



SUN BIOMEDICAL LIMITED

ACN 001 285 230

OFFER DOCUMENT

For a non-renounceable Rights Issue of one (1) New Share for every one (1) Share held by Shareholders registered at 7.00pm AEDT on 19 November 2012 at an issue price of \$0.007 per New Share to raise approximately \$1,158,990.

The Rights Issue is fully underwritten by CPS Securities.

IMPORTANT NOTICE

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and should be read in its entirety. If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

If you do not lodge an Entitlement and Acceptance Form together with payment by 5.00pm AEDT on 7 December 2012, you will not be issued New Shares in the Company.

Lead Manager to the Offer:



PO Box Z5467, St Georges Tce, Perth WA 6831
Level 45, 108 St Georges Terrace, Perth WA 6000
Holder of Australian Financial Services Licence No: 294848
Internet: www.cpssecurities.com.au

Corporate Directory

Registered Office

TressCox Lawyers
Level 9, 469 La Trobe Street
Melbourne Vic 3000
Ph: +61 2 8752 7861
Email: investorrelations@sunbiomed.com

Principal Legal Adviser

TressCox Lawyers
Level 9, 469 La Trobe Street
Melbourne Vic 3000

Directors

Mr Terry Cuthbertson
(Non-Executive Chairman)

Mr Evan Cross
(Non-Executive Director)

Mr Peter Herd
(Non-Executive Director)

Gary Stewart
(Non-Executive Director)

Company Secretary

Mr Alfonso Grillo

ASX Code

Shares: SBN

Underwriter and Lead Manager

CPS Securities
Level 45, 108 St Georges Terrace
Perth WA 6000

Auditor

Armstrong Partners (Aust.) Pty Ltd
Suite 21, Level 5
150 Albert Road
South Melbourne Vic 3205

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford Vic 3067
Ph: 1300 850 505 (within Australia)
Ph: +61 3 9415 4000 (outside Australia)

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1. CHAIRMAN'S LETTER

On 9 November 2012, SBN announced its proposal to undertake a Non-Renounceable Rights Issue to raise approximately \$1,158,990 (before costs of the issue).

Under the Rights Issue, Shareholders are entitled to subscribe for one New Share for one Share held as at the Record Date, at an issue price of \$0.007 per New Share. The New Shares will be fully paid and rank equally with the Company's existing Shares on issue. The Rights Issue is fully underwritten by CPS Securities.

Below is a summary of the key terms of the Rights Issue:

Type of offer	Non-Renounceable Rights Issue
Issue Ratio	1 New Share for every 1 Share held
Issue Price	\$0.007 per New Share
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand may apply for New Shares under the Rights Issue. Shareholders who have a registered address outside Australia and New Zealand may not subscribe for New Shares under the Rights Issue.
Discount	The Company's Share closing price on 1 November 2012 (the day before the Rights Issue was announced) was \$0.010. Therefore the Issue Price of \$0.007 represents a discount of 30% to this closing price.
Capital Raised	Approximately \$1,158,990 (before costs of the Rights Issue).
Use of Capital Raised	The funds raised will be used for working capital and to identify and assess potential acquisition opportunities.
New Shares to be issued	165,570,004 New Shares
Shares on issue following Rights Issue	331,140,008 Shares
Underwriter	Fully underwritten by CPS Securities

Important Dates

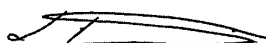
A detailed schedule of key dates is included in Section 2. However, the following are key dates relating to the Rights Issue that you need to be aware of:

Event	Date
Record Date	19 November 2012
Offer Document and Entitlement and Acceptance Form released	23 November 2012
Closing date for receipt of Entitlement and Acceptance Form	5.00pm AEDT on 7 December 2012
Securities quoted on a deferred settlement basis	10 December 2012

Entitlement

Eligible Shareholders on the Record Date who would like to take up their Entitlement in whole or in part, may complete the Entitlement and Acceptance Form accompanying this Offer Document. You should then return the completed Entitlement and Acceptance Form together with your cheque for the number of New Shares you wish to subscribe for in the reply paid envelope to the Company's Share Registry by no later than 5.00pm (AEDT) on 7 December 2012. Alternatively, you may elect to utilise the BPAY® facility which will then not necessitate the return of your Entitlement and Acceptance Form to the Company's Share Registry.

Yours sincerely



Terry Cuthbertson
Chairman

® Registered to BPAY Pty Ltd ABN 69 079 137 518

2. KEY DATES

The following are key dates relating to the Rights Issue that you need to be aware of:

Activity	Date – 2012
Announcement of Rights Issue	Before 10am, 9 November
Dispatch of notices to Shareholders informing of Rights Issue	12 November
Ex Date	13 November
Record Date	19 November
Offer Document and Entitlement & Acceptance Form dispatched and announcement that dispatch completed	23 November
Closing date for acceptances	7 December
Securities quoted on a deferred settlement basis	10 December
ASX notified of under subscriptions	12 December
Allotment of Shares	14 December
Dispatch of New Share transaction confirmation statements. Deferred settlement trading ends.	17 December

Subject to the Listing Rules, the Directors note that this timetable is indicative only and reserve the right to amend this timetable without notice.

3. DETAILS OF THE RIGHTS ISSUE

3.1. Summary of the Offer

The Company is pleased to offer existing Shareholders the opportunity to participate in a 1 for 1 Rights Issue.

The offer to subscribe for New Shares under the Rights Issue is made to Eligible Shareholders whereby Eligible Shareholders may subscribe for one (1) New Share for every one (1) Share held by the Eligible Shareholder as at 7:00pm AEDT on 19 November 2012 for an issue price at \$0.007 per New Share (*Offer*).

The Offer will result in the issue of up to a maximum of approximately \$1,158,990 before the costs of the Rights Issue.

The Rights Issue is non-renounceable and your rights may not be traded if you do not take up your Entitlement. The Offer is fully underwritten by CPS Securities.

The Offer opens for acceptances on 23 November 2012 and all acceptances and payments must be received by not later than 5.00pm AEDT on 7 December 2012. Application for New Shares must be paid for in full. This date may be varied without notice to Shareholders to the extent such change is in accordance with the ASX Listing Rules.

Shareholders who are on the Company's Register at 7.00pm AEDT on 19 November 2012 will receive Rights to acquire 1 New Share for every 1 Share held. Shareholders who are not on the Company Register by this date will not receive Rights to acquire New Shares under the Offer.

Only those Shareholders with registered addresses in Australia and New Zealand are entitled to participate in the Rights Issue and accordingly, only those Eligible Shareholders will be entitled to subscribe for New Shares.

Below is a summary of the key terms of the Rights Issue:

Type of Offer	Non-renounceable Rights Issue
Issue Ratio	1 New Share for every 1 Share held
Issue Price	\$0.007 per New Share
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand may apply for New Shares under the Rights Issue. Shareholders

	who have a registered address outside Australia and New Zealand may not subscribe for New Shares under the Rights Issue.
Discount	The Company's Share closing price on 8 November 2012 (the day before the Rights Issue was announced) was \$0.010. Therefore the Issue Price of \$0.007 represents a discount of 30% to this closing price.
Capital Raised	Approximately \$1,158,990 (before the costs of the Rights Issue).
Use of Capital Raised	The funds raised will be used for working capital and to identify and assess potential acquisition opportunities.
New Shares to be issued	165,570,004 New Shares
Shares on issue following Rights Issue	331,140,008 New Shares

3.2. **Directors and major shareholder participation and effect on control**

The Offer is a fully underwritten, pro-rata rights issue such that if all Eligible Shareholders take up their entitlements, their voting interest will remain the same. However, the proportional shareholdings of foreign shareholders and those shareholders who do not take up their full entitlement will be diluted.

The Company's largest Shareholder, Fullerton Private Capital Pty Limited and Manhattan Investments Pty Ltd (both companies associated with director, Evan Cross) have indicated that they intend to take up their full entitlement under the Offer which amounts to approximately 14% of the Shares offered.

If an existing Shareholder does not take up its full entitlement, its interest in the Company will be diluted.

3.3. **Applying for New Shares**

If you are an Eligible Shareholder, you should read Section 7 detailing the process for applying for New Shares.

If you are not an Eligible Shareholder, you may not apply for New Shares under the Offer.

3.4. **Closing Date and payment for New Shares**

The Closing Date for acceptance of the Entitlement and Acceptance Forms together with Application Monies is 5.00pm (AEDT) on 7 December 2012.

Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Sun Biomedical Limited – Rights Issue**' and crossed '**Not Negotiable**'. Shareholders are asked not to forward cash, postal notes or money orders by mail. Receipts for payment will not be issued.

Eligible Shareholders who receive an Entitlement and Acceptance Form may submit payment for New Shares by using BPAY®¹. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not necessitate the return of the Entitlement and Acceptance Form to the Company's Share Registry.

3.5. **Allotment of New Shares**

The Company intends that the New Shares applied for by Eligible Shareholders will be allotted on 14 December 2012. Transaction confirmation statements pertaining to those New Shares are expected to be despatched on 17 December 2012.

Until the allotment and issue of New Shares, Application Moneys will be held by the Company in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

3.6. **Rights attaching to New Shares**

From allotment, the New Shares issued pursuant to this Offer Document will rank equally in all respects with existing Shares.

3.7. **Discount**

The Company's Share closing price on 8 November 2012, being the day before the Rights Issue was announced, was \$0.010. Therefore the Issue Price of \$0.007 per New Share represents a discount of 30% to this closing price.

¹ ® Registered to BPAY Pty Ltd ABN 69 079 137 518

3.8. ASX Quotation

The Company has applied for Official Quotation on ASX for the New Shares.

3.9. Foreign Shareholders

The Company has determined that it is unreasonable to make offers of New Shares to Shareholders with registered addresses outside Australia or New Zealand (*Foreign Shareholders*). This decision was made having regard to the number of Foreign Shareholders, the number and value of New Shares those Foreign Shareholders would have been offered and the cost of and time involved in complying with the legal and regulatory requirements of the jurisdictions in which the Foreign Shareholders are domiciled.

3.10. Rights Issue is fully underwritten

The Rights Issue is fully underwritten by the Underwriter, CPS Securities. The Underwriting Agreement is summarised at Section 5.1.

4. CAPITAL STRUCTURE AND FINANCIAL INFORMATION

4.1. Impact of the Rights Issue

The issue is a pro rata issue to all Eligible Shareholders. Shareholders who take up their Entitlement in full will not, as a result of the Rights Issue, have their percentage shareholding in the Company diluted.

The effect of the Rights Issue on the Company's issued share capital will be as follows:

Issued Capital	
<i>Fully paid ordinary shares</i>	
Existing fully paid ordinary shares prior to the Rights Issue	165,570,004
New Shares to be issued by way of Rights Issue	165,570,004
Total fully paid ordinary shares following Rights Issue	331,140,008

4.2. Placement

As detailed at Section 5.2, if the shortfall for the Offer is less than 40% of Shares offered, the Company, in consultation with the Underwriter, intends to conduct a placement of Shares of up to 15% of its issued securities.

No existing or new Shareholder will acquire a relevant interest of 20% or greater as a result of the Placement.

4.3. Issue of Options

As detailed at Section 5.1, the Company has agreed to issue 17,857,143 Options to the Underwriter pursuant to the Underwriting Agreement.

Subject to shareholder approval at the Company's 2012 Annual General Meeting, the Company also intends to issue Options exercisable at \$0.007 on or before 31 December 2017 to the Directors of the Company as follows:

- (a) 1,000,000 Options to Mr Terry Cuthbertson (or nominee);
- (b) 1,000,000 Options to Mr Peter Herd (or his nominee); and

(c) 1,000,000 Options to Mr Gary Stewart (or his nominee).

Should Shareholder approval be obtained and the Company issues the Options to both the Underwriter and the Directors, the Company will have 20,857,143 Options on issue.

5. MATERIAL CONTRACTS AND ADDITIONAL INFORMATION

5.1. Underwriting Agreement

On or about 8 November 2012, the Company and CPS Securities (*Underwriter*) entered into the Underwriting Agreement pursuant to which the Underwriter has agreed to act as the sole Underwriter and lead manager of the Offer.

Terms in capital letters in this summary of the Underwriting Agreement have the meaning given to them under the Underwriting Agreement.

Fees

Under the Underwriting Agreement, the Company must, in consideration for its underwriting obligation under the Underwriting Agreement:

- (a) pay the Underwriter an underwriting fee of 6% (plus any applicable GST) of the Underwritten Amount in consideration for the Underwriter underwriting the Offer; and
- (b) issue the underwriter or its nominee, 17,857,143 Options exercisable at \$0.007 on or before 31 December 2017.

Representations, warranties and undertakings of the Company

The Underwriting Agreement contains various representations and warranties that are customary for agreements of this type, including representations and warranties made by the Company and the Underwriter. In addition, the Underwriting Agreement contains various obligations on the Company regarding its conduct in relation to the Offer, including that it must not be involved in any activity which breaches the Underwriting Agreement, its constitution, the Act, the Listing Rules, any binding requirement, policy or guideline of ASIC or ASX and any other applicable laws.

The Company represents and warrants that it has full power to issue and allot the New Shares under the Offer.

Indemnities

The Underwriting Agreement contains the usual indemnities which are given by the Company in favour of the Underwriter.

Termination

The Underwriting Agreement contains standard rights of termination for the Underwriter and the Company. These include, but are not limited to, the Underwriter's rights of termination if there is an indices fall, hostilities, an event of insolvency or upon the occurrence of one of the termination events set out in the Underwriting Agreement.

Six Month Moratorium

Under the Underwriting Agreement, the Company must ensure that, in the 6 months period from the date of the Underwriting Agreement, the Company and its subsidiaries must not do certain acts including, but not limited to, altering its capital structure, amending its constitution or dispose, agreeing to dispose of the whole or a substantial part of its business or property or issuing any securities other than as contemplated in the Mandate Letter or the Offer Document, without the prior written consent of the Underwriter.

Mr Jason Peterson

Mr Jason Peterson, who is a director (and indirect shareholder) of the Underwriter also has a relevant interest in the Company's Shares via a major shareholder, Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>. This shareholder currently holds 8,741,022 Shares (or approximately 5.28% of the Company's Shares).

5.2. Mandate Letter Agreement

The Company and the Underwriter entered into the Mandate Letter Agreement in relation to the provision of corporate advisory services by the Underwriter to the Company.

Pursuant to the Mandate Letter Agreement the Company must pay the Underwriter a corporate advisory fee of \$50,000 (plus GST).

The Company and the Underwriter have agreed that where the shortfall for the Offer is less than 40%, the Company will appoint the Underwriter to conduct a Placement of a number of Shares of up to 15% of its existing issued securities at the issue price of \$0.007.

The Mandate Letter Agreement also contemplates the reconstitution of the Company's Board following the Rights Issue as set out in Section 5.3.

5.3. Changes to the Board

Following the Rights Issue, the Board believes that the Company will have a more appropriate capital structure to facilitate the potential acquisition of a new business.

To assist in the introduction of new business opportunities, it is intended that two new Directors will be appointed to the Board. Mr Gary Stewart and Mr Peter Herd will retire from the Board upon the appointment of the new directors, while Mr Terry Cuthbertson and Evan Cross will continue as non-executive directors. It is intended that one of the new Directors will take over the role of Chairman from Mr Cuthbertson.

5.4. **Section 708AA of the Act**

The Offer is being made without a prospectus on issue. The Rights Issue is permitted without a prospectus having regard to Section 708AA of the Act as the Company has met the requirements of this section and has lodged a Section 708AA(2)(f) Notice with ASX.

5.5. **Investment decisions**

This Offer Document is an important document and requires your immediate attention. It should be read in its entirety. Any investment decision regarding the Company should be based upon both the information contained in this Offer Document and other documents referred to in this Offer Document. In particular, in considering the Company's prospects, Shareholders should consider carefully the risk factors that could affect the Company's performance. Shareholders should carefully consider these factors in light of their personal circumstances including their financial and taxation circumstances. If you do not understand any part of this Offer Document, you should consult your accountant, stockbroker, solicitor or other professional adviser.

5.6. **Taxation**

The Board considers that it is not appropriate to provide advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

The Company and its officers and advisers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders subscribing for and disposing of New Shares. As a result, Eligible Shareholders should consult their own professional tax advisers in connection with subscribing for New Shares under this Offer Document.

5.7. **Use of Rights Issue funds**

The funds raised will be used as working capital and to identify and assess potential acquisition opportunities. In the event that the Company determines following the Rights Issue that it wishes to make a significant change to the nature or scale of its activities (and therefore apply the funds raised under this Issue towards that new activity), the Company may be required to obtain Shareholder approval for such change in accordance with Listing Rule 11. Should this occur the Company may also be required to re-comply with the provisions of Listing Rules 1 and 2.

5.8. Discretion regarding issue

The Directors may, with the consent of the Underwriter, extend the Closing Date or vary the issue and dispatch date. In the case of an extension, the date Rights trading ends and the dates following the Closing Date may be affected.

The Company reserves the right to close the Offer at any time and refund Acceptance Monies without interest.

5.9. ASX disclosure

The Company has lodged notices with ASX in compliance with its continuous disclosure obligations under the Act and the Listing Rules. Shareholders can view the Company's recent announcements on the ASX website www.asx.com.au.

When considering whether to accept their Entitlement under the Rights Issue, Shareholders should consider the Company's ASX announcements and any risks associated with their personal circumstances. Shareholders should also seek professional advice from their stockbroker, accountant or independent financial adviser in relation to subscribing for their Entitlement.

5.10. Privacy

Shareholder information provided in the Entitlement and Acceptance Form will be made available to the Company and the Company's Share Registry. Shareholders are able to gain access to such information by contacting either of those entities. The information on the Entitlement and Acceptance Form is being collected for the purposes of determining the number of New Shares which the Company should issue to Shareholders and to allow the Company to act in accordance with Shareholders' instructions. Information that is provided in the Entitlement and Acceptance Form is also provided to the Underwriter, printers and mailing houses, ASX and other regulatory authorities. If Shareholders do not provide the information in the Entitlement and Acceptance Form, the Company will not be able to issue New Shares in accordance with the Shareholder's instructions.

To make a request for access or to obtain further information about the Company's privacy policy please contact the Company at investorrelations@sunbiomed.com.

5.11. Definitions

Certain words and phrases used in this Offer Document have defined meanings set out in the Glossary in Section 8.

5.12. **Enquiries**

If you have any questions regarding the Offer or your Entitlement, please contact the Company's Share Registry:

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford Vic 3067
Ph: 1300 850 505 (within Australia)
Ph: +61 3 9415 4000 (outside Australia)

Alternatively, contact your stockbroker, solicitor, accountant or other professional advisor.

6. RISKS

An investment in New Shares should be regarded as speculative. A number of risks and uncertainties which are both specific to the Company and of a more general nature may affect the future operating and financial performance of the Company and the value of its Shares.

Estimates and other forward looking statements are only predictions and are subject to inherent risks and uncertainties which are likely to cause actual values, results, performance or achievements to differ from those predicted. The following risk factors are not exhaustive. If any of the following risks materialise, the Company's business, financial condition and operational results are likely to suffer, the trading price of Company shares may fall and you may lose all or part of your investment.

If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

6.1. Share market risk

Applicants should be aware that there are risks associated with any securities investment. The market price of the Company's securities may fall as well as rise and will be influenced by international and domestic factors. Listed securities may experience extreme price fluctuations that are often unrelated to the operating performances of the relevant companies. For example, share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment towards particular market sectors; and
- (e) the demand for and supply of capital.

Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in its securities.

6.2. Future capital requirements

In order to achieve the Company's objectives including possible further acquisitions, the Company will require substantial expenditure. Neither the Company nor its directors can guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

Should the Company fail to raise funds using either debt or equity after the substantial exhaustion of the net proceeds of this Offer, this could delay or suspend the Company's business strategy. This could have a material adverse effect on the Company's activities indefinitely.

6.3. Potential acquisitions

The Company may acquire or significantly invest in technologies, products and companies. As such, any future acquisitions would be accompanied by the risks commonly encountered in making acquisitions of technologies, products and companies.

Should the Company fail to raise sufficient capital through the issue of Shares pursuant to this Offer Document, the Company may not be able to make further acquisitions.

In the event that the Company determines following the Rights Issue that it wishes to make a significant change to the nature or scale of its activities, the Company may be required to obtain Shareholder approval for such change in accordance with Chapter 11 of the Listing Rules. Should this occur the Company may also be required to re-comply with the provisions of Chapters 1 and 2 of the Listing Rules. There is a risk that the Company is not able to obtain the necessary shareholder approvals that may be required under Chapter 11 of the Listing Rules, or that the Company is not able to meet the requirements of re-compliance with Chapters 1 and 2 of the Listing Rules.

6.4. Reliance on Key Management

The Company does not currently have any employees and responsibility for management of the Company vests in the Board.

The Company's future success will depend upon its ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial position.

6.5. General economic climate

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities and liquidity. Other factors such as legislative changes and political decisions may have an impact on operating costs.

The Company's future income, asset values and share price may be affected by any of the abovementioned factors.

6.6. **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

6.7. **Speculative nature of investment**

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document. Therefore, the Shares to be issued pursuant to this Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Shareholders should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their entitlement.

6.8. **Changes to regulatory environment**

Changes to laws and regulations or accounting standards which apply to the Company from time to time could materially adversely impact the operating and financial performance and cash flows of the Company.

Changes in the taxation laws in Australia could materially affect operating results of the Company.

7. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

This Section applies only to Eligible Shareholders.

7.1. What you may do

You have the following options available in respect of the rights offered to you under the Rights Issue. You may:

- (a) take up all of your Entitlement;
- (b) take up some of your Entitlement and subscribe for some of the New Shares in respect of your Entitlement; or
- (c) not take up any of your Entitlement.

Because the Rights Issue is non-renounceable, where a Shareholder elects to not subscribe for their full Entitlement, the rights will lapse.

7.2. Closing Date

Completed Entitlement and Acceptance Forms should be forwarded to the Company's Share Registry, together with a cheque for the amount due in respect of the number of New Shares applied for (being the number of New Shares applied for multiplied by \$0.007) in the enclosed reply paid envelope by the Closing Date.

Where the total amount payable under an application results in a fraction of a cent, payment must be rounded up to the nearest whole cent.

The Closing Date for acceptance of the Entitlement and Acceptance Forms is 5.00pm (AEDT) on 7 December 2012. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Sun Biomedical Limited – Rights Issue**' and crossed '**Not Negotiable**'. Shareholders are asked not to forward cash, postal notes or money orders by mail. Receipts for payment will not be issued.

Eligible Shareholders may submit payment for New Shares by using BPAY. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not necessitate the return of the Entitlement and Acceptance Form to the Company's Share Registry.

If you elect to not subscribe for your full Entitlement the Rights not taken up by you will lapse.

7.3. **If you do not wish to take up any of your Entitlement**

If you do not wish to take up any of your Entitlement, you are not required to take any action.

If you elect to not subscribe for any of your Entitlement, the Rights not taken up by you will lapse.

8. GLOSSARY

In this Offer Document, the following terms will have the meanings ascribed to them as follows:

\$	Australian Dollar
Act	<i>Corporations Act 2001</i> (Cth)
Application Monies	Money received by the Company from a Shareholder, being the Issue Price multiplied by the number of New Shares applied for
ASX	ASX Limited (ACN 008 624 691)
Board	The board of Directors of the Company
Business Day	A day upon which ASX is open for trading in securities and trading banks in Perth, Western Australia are open for general banking business
Closing Date	Date on which the Offer closes, being 5.00pm AEDT on 7 December 2012, which may be varied without prior notice by the Company
Company	Sun Biomedical Limited (ACN 001 285 230)
CPS Securities	Cunningham Peterson Sharbanee Securities Pty Ltd (ABN 73 088 055 636, AFSL 294848)
Director	A director of the Company
Eligible Shareholder	A person who holds Shares in the Company as at the Record Date with a registered address in Australia and New Zealand
Entitlement and Acceptance Form	The form attached to this Offer Document to be completed by Shareholders when applying for New Shares
Entitlement or Entitlement Shares	The number of New Shares under the Offer each Shareholder is entitled to subscribe for calculated on the basis of 1 New Share for every 1 Share held by the Shareholder at the Record Date
Foreign Shareholders	Shareholders as at the Record Date who do not have registered addresses in Australia or New Zealand
Issue Price	\$0.007 per New Share
Listing Rules	Listing rules of ASX
Mandate Letter	Letter agreement dated 17 August 2012 between the Company and the Underwriter

Agreement	
New Share	The Shares to be issued to Shareholders under the Offer
Offer	The offer of New Shares under the Rights Issue pursuant to this Offer Document
Offer Document	This offer document dated 9 November 2012
Official Quotation	Has the same meaning as “Quotation” in the Listing Rules
Official List	Has the same meaning given to it in the Listing Rules
Option	An option for an ordinary share in the Company exercisable at \$0.007 and expiring 31 December 2017
Placement	A potential Placement of up to 15% of the Company’s issued capital where the shortfall from the Offer is less than 40% of Shares offered
Record Date	Date on which the Entitlement is calculated, being 19 November 2012, which may be varied without prior notice by the Company
Relevant Company	The Company and each company which is now, or before the issue of all the Options to be issued to the Underwriter becomes, a subsidiary of the Company as that term is defined in the Corporations Act.
Rights	The non-renounceable rights to subscribe for one New Share for every one Share held pursuant to this Offer Document
Rights Issue	The pro-rata Entitlement to New Shares under the Offer
Section	A section of this Offer Document
Section 708AA Notice	A notice given by the Company pursuant to section 708AA of the Act
Securities Clearing House	ASX Settlement Pty Limited (ABN 49 008 504 532)
Share	A fully paid ordinary share or a partly paid share in the Company
Shareholder	A person who holds Shares in the Company
Share Registry	Computershare Investor Services Pty Ltd (ACN 078 279 277)
Underwriter	Cunningham Peterson Sharbanee Securities Pty Ltd (ABN 73 088 055 636, AFSL 294848)
Underwriting Agreement	Underwriting agreement between the Company and the Underwriter dated 9 November 2012