

The Company has entered into Settlement and Offset Deeds with the Directors and other entities associated with the Directors to directly offset a total of \$1,535,463 owing to these parties via the subscription of 153,546,342 New Shares and 153,546,342 New Options under the Entitlement Offer and Director sub-underwriting agreements.

Alison Coutts and Andrew Goodall and their associated entities propose to take up New Shares and New Options based on the debt owed by the Company to them in the amount of \$579,892 under the Entitlement Offer

Alison Coutts, Andrew Goodall and Mark Gell and their associated entities propose to take up New Shares and New Options based on the debt owed by the Company to them in the amount of \$955,571 under Director sub-underwriting agreements.

Please refer to sections 9.11 and 9.12 for further details.

5.6 Entitlement

Eligible Shareholders who are on the Company's Share Register at 7.00pm (Sydney time) on the Record Date are eligible to participate in the Entitlement Offer.

Eligible Shareholders are those holders of Shares who:

- (a) are registered as holders of Shares as at 7pm (Sydney time) on the Record Date;
- (b) have a registered address in Australia and New Zealand only;
- (c) are not in the United States or acting for or on behalf of US Persons (as defined in Regulation S under the US Securities Act 1933); and

- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders that are not Eligible Shareholders are Non-qualifying Foreign Shareholders. The Company is not extending the Entitlement Offer to Non-qualifying Foreign Shareholders having regards to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Non-qualifying Foreign Shareholders; and
- (c) the number and value of New Shares and attaching New Options which could be offered to Non-qualifying Foreign Shareholders.

Your Entitlement to New Shares and New Options is set out in the Entitlement and Acceptance Form which accompanies this Prospectus.

Where this Prospectus has been dispatched to Non-qualifying Foreign Shareholders, it is provided for information purposes only.

5.7 **Acceptances**

The Entitlement Offer may be accepted in whole or in part prior to 5.00pm (Sydney time) on Friday, 4 March 2016 (subject to the right of the Company to extend the Offer period).

Instructions for accepting your Entitlement are set out in section 5.13 and on the Entitlement and Acceptance Form which accompanies this Prospectus. You can provide your Entitlement and Acceptance Form and your Application Money to the Share Registry, Boardroom Pty Ltd, or you can pay your Application Money via BPAY® pursuant to the instructions set out in the accompanying Entitlement and Acceptance Form.

The Placement Option Offer, Underwriter Option Offer and Consultant Option Offer are separate offers to the Entitlement Offer, and the following persons should submit an application form:

- (a) in respect of the Placement Option Offer, the Placement Investors will need to submit the Placement Option Application Form which accompanies this Prospectus;
- (b) in relation to the Underwriter Option Offer, the Underwriter will need to submit the Underwriter Application Form which accompanies this Prospectus; and
- (c) in relation to the Consultant Option Offer, the Consultant will need to submit the Consultant Application Form which accompanies this Prospectus.

5.8 **No Rights trading**

The Entitlement Offer is not renounceable. This means the Entitlements or rights of Eligible Shareholders to subscribe for New Shares and attaching New Options under the Entitlement Offer cannot be transferred or on-sold to another person. Eligible Shareholders who choose not to take up their Entitlement will receive no benefit and their shareholding in the Company will be diluted as a result.

Any part of an Entitlement of an Eligible Shareholder not taken up, in whole or in part, and the Entitlements of Non-qualifying Foreign Shareholders will form the Shortfall, which Eligible Shareholders who take up their full Entitlement may apply for and the balance will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

5.9 Applying for Additional New Shares

Any Entitlements not taken up, in whole or in part, may become available as Additional New Shares. Eligible Shareholders who take up their full Entitlement may, in addition to their Entitlement, apply for such Additional New Shares (and the attaching New Options to those Additional New Shares), regardless of the size of their present holding, by completing the appropriate field in the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. An equal number of New Options will be issued to Applicants at the time of issue of Additional New Shares (if any) to those Applicants.

All applications for Additional New Shares by Applicants will be passed to the Underwriter who has the sole discretion to deal with the Shortfall. If the Shortfall is less than 30% of the total Shares available under the Entitlement Offer (i.e. the Shortfall is less than 85,385,100 Shares), the Company will permit the Underwriter (or its nominees) to complete a further placement of up to the value of \$900,000, at the Underwriter's sole discretion, on the same terms as the Entitlement Offer.

It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Applicants. There is also no guarantee that, if the Additional New Shares are available for issue, they will be allocated to all or any of the Applicants who have applied for them.

Applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for, if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess Application Money will be refunded without interest. The Company, in consultation with the Underwriter, reserves the right to scale back any Applications for Additional New Shares in its absolute discretion.

5.10 Allotment and Application Money

New Shares and attaching New Options will be issued only after all Application Money has been received and the ASX has granted permission for the New Shares to be quoted. It is expected that New Shares and New Options will be issued on 11 March 2016 and normal trading of the New Shares on the ASX is expected to commence on 15 March 2016. The New Options will not be quoted on the ASX.

The issue of the Placement Options, Underwriter Options and Consultant Options will be subject to Shareholder approval and will not be quoted on the ASX. All Application Money received before the New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares and New Options are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

5.11 Quotation

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX. If the New Shares are not granted Official Quotation within three months after the date of this Prospectus (or any longer period permitted by law), the Company will not issue any New Shares or New Options and all Application Money in respect of the New Shares will be refunded, without interest, in accordance with the Corporations Act.

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

The Options will not be quoted, nor is it intended that any application will be made for Official Quotation of the Options. Application will be made for Official Quotation of all Shares issued upon exercise of the Options.

5.12 CHESS and Issue Sponsorship

The New Shares will participate from the date of commencement of Official Quotation in the CHESS subregister. They must be held in uncertificated form on the CHESS subregister or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holdings from the issuer-sponsored to the CHESS subregister or vice versa by contacting your sponsoring participant.

5.13 Choices of Eligible Shareholders

As an Eligible Shareholder, you may:

- (a) take up some or all of your Entitlements: or
- (b) take up all of your Entitlement and apply for Additional New Shares and the attaching New Option to those Additional New Shares; or
- (c) do nothing and allow your Entitlement to lapse.

Take up your Entitlement and, if applicable, apply for Additional New Shares and attaching New Options

Should you wish to accept all or part of your Entitlement, and if applicable apply for Additional New Shares and the attaching New Options, then Applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by making payment for the applicable Application Money (at \$0.01 per New Share) by BPAY®, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you do not wish to pay via BPAY®, please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Money indicated on the Entitlement and Acceptance Form. Completed Entitlement and Acceptance Forms must be accompanied by a cheque drawn on an Australian bank or bank draft in Australian dollars, crossed "Not Negotiable" and made payable to "NuSep Holdings Ltd - Subscription Account" and lodged and received at any time after the issue of this Prospectus and not later than the Closing Date at the Company's Share Registry at:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

If you wish to pay via BPAY® you must refer to the instructions in your Entitlement and Acceptance Form for the account details. Make sure that you use the specific customer reference number (CRN) on your personalised Entitlement and Acceptance Form. You must ensure that payment of the Application Money is received by no later than 5pm AEST on the Closing Date.

If you wish to pay via BPAY®, you do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declaration in the Entitlement and Acceptance Form.

If you pay via BPAY® and do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

If you pay via BPAY® for more than your full Entitlement, you are deemed to have requested to take up Additional New Shares in respect of such whole number of New Shares which is covered by your

Application Money. Please see section 5.9 for details on how Additional New Shares will be allocated.

If you have more than one Shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Money being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to payment via BPAY®, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds paid by way of BPAY® are received by the Closing Date.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of payment of the Application Money.

Cash payments will not be accepted. Receipts for payment will not be issued.

Do nothing in respect of the Entitlement Offer

If you do nothing, your Entitlement will lapse. Although you will continue to own the same number of Shares, your Shareholding in the Company will be diluted.

5.14 Allotment and issue of New Shares and New Options

The allotment of New Shares and New Options to Applicants will occur as soon as practicable after the Entitlement Offer has closed. Thereafter, statements of Shareholdings will be despatched. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants trading New Shares before they receive their statements of Shareholding will do so at their own risk. The Company may reject an Application where payment of the Application Money is not received or a cheque is not honoured.

Subject to the requirements of the Corporations Act and the ASX Listing Rules, the Directors reserve the right, at their discretion, to accept Entitlement and Acceptance Forms received after the Closing Date and/or to place Shares up to the maximum number referred to in this Prospectus after the Closing Date.

5.15 Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus other than for Shareholders with a registered address in Australia or New Zealand. Where this Prospectus has been dispatched to Shareholders domiciled outside Australia and New Zealand, and the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by this Prospectus, this Prospectus is provided for information purposes only. The Company reserves the right to reject any Application which it believes comes from a person who did not receive the offer in Australia or New Zealand.

Warning statement for New Zealand Shareholders

The Entitlement Offer to Shareholders resident in New Zealand is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and

regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Entitlement Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

5.16 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares and New Options under this Prospectus.

5.17 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5.18 Enquiries

Any questions concerning the Offers should be directed to the Share Registry on 1300 737 760 from inside Australia or +61 2 9290 9600 from outside Australia .

6. Purpose and effect of the Offers

6.1 Purpose of the Offers

In accordance with the Company's announced intentions, the purpose of each of the Offers is as follows:

- (a) **(Entitlement Offer)**: to raise up to approximately \$2.846 million (before costs);
- (b) **(Placement Option Offer)**: to issue a free attaching New Option to the Placement Investors on the basis of one (1) New Option for every one (1) Placement Share issued;
- (c) **(Underwriter Option Offer)**: to issue 50 million Underwriter Options to the Underwriter (or its nominees) in part consideration for the obligations of the Underwriter in respect of the Entitlement Offer under the Underwriting Agreement;
- (d) **(Consultant Option Offer)**: to issue to the Consultant (or his nominee) 20 million Consultant Options in part consideration for the provision of consultancy services by the Consultant to the Company.

No funds will be raised from the issue of the New Options, Placement Options, Underwriter Options or Consultant Options.

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

Item	Proceeds of Entitlement Offer	(\$'000)	%
1.	Settlement of debts and creditors	1,535	54
2.	Product Development	631	22
3.	Working Capital	368	13
4.	Expenses of the Entitlement Offer**	312	11
	Total	2,846	100

* The table assumes that the Entitlements are taken up in full.

**Expenses of the Entitlement Offer include the Underwriter's fees, legal fees, administrative expenses, ASX fees, ASIC fees and Share Registry fees. Refer to section 9.15 for further details of the estimated expenses of the Entitlement Offer.

The above table reflects the intentions of the Directors as at the date of this Prospectus as to the manner in which the funds are ultimately applied. In the event that circumstances change or new opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

6.2 Effect of the Offers

The principal effect of the Offers, assuming all Entitlements are taken up in full, all Options offered under this Prospectus are issued and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves or reduce debt of the Company by approximately \$2.175 million (after deducting the estimated expenses of the Entitlement Offer) immediately after completion of the Entitlement Offer;
- (b) increase the number of Shares on issue from 284,617,002 as at the date of this Prospectus to 569,234,004 Shares immediately after completion of the Entitlement Offer; and
- (c) increase the number of Options on issue from 5,900,000 as at the date of this Prospectus to 397,640,958 Options immediately after completion of all the Offers.

6.3 Pro Forma Statement of Financial Position

Set out below is the consolidated audited statement of financial position of the Company as at 30 June 2015, and the pro forma consolidated statement of financial position of the Company as at 30 June 2015 (unaudited) assuming all Entitlements are taken up, all Options offered under this Prospectus are issued and no Options are exercised prior to the Record Date and includes the estimated expenses of the Entitlement Offer and the estimated value of the Underwriter Options and Consultant Options using the Black-Scholes Model. The pro forma consolidated statement of financial position of the Company also includes adjustments to reflect expenditures and receipts between 30 June 2015 and 31 January 2016 and specifically transactions announced by the Company since 30 June 2015 including the completion of the Share Purchase Plan in September 2015, the repayment of a loan from Marquette Pte Ltd in October 2015, the settlement with the former managing director of the Company, further loan advance by Mr Andrew Goodall in November 2015 and the Placement in January 2016.

The significant accounting policies upon which the consolidated audited statement of financial position and the pro forma consolidated statement of financial position are based are set out in the 2015 Annual Financial Report.

The historical and pro-forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Historical Consolidated Audited 30 June 2015 \$	Pro - Forma Consolidated Unaudited 30 June 2015 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	174,785	1,094,446
Trade and other receivables	18,872	42,034
Inventories	12,376	854
Other	280,196	159,599
Assets held for sale	495,142	387,731
TOTAL CURRENT ASSETS	981,371	1,684,664
NON-CURRENT ASSETS		
Financial assets	3,824,888	3,824,888
Property, plant and equipment	67,642	60,422
Intangible assets	1,970,567	2,102,720
TOTAL NON-CURRENT ASSETS	5,863,097	5,988,030

	Historical Consolidated Audited 30 June 2015 \$	Pro - Forma Consolidated Unaudited 30 June 2015 \$
TOTAL ASSETS	6,844,468	7,672,694
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	420,437	713,393
Interest bearing liabilities	2,410,323	4,116,190
Non-interest bearing liabilities	175,435	175,435
Tax liabilities	(1,436)	(11,818)
Short-term provisions	138,728	52,362
Liabilities associated with assets held for sale	116,664	57,821
TOTAL CURRENT LIABILITIES	3,260,151	5,103,783
NON-CURRENT LIABILITIES		
Interest bearing liabilities	2,785,461	297,479
Long-term provisions	52,265	19,087
TOTAL NON-CURRENT LIABILITIES	2,837,726	316,566
TOTAL LIABILITIES	6,097,877	5,240,349
NET (LIABILITIES)/ASSETS	746,591	2,252,345
EQUITY		
Issued capital	33,582,742	36,474,135
Reserves	216,619	480,895
Accumulated losses	(33,052,770)	(34,702,685)
TOTAL EQUITY/ (DEFICIENCY)	746,591	2,252,345

6.4 Effect on capital structure after completion of the Offers

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are taken up in full, all Options offered under this Prospectus are issued and no Options are exercised prior to the Record Date, is set out below:

Shares

	Number
Shares on issue as at the date of this Prospectus	284,617,002
Shares offered pursuant to the Entitlement Offer	284,617,002
Total Shares on issue after completion of the Entitlement Offer	569,234,004

Options

	Number
Options on issue as at the date of this Prospectus	
Unquoted exercisable at \$0.112 on or before 1 November 2016	2,000,000
Unquoted exercisable at \$0.112 on or before 1 November 2017	1,500,000
Unquoted exercisable at \$0.1015 on or before 5 December 2016	1,200,000
Unquoted exercisable at \$0.1015 on or before 5 December 2017	1,200,000
Total Options on issue before the Offers	5,900,000
Options offered under the Entitlement Offer (Unquoted exercisable at \$0.016 on or before 30 November 2016)	284,617,002
Options to be issued under the Placement Option Offer (Unquoted exercisable at \$0.016 on or before 30 November 2016)	37,123,956
Options to be issued under the Underwriter Option Offer (Unquoted exercisable at \$0.02 on or before the third anniversary of their issue date)	50,000,000
Options to be issued under the Consultant Option Offer (Unquoted exercisable at \$0.02 on or before the third anniversary of their issue date)	20,000,000
Total Options on issue after completion of all Offers	397,640,958

The capital structure of the Company on a fully diluted basis as at the date of this Prospectus is 290,517,002 Shares and on completion of all the Offers (assuming all Entitlements are taken up, all Options offered under this Prospectus are issued and no Options are exercised prior to the Record Date) would be 966,874,962 Shares.

6.5 Details of substantial holders

Based on publically available information as at 12 February 2016, those persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Andrew Ernest Goodall and related parties*	88,538,261	31.1

Note: * Please see section 9.8 for further details.

If all Entitlements are taken and assuming the substantial shareholder takes-up the sub-underwriting positions (Refer section 9.11 and 9.12), the percentage interests of the substantial holder on completion of the Entitlement Offer will increase to 36.3%. This is approximately the same interest held by the substantial shareholder immediately prior to the Placement.

6.6 Potential effect on control of Company

Eligible Shareholders who take up their Entitlements in full will not have their interest in the Company materially diluted by the Entitlement Offer. The potential effect of the Entitlement Offer on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up all of their Entitlements, then the Entitlement Offer will have no significant effect on the control of the Company.
- (b) if some Eligible Shareholders do not take up all of their Entitlements, then the interests of those Eligible Shareholders will be diluted.

The relevant interest of Andrew Ernest Goodall in the Securities of the Company, together with his respective Entitlement (based on the numbers he has indicated that he proposes to take up referred to below) is as follows:

Director	Direct Shares	Indirect Shares	Options	Entitlement		\$
				New Shares	New Options	
Andrew Goodall	43,011,875	45,526,386	3,500,000	52,122,392	52,122,392	521,224

Andrew Ernest Goodall intends to take up 43,011,875 New Shares personally, 9,110,517 New Shares through Aemagood Pty Ltd < Goodall Family S/F A/C and 66,163,655 New Shares through the sub-underwriting arrangements. Post completion of the Entitlement Offer, the shareholding of Andrew Ernest Goodall and related parties will increase from 88,538,261 Shares to 206,824,308 Shares (being 43,011,875 New Shares taken up personally by Andrew Ernest Goodall under the Entitlement Offer, 9,110,517 New Shares through Aemagood Pty Ltd < Goodall Family S/F A/C and 66,163,655 New Shares through the sub-underwriting arrangements under the Entitlement Offer). This means that post completion of the Entitlement Offer, the voting power of Andrew Ernest Goodall and related parties will increase from 31.1% to 36.3%.

Please see further details on the indirect shareholding of Andrew Ernest Goodall in section 9.8)

The extent to which Shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. It is a condition precedent of the Underwriting Agreement that the Underwriter secures sub-underwriting over at least 75% of the total underwritten amount and in the event that the Underwriter takes up the remaining 25% of the total underwritten amount, the amount of shares to be held by the Underwriter will be 71,154,250 comprising 12.50% of voting power in the Company.

No issue will be made under the Entitlement Offer if this would result in a person acquiring a relevant interest in more than 20% of the voting Shares immediately following that issue.

7. Risks

To appreciate the risk factors associated with an investment in the Company, this Prospectus should be read in its entirety. The risk factors outlined in this section and elsewhere in this Prospectus should be carefully considered by Eligible Shareholders when evaluating an investment in the Company.

Any of the risk factors set out in this section or any other risk factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent, the Shares carry no guarantee with respect to the payment of dividends, return on capital or return of capital.

Eligible Shareholders should note that risks are associated with any investment in the stock market. Returns from investments in the Company will depend on the conditions of the market as well as the performance of the Company. There are a number of risk factors, both relating to the general business environment and specific to the Company, which may adversely impact on the operating performance, financial position and prospects of the Company.

Eligible Shareholders should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

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

(a) **Potential for significant dilution**

Upon implementation of the Entitlement Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 284,617,002 currently on issue to 569,234,004. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.009 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.

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

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

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

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

The Company's business is presently dependent on the commercial success of the SpermSep device and expects to derive a significant majority of its revenue in the short to medium term from sales of the SpermSep device.

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

The Company is reliant on key existing business partners and future proposed suppliers and customers. The Company is reliant on arrangements with third parties including the University of Newcastle, the University of Melbourne and MiniTub GMB in relation to the further development of intellectual property and the development of some future products and in relation to MiniTub, the distribution of certain products in the animal artificial reproduction field.

There is an inherent risk in relying on contractual arrangements with third parties. These inherent risks include that the third parties do not adequately comply with their contractual obligations, or that key existing and proposed suppliers, customers and business partners of the Company cease to operate in the future.

To the extent that any existing or proposed key supplier, customer or business partner arrangements do not occur as expected, or lapses, terminates, is breached, or is replaced or altered, then failure to negotiate suitable amendments or find replacements in a timely manner may have adverse effects on the Company's business and financial position.

(e) **Reliance on key personnel**

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

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

(f) **Ability to rely on and protect the Company's intellectual property**

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

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

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

(g) **Product performance**

The performance of the Company's technologies and products is important to its reputation and ability to achieve market acceptance of those technologies and products.

Any product performance failure or failure of a product to meet a customer's needs and requirements could have a material adverse effect on the Company's reputation, result in loss of sales and have financial consequences such as the creation of a liability to provide replacement products or compensation.

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

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

(i) **Increase in competition**

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

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

(j) **Adverse movements in exchange rates**

The Company's products are intended to sell in international markets and it is also likely that the Company will manufacture at scale in an overseas location. Revenue and expenditure denoted in foreign currency are subject to the risk of fluctuations in foreign exchange markets.

(k) **Sufficiency and allocation of funding/capital**

The Company has not generated commercial revenue to date on its core SpermSep product and is not currently generating a positive cash flow due to the funding requirements of further intellectual property and product development and the preparation for manufacturing.

The funding sought to be raised by the Entitlement Offer is based on the Company's best estimation of cash flow projections and estimated expenditures.

The Company has limited financial resources and will need to raise additional funds from time to time to finance and complete development and commercialisation of its technologies and products and its other longer-term objectives. There is no assurance that future funds, whether debt or equity, can be raised by the Company on favourable terms, if at all, or that the Company will have the funding that it requires to fully complete its development and commercialisation programs.

(l) **Risk of successful corporate strategy**

The strategies which relate to the development and commercialisation of the Company's products are unproven and may not be successful.

To date, the Company has not commenced commercial scale production, distribution or sale of its SpermSep product and, accordingly, the Company's strategies in that respect are

untested, and may, in time, prove to be unsuccessful, or may be implemented ineffectively and result in an outcome that may adversely affect the performance of the Company. Ineffective implementation of these and other strategies adopted by the Company may adversely impact the market acceptance of its products and the performance and growth of the Company.

(m) **Prospective information**

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

(n) **Litigation**

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

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

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

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

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

(p) **Failure to meet health and safety regulations**

The Company currently operates in Australia and is subject to laws and regulations in respect of health and safety in Australia (including workplace health and safety, and product safety laws and regulations). In addition, it is proposed that the Company's products will be sold or distributed internationally and, accordingly, may be subject to laws and regulations in respect of health and safety in those jurisdictions. Additional or amended laws and regulations may increase the cost of compliance, adversely impact the Company's ability to comply, or expose the Company to greater potential liabilities where, for example, changes to the regulatory framework result in higher or more complicated regulatory standards, which may adversely affect the financial and operational performance of the Company.

(q) **Doing business internationally**

There are certain risks inherent for any company seeking to do business on an international level, such as the potential need to obtain licences to operate and/or sell or distribute products. This may increase the regulatory compliance cost which is applicable to the Company and its business.

In future, many of the Company's business partners and customers will be outside Australia, the Company will face a number of risks of operating internationally.

(r) **Unforeseen expenditure risk**

There is a risk that there may be an unforeseen increase in costs for items set out in the use of funds section in this Prospectus (section 6.1). Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this Prospectus.

(s) **Insurance**

The Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(t) **Economic**

The financial performance and value of the Company may be influenced by various economic factors such as inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

(u) **Market**

The market price of the Company's Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Eligible Shareholders should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(v) **Liquidity and realisation**

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

(w) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

The above list of risk factors is not an exhaustive list of the risks relevant to the Company. These risks (and others not specifically referred to above) may materially affect the financial performance of the Company and the value of its Shares.

8. Rights and liabilities attaching to the Securities

8.1 New Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the Company and will have the same voting and other rights as the existing Shares of the Company. The rights attaching to Shares in the Company are set out in the Constitution, the ASX Listing Rules and the Corporations Act. A copy of the Constitution has been lodged with ASIC. The Constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by the operation of section 712 of the Corporations Act. Any person may request, and the Company will provide free of charge, a copy of the Constitution during the application period of this Prospectus.

All New Shares issued under this Prospectus will rank equally in all respects with, and will have the same terms as, the Company's then issued Shares.

A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Voting Rights

Subject to any special rights (at present there are none), at any general meeting of the Company, each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

(b) Dividends

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

(c) Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and other relevant laws, the Shares are freely transferable.

(d) Meetings and notice

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and any other laws.

(e) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

- (i) divide among the Shareholders the whole or any part of the Company's property; and
- (ii) decide how the division is to be carried out between the Shareholders.

(f) **Variation of rights**

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

8.2 **New Options**

The terms and conditions of each New Option are as follows:

- (a) Each New Option will be issued for no monetary consideration.
- (b) Subject to paragraphs (l), (n) and (o), each New Option gives the optionholder the right to subscribe for one Share upon exercise of the New Option and payment of the Exercise Price.
- (c) Each New Option will expire at 5.00pm (Sydney time) on 30 November 2016 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to any adjustment in accordance with these terms and conditions, the amount payable upon the exercise of each New Option is 1.6 cents (**Exercise Price**).
- (e) The New Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 5,000 must be exercised on each occasion.
- (f) An optionholder may exercise its New Options by lodging with the Company at any time before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised (**Exercise Notice**); and
 - (ii) a cheque, electronic funds transfer or other means of payment acceptable to the Company for the Exercise Price for the number of New Options being exercised.
- (g) An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of payment of the full amount of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).
- (h) Within 10 Business Days after the Exercise Date, the Company must
 - (i) allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice; and
 - (ii) if it is admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the New Options.
- (i) Each New Option is transferable.
- (j) All Shares allotted upon the exercise of New Options will upon allotment rank equally in all respects with other Shares then on issue.
- (k) The Company will not apply for Official Quotation of the New Options on ASX.
- (l) If at any time the capital of the Company is reorganised (including, without limitation, consolidation, sub-division, reduction or return), all rights of an optionholder are to be

changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- (m) There are no participating rights or entitlements inherent in the New Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.
- (n) If the Company makes a pro-rata issue (except a bonus issue) to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a New Option before the record date for determining entitlements to the issue, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro-rata issue.
- (o) If the Company makes a bonus issue to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a New Option before the record date for determining entitlements to the issue, then the number of Shares over which that New Option is exercisable will be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.

8.3 Underwriter Options and Consultant Options

The terms and conditions of each Underwriter Option and Consultant Option (each an **Option**) are as follows:

- (a) Each Option will be issued for no monetary consideration.
- (b) Subject to paragraphs (l), (n) and (o), each Option gives the optionholder the right to subscribe for one Share upon exercise of the Option and payment of the Exercise Price.
- (c) Each Option will expire at 5.00pm (Sydney time) on the third anniversary of the date on which it was issued (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to any adjustment in accordance with these terms and conditions, the amount payable upon the exercise of each Option is 2.0 cents (**Exercise Price**).
- (e) The Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 5,000 must be exercised on each occasion.
- (f) An optionholder may exercise its Options by lodging with the Company at any time before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) a cheque, electronic funds transfer or other means of payment acceptable to the Company for the Exercise Price for the number of Options being exercised.
- (g) An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of payment of the full amount of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (h) Within 10 Business Days after the Exercise Date, the Company must
 - (i) allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice; and

- (ii) if it is admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (i) Each Option is transferable.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank equally in all respects with other Shares then on issue.
- (k) The Company will not apply for Official Quotation of the Options on ASX.
- (l) If at any time the capital of the Company is reorganised (including, without limitation, consolidation, sub-division, reduction or return), all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) If the Company makes a pro-rata issue (except a bonus issue) to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro-rata issue.
- (o) If the Company makes a bonus issue to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of Shares over which that Option is exercisable will be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.

9. Additional information

9.1 Continuous disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Those obligations require the Company to continuously notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities exchange conducted by ASX. The Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company of which it becomes aware that a reasonable person would expect to have a material effect on the price or value of its Shares.

Having taken such precautions and having made such enquiries as it considers reasonable, the Company believes that it has complied with the general and specific requirements of the Corporations Act and ASX, as applicable from time to time, throughout the 12 months before the date of this Prospectus.

Copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an office of the ASIC.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the application period of this Prospectus:

- (a) the annual financial report most recently lodged with ASIC by the Company (being the 2015 Annual Financial Report);
- (b) any half-year financial report lodged with ASIC by the Company after the lodgement of the 2015 Annual Financial Report and before the lodgement of this Prospectus with ASIC; and
- (c) continuous disclosure notices given by the Company after the lodgement of the 2015 Annual Financial Report and before the lodgement of this Prospectus with ASIC which are listed in section 9.2.

9.2 ASX announcements

This Prospectus is a transaction specific prospectus pursuant to section 713 of the Corporations Act. As a result, it is important for Eligible Shareholders to read and understand publicly available information of the Company and the Entitlement Offer, prior to accepting all or part of their Entitlement.

Details of the announcements (continuous disclosure notices) made by the Company to ASX since 30 September 2015 (being the date of lodgement with ASIC of the Company's 2015 Annual Financial Report for the financial year ended 30 June 2015) and the date of lodgement of this Prospectus with ASIC are set out in the table below.

<u>Date</u>	<u>Description of Announcement</u>
15/02/16	Entitlement Offer and Appendix 3B
01/2/16	Unlisted options expiry

<u>Date</u>	<u>Description of Announcement</u>
14/01/2016	Cleansing Notice
14/01/2016	Appendix 3B
11/01/2016	Private Placement
07/01/2016	Trading Halt
05/01/2016	Andrew Goodall Resigns from Prime Board
04/01/2016	Director Appointment/Resignation
09/12/2015	Options Expiry
30/11/2015	Results of Meeting
30/11/2015	Correction to the Chairman's Address to Shareholders
30/11/2015	Chairman's Address to Shareholders
24/11/2015	PrIME market update
18/11/2015	Loan from A Goodall
13/11/2015	Settlement of dispute with former Managing Director
30/10/2015	ASX Waivers - Notice of Annual General Meeting
30/10/2015	Notice of Annual General Meeting/Proxy Form
09/10/2015	Change in substantial holding
09/10/2015	Change of Director's Interest Notice
09/10/2015	Change of Director's Interest Notice
09/10/2015	Change of Director's Interest Notice
09/10/2015	Repayment of Marquette Loan
30/09/2015	Securities Trading Policy
30/09/2015	2015 Appendix 4G
30/09/2015	2015 Corporate Governance Statement
30/09/2015	Annual Report

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au (ASX Code: NSP). Copies of announcements are also available through the Company's website at www.Nusep.com.

9.3 **Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Shares and New Options under this Prospectus.

9.4 **Legal proceedings**

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

9.5 **Current Directors**

The Directors of the Company at the date of this Prospectus are:

- (a) Ms Alison Coutts (Executive Chairman);
- (b) Mr Andrew Goodall (Non-Executive Director); and
- (c) Mr Mark Gell (Non-Executive Director).

9.6 **Directors' Interests**

Except as disclosed in this Prospectus, no Director or proposed Director has, or has had within two years before the lodgement of this Prospectus with ASIC, any interest in

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

and no amounts have been paid or agreed to be paid to any Director or proposed Director and no benefits have been given or agreed to be given to any Director or proposed Director, to induce the Director or proposed Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offers.

9.7 **Remuneration**

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the remuneration paid to the Directors during the financial years ended 30 June 2015 and 30 June 2014 are set out in the 2015 Annual Financial Report. The table below sets out details of the remuneration received by, or payable to current Directors, as fees and remuneration in the past two completed financial years.

Director	2015 financial year	2014 financial year
Alison Coutts	\$316,283*	\$158,028**
Andrew Goodall	\$50,000	\$35,938
Mark Gell***	\$35,383	N/A

Notes:

* Consists of \$270,000 in salary and fees, \$27,500 in short term incentive payment and \$18,783 in superannuation.

** Consists of \$149,140 in salary and fees and \$8,888 in superannuation.

*** Appointed 17 October 2014.

As at the date of this Prospectus, the fees (inclusive of superannuation contributions) payable to or for the benefit of the non-executive Directors for their ordinary services as Directors are \$50,000 per annum.

9.8 Directors' interests in Securities

As at the date of this Prospectus, the relevant interest of each of the Directors in the Securities of the Company, together with their respective Entitlement (based on the numbers they have expressed to take up referred to below), is as follows:

Director	Direct Shares	Indirect Shares	Options	Entitlement		\$
				New Shares	New Options	
Alison Coutts	4,466,808	1,400,000	2,400,000	5,866,808	5,866,808	58,668
Andrew Goodall	43,011,875	45,526,386*	3,500,000	52,122,392	52,122,392	521,224
Mark Gell	1,000,000	Nil	Nil	1,000,000	1,000,000	10,000

* The indirect Shares of Andrew Goodall comprise the following:

- 2,632,613 Shares held by Mrs Marjorie Anne Goodall (mother of Andrew Goodall) held in trust for children of Andrew Goodall ;
- 9,110,517 held by Aemagood Pty Ltd < Goodall Family S/F A/C (Andrew Goodall is a director of the company and beneficiary of the superannuation fund);
- 3,461,195 Shares held by Aemagood Pty Ltd <Goodall Family No 2 S/F A/c> - (Andrew Goodall is a director of the company and the assets of the superannuation fund are owned by Mrs Marjorie Anne Goodall (mother of Andrew Goodall) and Andrew Goodall has no beneficial interest);
- 30,322,061 Shares held by Ti Rakau Developments Limited (Andrew Goodall's mother is the sole director of Ti Rakau Developments Limited).

Other than Andrew Goodall, in respect of interests held in the names of Mrs Marjorie Anne Goodall, Aemagood Pty Ltd <Goodall Family No 2 S/F A/c> and Ti Rakau Developments Limited, each of the Directors or their associated shareholding entities have indicated that they intend to take up all of their Entitlements under the Entitlement Offer. Accordingly, Andrew Ernest Goodall will take up 43,011,875 New Shares personally and 9,110,517 New Shares through Aemagood Pty Ltd < Goodall Family S/F A/C under the Entitlement Offer.

Each Director will not subscribe for any Shortfall Shares (other than a total of \$955,571 as sub-underwriters as set out in sections 5.4 and 9.12) as such issue would require Shareholder approval under the ASX Listing Rules.

It is proposed that the following directors will take up their rights under the Entitlement Offer through debt settlement arrangements with the Company:

- (a) Alison Coutts; and
- (b) Andrew Goodall (in respect of his direct interest and interest in Aemagood Pty Ltd <Goodall Family S/F A/c>).

Refer to sections 5.5, 6.5, 9.11 and 9.12 for more details.

9.9 Disclosure of interests and fees of advisers

Except as disclosed 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 holds, or has held at any time within two years before lodgement of this Prospectus with ASIC, any interest in:

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

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 him or her in connection with the formation or promotion of the Company or the Offers.

HWL Ebsworth has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay HWL Ebsworth approximately \$45,000 (excluding GST and disbursements) for these services.

9.10 Summary of Underwriting Agreement

The Company and the Underwriter are parties to an underwriting agreement dated 15 February 2016 (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to fully underwrite the Entitlement Offer. The Underwriter may appoint sub-underwriters to assist in the performance of its obligations at its own costs.

(a) Fees and indemnity

In consideration of the Underwriter performing its obligations under the Underwriting Agreement, the Company has agreed to:

- (i) pay a fixed corporate advisory fee of \$45,000 to the Underwriter;
- (ii) pay an underwriting fee equal to 6% of the Entitlement Offer to the Underwriter on closing of the Entitlement Offer;
- (iii) pay to the Underwriter a co-ordination fee of 1% of the gross proceeds raised by the Company under the Entitlement Offer on closing of the Entitlement Offer; and

- (iv) subject to any Shareholder approval required by law and the ASX Listing Rules, the Company agrees to issue 50,000,000 Options for nil cash consideration to the Underwriter (**Underwriter Options**) or its nominees on completion of the Entitlement Offer. The Underwriter Options will have an exercise price of \$0.02 cents each and an expiry date of three years from the date of their issue.

The Company will also pay or reimburse the Underwriter for the disbursements of the Underwriter (including legal fees), marketing and promotional materials and expenditure and travel and accommodation.

Fees payable to sub-underwriters will be at the sole discretion of the Underwriter. The Company will not be responsible for the payment of any fees to sub-underwriters.

(b) **Conditions precedent**

The underwriting of the Entitlement Offer is conditional upon the satisfaction or waiver by the Underwriter of certain conditions ordinarily found in an agreement of this type, including that:

- (i) the Company's solicitor providing the Underwriter with a legal sign off letter in relation to the due diligence investigations;
- (ii) the Company providing the Underwriter with a letter confirming it is not in breach of any ASX Listing Rules;
- (iii) the Company providing the Underwriter with a shortfall notice and closing certificate;
- (iv) the Underwriter securing sub-underwriting over at least 75% of the Entitlement Offer; and
- (v) the Company finalising the agreement with Newcastle Innovation substantially on the terms announced to ASX on 30 March 2015.

(c) **Representations, warranties and undertakings**

Under the Underwriting Agreement, the Company gives certain representations, warranties and undertakings in a form that is usual for agreements of this kind, including those described below.

The Company must ensure that until the date being three months after the liability of the Underwriter under the Underwriting Agreement terminates:

- (i) neither the Company nor each of its subsidiaries do any of the following except with the prior written consent of the Underwriter, which consent cannot be unreasonably withheld or delayed:
 - (A) alter its capital structure other than as disclosed in the Prospectus or on conversion of any Options;
 - (B) amend its constitution or any other constituent document except as required by ASX to comply with the Listing Rules, or as required by the Corporations Act;
 - (C) pass or take any steps to pass a resolution under Section 260B of the Corporations Act;
 - (D) dispose or agree to dispose of the whole or a substantial part of its business or property; or

- (E) charge or agree to charge the whole or a substantial part of its business or property; and
- (ii) neither the Company nor each of its subsidiaries propose or activate any share buy-back scheme or arrangement or issue or agree to issue, or indicates in any way that it will or might issue, or grant an option to subscribe for any shares or other securities or securities convertible into shares or other securities except:
 - (A) as referred to in the Underwriting Agreement or the Prospectus; or
 - (B) with the prior written consent of the Underwriter, which consent cannot be unreasonably withheld or delayed.

(d) **Termination events**

Subject to the qualification specified at the end of this paragraph (d), the Underwriter may terminate the Underwriting Agreement at any time after the date of the Underwriting Agreement by written notice to the Company upon the occurrence of certain events (including but not limited to) where:

- (i) ASX does not give approval for the Shares that are Shortfall Securities to be listed for Official Quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld or the Company fails to lodge an Appendix 3B in relation to the New Shares and New Options with ASX within 7 days of the lodgement of this Prospectus;
- (ii) the S&P/ASX All Ordinaries Index is at any time after the date of the Underwriting Agreement 5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (iii) the Shares finish trading on the ASX under the ASX code of "NSP" on any two (2) consecutive trading days with a closing price that is less than the issue price under the Entitlement Offer being \$0.01;
- (iv) the Company is prevented from issuing the New Shares and New Options within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (v) any material statement or estimate in this Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (vi) any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in this Prospectus or to be named in this Prospectus, withdraws that consent;
- (vii) a Director of the Company or any Related Corporation is charged with an indictable offence;
- (viii) the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;

- (ix) the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (x) any of the following occurs:
 - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (B) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (C) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy, which does or is likely to prohibit, restrict or regulate the principal business of the Company or the operation of stock markets generally;
- (xi) the Company or any Related Corporation fails to materially comply with any of the following:
 - (A) a provision of its constitution;
 - (B) any statute;
 - (C) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or
 - (D) any material agreement entered into by it;
- (xii) the Company alters its capital structure or its Constitution without the prior written consent of the Underwriter;
- (xiii) a force majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of three weeks occurs;
- (xiv) the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (xv) any adverse change occurs which materially impacts or is likely to materially impact the operational or financial condition, position, performance or prospects of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
- (xvi) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (xvii) an event described in section 652C of the Corporations Act occurs in respect of the Company;
- (xviii) the Company suspends payment of its debts generally;
- (xix) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any Related Corporation which are likely to have a material adverse effect;

- (xx) there is a change in the composition of the board or a change in the senior management of the Company before the date of issue of the Shortfall Securities without the prior written consent of the Underwriter;
- (xxi) any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified;
- (xxii) an event of insolvency occurs in respect of the Company or a Related Corporation;
- (xxiii) a judgment in an amount exceeding \$50,000.00 is obtained against the Company or a Related Corporation and is not set aside or satisfied within seven days;
- (xxiv) the Entitlement Offer is prevented from proceeding by reason of an order (actual or threatened, interim or final) made by ASIC under section 739 of the Corporations Act or ASIC makes a determination under section 713(6) of the Corporations Act in relation to the Company;
- (xxv) this Prospectus:
 - (A) contains a statement which is misleading or deceptive; or
 - (B) omits a matter required under the Corporations Act;
- (xxvi) the Entitlement Offer is withdrawn by the Company;
- (xxvii) it transpires that this Prospectus or continuously disclosed information does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the New Shares and New Options;
- (xxviii) at any time after the Prospectus is issued, a new circumstance arises which is likely to have a material adverse effect, where information about that new circumstance would have been required under the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- (xxix) any circumstance arises after this Prospectus is lodged with ASIC that results in the Company doing any of the following: repaying, or offering to repay, any monies the Company receives from applicants; or offering one or more applicants an opportunity to withdraw their Entitlement and Acceptance Form(s) or Shortfall Application Form(s);
- (xxx) a supplementary offer document is lodged or the due diligence committee recommends that a supplementary offer document is lodged or the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement, forms the view on reasonable grounds that a supplementary offer document should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary offer document in such form and content and within such time as the Underwriter may reasonably require;
- (xxxi) any event specified in the timetable does not occur within 14 days after the date specified for that event;

- (xxxii) the Company receives notification from any relevant authority or party that challenges the claims of any existing patent or results in a patent application requiring modification or being rejected or withdrawn, or if the Company otherwise decides to withdraw an existing patent application;
- (xxxiii) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, United Kingdom, United States of America, India, Pakistan or Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by 5%;
- (xxxiv) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (xxxv) a material contravention by a the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (xxxvi) it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;
- (xxxvii) a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (xxxviii) without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlement Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the ASX Listing Rules and/or the Corporations Act;
- (xxxix) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (xl) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy which is likely to have a material adverse effect that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xli) the Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xlii) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xliii) there is a material change in the major or controlling Shareholdings of the Company (other than as a result of the Entitlement Offer or a matter disclosed in this

Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company.

(e) **Indemnity**

Subject to certain exclusions relating to fraud, wilful misconduct or negligence, the Company agrees to keep indemnified the Underwriter and its directors, officers, employees and agents (**Related Parties**) and hold them harmless from and against all losses (including costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any governmental authority or agency), penalties, actions, suits, claims, costs (including legal costs on a solicitor and own client basis), demands and proceedings (whether civil or criminal) (**Liability**) arising out of or in respect of:

- (i) non-compliance by the Company with or breach of any legal requirement or the ASX Listing Rules in relation to the issue of the New Shares;
- (ii) any breach or failure by the Company to observe any of the terms of the Underwriting Agreement or the Company failing to perform any of its other obligations relating to the Entitlement Offer;
- (iii) this Prospectus or the Entitlement Offer including:
 - (A) any statement in this Prospectus being misleading or deceptive (including, without limitation, misleading representations within the meaning of section 728(2) of the Corporations Act) or containing an omission;
 - (B) the publication or distribution of this Prospectus and the making of the Entitlement Offer;
- (iv) any of the representations and warranties by the Company contained in the Underwriting Agreement not being true and correct;
- (v) any advertising or publicity of the Entitlement Offer issued with the knowledge and consent of the Company, including any road show presentation or announcement;
- (vi) any statement made or issued by Related Parties to the extent the statement is made or issued in good faith and in reliance on this Prospectus or any material or information provided by or on behalf of the Company;
- (vii) the occurrence of any event of termination; and
- (viii) any claim that a Related Party has a liability under the Corporations Act or any other applicable law in relation to this Prospectus or the Entitlement Offer.

(f) **Governing law**

The governing law of the Underwriting Agreement is New South Wales, Australia.

9.11 Debt Settlement and Sub-underwriting Arrangements with related parties

The Company has entered into settlement and offset deeds with the Directors and other entities associated with the Directors, to offset a total of \$1,535,463 owing to these parties via the subscription of 153,546,342 New Shares and 153,546,342 New Options under the Entitlement Offer and sub-underwriting arrangements as follows:

Table 1: Under the Entitlement Offer:

Name	Amount of Debt to be settled \$	Number of New Shares to be Issued	Number of New Options to be Issued
Andrew Ernest Goodall	430,119	43,011,875	43,011,875
AEMAGOOD Pty Ltd Goodall Family Super Fund	91,105	9,110,517	9,110,517
Alison Coutts	44,668	4,466,808	4,466,808
Alison Coutts Consulting Pty Ltd <Alison Coutts Super Fund>	14,000	1,400,000	1,400,000
Total under the Entitlement Offer	579,892	57,989,200	57,989,200

Table 2: Under sub-underwriting arrangements:

Name	Amount of Debt to be settled \$	Number of New Shares to be Issued	Number of New Options to be Issued
Andrew Ernest Goodall	634,751	63,475,147	63,475,147
AEMAGOOD Pty Ltd Goodall Family Super Fund	26,885	2,688,508	2,688,508
Mark Edward Gell	100,901	10,090,094	10,090,094
Gelloyce Pty Ltd as trustee of the Gelloyce Superannuation Fund	103,178	10,317,801	10,317,801
Alison Coutts	79,980	7,997,992	7,997,992
Alison Coutts Consulting Pty Ltd <Alison Coutts Super Fund>	9,876	987,600	987,600
Total under sub-underwriting arrangements	955,571	95,557,142	95,557,142

9.12 Sub-Underwriting Agreements

The parties specified in the above table (Table 2 of section 9.11) have also entered into sub-underwriting agreements with the Underwriter for the firm commitments specified in the second column of Table 2 of section 9.11 (**Sub-Underwriting Agreements**).

Pursuant to the Sub-Underwriting Agreements, if the total amount of the Shortfall is less than \$955,571, then the firm commitment amount under each Sub-Underwriting Agreement will be reduced to be a pro-rata amount of the Shortfall. The Company will then use the funds raised from the Entitlement Offer to repay the remaining debts owing to the Directors in cash.

The Sub-Underwriting Agreements are conditional on the Underwriter entering into the Underwriting Agreement with the Company.

9.13 Consultancy Agreement

The Company entered into a Consultancy Agreement with the Consultant, Robert Gilmour, on 7 December 2015 whereby the Consultant will provide advisory services to the Company for a period of 24 months or such other period as agreed between the parties (unless terminated earlier by either party giving not less than 60 days notice to the other) (**Consultancy Agreement**).

Under the Consultancy Agreement, the Company will pay cash fees and, subject to Shareholder approval, issue to the Consultant (or his nominee) the Consultant Options being 20 million unquoted Options exercisable at \$0.02 each on or before the third anniversary of their issue date.

9.14 Market prices of Shares

The highest, lowest and last closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales are set out in the table below:

	Sale Price	Date
Highest	\$0.043	26 November 2015
Lowest	\$0.008	29 January 2016
Last	\$0.009	12 February 2016

9.15 Costs of the Offers

If the Entitlement Offer is fully subscribed, the total expenses of the Offers are estimated to be \$312,050 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	10,498
Underwriter's fees	244,232
Legal fees	45,000
Share Registry fees	5,000
Printing, distribution and other expenses	5,000
Total	\$312,050

9.16 Taxation

Recipients of the Offers should seek and obtain taxation advice before applying for New Shares or Options so that they may first satisfy themselves of any taxation implications associated with acquiring New Shares and Options under the Offers and of any subsequent sale of New Shares. Neither the Company nor any of its officers accepts any liability or responsibility in respect of the taxation consequences of subscribing for New Shares or Options under the Offers or any other taxation consequences connected with an investment in the Company.

9.17 Privacy

Personal information is collected on the Entitlement and Acceptance Forms by the Company and its Share Registry for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. As the investor is a Shareholder, the Company and the Share Registry already hold personal information of the investor. If Shareholders apply for Securities under the Offers, the Company and the Share Registry may update that personal information or collect additional personal information. Applications might not be processed efficiently, or at all, if the information requested is not provided.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- (a) the Share Registry for ongoing administration of the Shareholder register;
- (b) the Underwriter in order to assess your Application;
- (c) printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- (d) market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and

- (e) legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

9.18 Consents

Each of the parties referred to in this section 9.18:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based other than as specified in this Prospectus; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in this Prospectus in the capacity noted below and has not withdrawn their consent prior to the lodgement of this Prospectus with ASIC:

- (c) HWL Ebsworth as solicitors to the Entitlement Offer;
- (d) Transocean Securities Pty Ltd as underwriter to the Entitlement Offer;
- (e) AEMAGOOD Pty Ltd <Goodall Family Super Fund> as sub-underwriter to the Entitlement Offer;
- (f) Gelloyce Pty Ltd as trustee of the Gelloyce Superannuation Fund as sub-underwriter to the Entitlement Offer;
- (g) Alison Coutts Consulting Pty Ltd <Alison Coutts Super Fund> as sub-underwriter to the Entitlement Offer; and
- (h) Boardroom Pty Limited as the Share Registry to the Entitlement Offer.

There are persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.19 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

10. Directors' Authorisation Statement

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. The Directors 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 of any other statements made in this Prospectus by persons other than the 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 lodgment of this Prospectus with ASIC or, to the Directors' knowledge, before the issue of the New Shares and Options pursuant to this Prospectus.

This Prospectus has been prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgment of this Prospectus with ASIC.



Alison Coutts

Executive Chairman

For and on behalf of NuSep Holdings Ltd

11. Glossary

2015 Annual Financial Report	the audited annual financial report and consolidated financial statements of the Group for the financial year ended 30 June 2015 lodged with the ASX and ASIC on 30 September 2015.
Additional New Shares	New Shares in addition to an Eligible Shareholder's Entitlement for which an Applicant makes an Application.
Applicant	an Eligible Shareholder who makes an Application.
Application	an application for New Shares and New Options pursuant to the Entitlement and Acceptance Form.
Application Money	the money received from Applicants in respect of their Application.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the securities exchange known as Australian Securities Exchange conducted by that entity, as the context requires.
ASX Listing Rules	the official listing rules of ASX, as amended from time to time.
Business Day	has the meaning given to that expression in the ASX Listing Rules.
Closing Date	5.00pm (Sydney time) on 4 March 2016 (unless extended).
Company or NuSep	NuSep Holdings Ltd ACN 120 047 556.
Constitution	the constitution of the Company as at the date of this Prospectus.
Consultant	Dr Robert Gilmour.
Consultant Option	an Option issued on the terms and conditions set out in section 8.3 of this Prospectus.
Consultant Option Application Form	the application form either attached to or accompanying this Prospectus relating to the Consultant Options.
Consultant Option Offer	the offer to the Consultant of 20 million Consultant Options in part consideration of the Consultant providing consultancy services to the Company made under this Prospectus.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.

Directors' Sub-Underwriting	means the sub-underwriting arrangements between the Directors and the Underwriter for a total sub-underwritten amount of \$955,571.
Eligible Shareholder	a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.
Entitlement	the entitlement to one (1) New Share for every one (1) Share held at 7:00pm (Sydney time) on the Record Date, and one (1) free attaching New Option for every New Share subscribed for and issued under the Entitlement Offer.
Entitlement and Acceptance Form	the entitlement and acceptance form either attached to or accompanying this Prospectus.
Entitlement Offer	the non-renounceable offer made under this Prospectus to subscribe for New Shares and attaching New Options.
Group	the Company and its controlled entities.
New Share	a Share issued or to be issued under the Entitlement Offer made by this Prospectus.
New Option	an Option issued on the terms and conditions set out in section 8.2 of this Prospectus under the Entitlement Offer or the Placement Option Offer.
Non-qualifying Foreign Shareholder	a Shareholder whose registered address is not situated in Australia or New Zealand.
Offers	the Entitlement Offer, the Placement Option Offer, the Underwriter Option Offer and the Consultant Option Offer.
Official Quotation	officially quoted on ASX.
Option	an option to be issued a Share and includes the Consultant Option, New Options and Underwriter Options.
Placement	has the meaning given in section 5.1(a) of this Prospectus.
Placement Investors	has the meaning given in section 5.1(a) of this Prospectus.
Placement Option Application Form	the application form either attached to or accompanying this Prospectus relating to the Placement Option.
Placement Option Offer	the offer to the Placement Investors of one (1) free attaching New Option for every one (1) Share subscribed for and issued under the Placement made under this Prospectus.
Prospectus	this document including the Entitlement and Acceptance Form.
Record Date	7.00pm (Sydney time) on 19 February 2016.

Related Corporation	means a “related body corporate” of the Company as that expression is defined in the Corporations Act.
Securities	Shares and New Options offered under the Entitlement Offer or the Options offered under the Placement Option Offer, the Underwriter Option Offer and Consultant Option Offer.
Share	one fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Shareholding	in respect of a Shareholder, the Shares held by that Shareholder.
Share Registry	Boardroom Pty Limited of Grosvenor Place, Level 12, 225 George Street, Sydney, NSW, 2000, Australia.
Shortfall	will occur if the Company does not hold successful valid Applications for all the New Shares and New Options offered by the Company under the Entitlement Offer by the Closing Date.
Shortfall Securities	New Shares and New Options not applied for under the Entitlement Offer before the Closing Date.
Underwriter	Transocean Securities Pty Ltd ACN 009 230 120 (AFS Licence No. 230161).
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter dated 15 February 2016.
Underwriter Option	an Option issued on the terms and conditions set out in section 8.3 of this Prospectus.
Underwriter Option Application Form	the application form either attached to or accompanying this Prospectus relating to the Underwriter Options.
Underwriter Option Offer	the offer to the Underwriter of 50 million Underwriter Options in part consideration of the Underwriter performing its obligations under the Underwriting Agreement made under this Prospectus.

Entitlement and Acceptance Form

ENTITLEMENT AND ACCEPTANCE FORM - ENTITLEMENT OFFER

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
(Sydney time) on 19 February
2016

Offer Closes: 4 March 2016 at 5:00pm

NON-RENOUNCEABLE ISSUE OF UP TO 284,617,002 NEW SHARES AT AN ISSUE PRICE OF \$0.01 EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 1 ORDINARY SHARE HELD, TOGETHER WITH ONE (1) FREE ATTACHING OPTION EXERCISABLE AT \$0.016 ON OR BEFORE 30 NOVEMBER 2016 FOR EVERY NEW SHARE SUBSCRIBED FOR AND ISSUED, TO RAISE UP TO APPROXIMATELY \$2.846 MILLION BEFORE COSTS, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER (**ENTITLEMENT OFFER**)

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT**, please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the Closing Date being by 5pm on 4 March 2016 with payment will constitute acceptance of the Entitlement Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of One New Share for every One Ordinary Share held	Price Per Share	Amount Payable for Full Acceptance, at \$0.01 per New Share
	\$0.01 per Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY**, please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.01 per Share =	\$

B Apply for Additional Shares (if available)

If you wish to apply for additional shares to your Entitlement, above please insert the number of additional shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available and will be at the sole discretion of the Underwriter being Transocean Securities Pty Ltd ABN 25 009 230 120 (AFS Licence No. 230161).

Number of Additional Shares Applied for	Price Per Share	Amount Enclosed
	\$0.01 per Share =	\$

C Payment

Payment may only be made by electronic payment or cheque. Cash will not be accepted via the mail or at the NuSep Holdings Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code: XXXX

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

To pay via BPAY please contact your participating financial institution.

If paying by BPAY you do not need to return the Entitlement and Acceptance Form.

If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for. Applicants should be aware that their own financial institutions may impose earlier cut off times regarding electronic payment, and should therefore take this into consideration when making payment.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to **"NuSep Holdings Limited - Subscription Account"** and crossed "Not Negotiable."
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Entitlement and Acceptance Form or by payment by electronic funds, I/We represent and warrant that I/we have read and understood the Prospectus dated 15 February 2016 (**Prospectus**) to which this Entitlement and Acceptance Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Entitlement and Acceptance Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of NuSep Holdings Limited and agree to the terms and conditions of the Entitlement Offer. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Prospectus when making my/our decision to invest.

The Entitlement Offer to which this Entitlement and Acceptance Form relates does not constitute an offer to any person who is not an Eligible Shareholder, and in particular is not being made to Shareholders with registered addresses outside Australia and New Zealand. This Entitlement and Acceptance Form does not constitute an offer in the United States of America (or to, or for the account or benefit of, US Persons) or in any jurisdiction in which, or to any persons to whom it would not be lawful to make such an offer.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New Shares for which you are accepting by \$0.01 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your Entitlement, it will lapse at 5pm on 4 March 2016.

PAYMENT**Cheque or Draft**

All cheques or drafts (expressed in Australian currency) are to be made payable to “**NuSep Holdings Limited - Subscription Account**” and crossed “Not Negotiable”.

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before **5pm (Sydney time) on Friday, 4 March 2016**.

PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Prospectus.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Entitlement and Acceptance Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

Placement Option Application Form

PLACEMENT OPTION OFFER APPLICATION FORM

THIS APPLICATION RELATES TO THE OFFER OF OPTIONS FOR NIL CONSIDERATION IN WHICH, 37,123,956 MILLION UNQUOTED OPTIONS ARE EXERCISABLE AT \$0.016 ON OR BEFORE 30 NOVEMBER 2016

A	Number of Options you are applying for	Exercisable at
		X \$0.02 per Option

B	Full name of Applicant/Company
	Applicant 1
	Applicant 2 or <Account Designation>
	Applicant 3 or <Account Designation>

C	Write your postal address here
	Number/Street
	Suburb/Town
	State
	Postcode

D	CHESS participant – Holder Identification Number (HIN) (to be completed where applicable)
	X

E	Enter your Tax File Number(s), ABN, or exemption category (to be completed where applicable)
	Applicant 1
	Applicant 2
	Applicant 3

F	Contact telephone number (daytime/work/mobile)	G	Email address

By submitting this Application Form, I/We represent and warrant that I/we have read and understood the Prospectus dated 15 February 2016 (**Prospectus**) to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to the terms and conditions of the Placement Option Offer. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Prospectus when making my/our decision to apply for the options.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

INTERPRETATION

Terms used in this Application Form have the same meaning as defined in the Prospectus.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal

information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

Underwriter Option Application Form

UNDERWRITER OPTION APPLICATION FORM

THIS APPLICATION RELATES TO THE OFFER OF OPTIONS FOR NIL CONSIDERATION IN WHICH, 50 MILLION UNQUOTED OPTIONS ARE EXERCISABLE AT \$0.02 ON OR BEFORE THREE YEARS FROM THE DATE OF ISSUE

A	Number of Options you are applying for	Exercisable at
		X \$0.02 per Option

B	Full name of Applicant/Company
	Applicant 1
	Applicant 2 or <Account Designation>
	Applicant 3 or <Account Designation>

C	Write your postal address here
	Number/Street
	Suburb/Town
	State
	Postcode

D	CHESS participant – Holder Identification Number (HIN) (to be completed where applicable)
	X

E	Enter your Tax File Number(s), ABN, or exemption category (to be completed where applicable)
	Applicant 1
	Applicant 2
	Applicant 3

F	Contact telephone number (daytime/work/mobile)	G	Email address

By submitting this Application Form, I/We represent and warrant that I/we have read and understood the Prospectus dated 15 February 2016 (**Prospectus**) to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of NuSep Holdings Limited and agree to the terms and conditions of the Underwriter Options. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Prospectus when making my/our decision to apply for the options.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

INTERPRETATION

Terms used in this Application Form have the same meaning as defined in the Prospectus.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal

information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Entitlement and Acceptance Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

Consultant Option Application Form

CONSULTANT OPTION APPLICATION FORM

THIS APPLICATION RELATES TO THE OFFER OF OPTIONS FOR NIL CONSIDERATION IN WHICH, 20 MILLION UNQUOTED OPTIONS ARE EXERCISABLE AT \$0.02 ON OR BEFORE THREE YEARS FROM THE DATE OF ISSUE

A	Number of Options you are applying for	Exercisable at
		X \$0.02 per Option

B	Full name of Applicant/Company
	Applicant 1
	Applicant 2 or <Account Designation>
	Applicant 3 or <Account Designation>

C	Write your postal address here
	Number/Street
	Suburb/Town
	State
	Postcode

D	CHESS participant – Holder Identification Number (HIN) (to be completed where applicable)
	X

E	Enter your Tax File Number(s), ABN, or exemption category (to be completed where applicable)
	Applicant 1
	Applicant 2
	Applicant 3

F	Contact telephone number (daytime/work/mobile)	G	Email address

By submitting this Application Form, I/We represent and warrant that I/we have read and understood the Prospectus dated 15 February 2016 (**Prospectus**) to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of NuSep Holdings Limited and agree to the terms and conditions of the Consultant Options. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Prospectus when making my/our decision to apply for the options.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

INTERPRETATION

Terms used in this Application Form have the same meaning as defined in the Prospectus.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal

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