



FOR IMMEDIATE RELEASE

NuSep Announces an Offer of 14% Interest Bearing Converting Notes

SYDNEY, AUSTRALIA – 8 April, 2008 – NuSep (ASX: NSP) is pleased to announce that it intends to issue converting notes with a 14% coupon (14% Converting Notes) to raise up to \$5 million. The offer is for up to 500,000 14% Converting Notes at an issue price (face value) of \$10 per 14% Converting Note (Offer). The first \$1 million of this Offer is underwritten by NuSep's Directors.

NuSep has made significant progress since listing just under a year ago. Major developments include launching the MF10 instrument, increasing Gel sales and production rates and completing the initial CS10 SpermSep clinical trials.

The Company is currently on budget and driving to achieve profitability. However, additional funding is required. The Board considers the best way to raise these funds is to offer a 14% Converting Note. Further, in order to minimise the interest expense, the Board has limited the number of 14% Converting Notes to 500,000 on a first come first served basis with priority being given to the Company's current Shareholders.

Key terms of the Offer

Class of securities to be issued	Converting Notes
Interest Rate	14% pa
Interest Payment Dates	30 September and 31 March each year
Note Term	3 years converting on 30 th September 2011
First Interest Payment	30 th September 2008
Security	Unsecured Notes
Issue Price	\$10 per 14% Converting Note
Notes Conversion Rate	40 shares per Note or 25¢ per share
Maximum Application	1,000 Notes (\$10,000.00)
Minimum Application	50 Notes (\$500.00)
Maximum number of Notes to be issued by the Company	500,000 14% Converting Notes
Acceptance on a first come first serve basis	Shareholders will be given preference in the case of over subscription
Liquidity	The Company will apply to have these Notes Listed on the ASX

Full terms of these 14% Converting Notes are outlined in the attached "Terms of Issue of 14% Converting Notes".

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The Company will lodge a short form prospectus with ASX and ASIC today (Prospectus). Applications for the Offer must be for a minimum of 50 14% Converting Notes (\$500) and a maximum of 1,000 14% Converting Notes (\$10,000). The Noteholders will have the right to convert their Notes into shares at anytime after the first anniversary of the Notes being issued. Each 14% Converting Note is convertible into 40 shares per Note which gives an effective price of \$0.25 per share. After the first anniversary of the Notes being issued, the Company may redeem the 14% Converting Notes bi-annually.

Unless previously redeemed or converted, the 14% Converting Notes will automatically be converted into shares on 30 September 2011. The Notes are unsecured.

The proceeds of the Offer will be used to:

1. Expand sales with a view of achieving profitability on a monthly basis by:
 - Expanding the sales and marketing of the precast gels, particularly in the US;
 - Growing the sales of the MF10 proteomics instrument; and
 - Expanding NuSep's product range by introducing new and innovative products;
2. Complete the development and achieve initial sales of the SpermSep CS10 by:
 - Undertaking the next clinical trial of the SpermSep CS10 instrument in order to commercialise this unit in the IVF market; and
 - Completing the development and launch of the SpermSep CS10 instrument for sale in the ICSI market.

Application for quotation of the 14% Converting Notes on the ASX will be made by the Company within seven (7) days of the date of the Prospectus. It is expected that the securities will commence trading on the ASX on 3 June 2008.

This issue of 14% Converting Notes is subject to shareholder approval. The Company will hold an EGM on 30th May 2008 to approve the issue of these Notes.

About NuSep

NuSep (ASX: NSP) is a publicly listed life sciences company that sells products into the global bioseparations market. The company has offices in both Sydney, Australia and Atlanta, USA.

With a 30 year heritage in biological separations, NuSep has forged a world class reputation for its innovative yet simple biological separation techniques including the world's first IVF sperm separation device. In short NuSep has redefined the BioSeparations market through innovation and simplification.

NuSep's world renowned research team has developed an extensive portfolio of patented products. In all, NuSep currently manufactures, distributes and sells 55 products to customers in the USA, Europe, Asia and Australia.

NuSep Products:

-  **Gels** – NuSep offers two precast gel ranges: iGels, innovative gels including long life gels with a 2 year shelf life: and NuBlu, high quality gels at an everyday price.
-  **Separation Instruments** – NuSep has developed two unique biological separation instruments. The first instrument released in February 2008 can separate biological samples into 8 fractions for use in the proteomic market. The second instrument separates sperm for fertility treatments such as IVF and is presently undergoing clinical trials.
-  **Biological Products** – NuSep supplies research grade biological products manufactured using its unique separation technologies. These products include human IgG and Albumin.

For more information about NuSep please visit the company's website www.NuSep.com

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NuSep Ltd

ABN 33 120 047 556

TERMS OF ISSUE OF CONVERTING NOTES

1. DEFINITIONS & INTERPRETATION

1.1 Definitions

Bonus Issue means an issue of any Securities credited as fully paid by way of capitalisation of profits, reserves or capital redemption reserve fund or otherwise of the Company, but excluding any issue of Securities made in lieu of a cash payment as a dividend under the constitution of the Company;

Change of Control Event means;

- (a) a takeover bid is made to acquire all or some of the Shares and the offers under the takeover bid are, or become, unconditional and:
 - (i) the bidder has a Relevant Interest in more than 50% of Shares on issue; or
 - (ii) the Board unanimously recommends acceptance of the offers under the takeover bid (whether with or without conditions); or
- (b) a court approves a compromise or arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person having a Relevant Interest in more than 50% of the Shares on issue; or
- (c) the Company becomes aware that a person has acquired a Relevant Interest in more than 50% of the Shares on issue;

Company means NuSep Ltd ABN 33 120 047 556;

Conversion means the conversion of the Converting Notes by repayment of the Face Value and the application of the Principal Amount payable in relation to the Converting Notes in subscribing for Shares and **Convertible**, **Convert** and **Converted** have corresponding meanings;

Conversion Date means the date on which Notes are Converted into Shares in accordance with a Conversion Notice, being within 30 Business Days after receipt by the Company of a Conversion Notice;

Conversion Notice means a notice from the Noteholder to the Company electing Conversion of Converting Notes given in accordance with Condition 2 and in such form as the Board may determine from time to time;

Conversion Number means 40, subject to adjustment in accordance with the Terms of Issue;

Converting Note means an unsecured redeemable Converting Note convertible into Shares issued by the Company in accordance with the Terms of Issue;

Default Event means each of the following:

- (a) the Company fails to pay Interest Payments on the Converting Notes in accordance with Condition 3.2 of the Terms of Issue on any Interest Payment Date;
- (b) the Shareholders of the Company resolve in general meeting that the Company be wound up;
- (c) a provisional liquidator is appointed to the Company;
- (d) a court makes an order for the winding-up of the Company (other than an application which is being contested in good faith and is dismissed, set aside or withdrawn within 14 days);
- (e) an administrator of the Company is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (f) the Company executes a deed of arrangement with its creditors generally; and
- (g) the Shares are suspended from trading on ASX for more than 40 consecutive Business Days;

Early Redemption Event means any of the following:

- (d) less than 15% of Converting Notes are outstanding (Clean Up Call);
- (e) a Change of Control Event; or
- (f) a Tax Event;

Early Redemption Notice has the meaning given by Condition 5.3(a) of the Terms of Issue;

Extraordinary Resolution means a resolution of the Noteholders if it is approved in either of the following ways:

- (a) by a resolution in writing signed within any continuous period of up to a maximum of three months by the Noteholders who, at the last day of that period, hold at least 75% of the aggregate Face Value of all Converting Notes then outstanding, which resolution may be contained in one document or in several documents in like form each signed by one or more Noteholders; or
- (b) at a meeting of Noteholders by not less than 75% of the votes cast;

Face Value means the face value of each Converting Note being \$10.00.

Insolvent means, in respect of a person, that:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has a Controller appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, or is protected from creditors under any statute or dissolved;

- (d) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (e) it is the subject of an event described in section 459(C)(2)(b) or section 585 of the Corporations Act or it makes a statement from which it is reasonable to deduce it is so subject,

other than for the purposes of or as part of a solvent reconstruction or amalgamation of the capital of the person;

Interest Payment Date means any of 31 March and 30 September of each year from 2008 until the earlier of:

- (a) the relevant Conversion Date;
- (b) the date of Redemption under Conditions 5.2, 5.3, 5.4 or 5.5; or
- (c) the Maturity Date.

Interest Period means, as the context requires:

- (a) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date; and
- (b) each subsequent period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

Interest Rate means 14% per annum;

Issue Date means the date on which the Company issues the Converting Notes;

Maturity Date means 30 September 2011 for those Converting Notes which have not been Converted or Redeemed prior to that date;

Note Certificate means a certificate in respect of the Converting Notes issued by the Company;

Noteholder means the holder of a Converting Note as recorded in the Register;

Noteholders Resolution means any resolution (other than an Extraordinary Resolution) of the Noteholders is passed if it is approved in either of the following ways:

- (a) by a resolution in writing signed within any continuous period of up to a maximum of three months by the Noteholders who, at the last day of that period, hold more than 50% of the aggregate Face Value of all Converting Notes then outstanding, which resolution may be contained in one document or in several documents in like form each signed by one or more Noteholders; or
- (b) at a meeting of Noteholders by more than 50% of the votes cast.

Principal Amount means, in relation to each Converting Note, the nominal principal amount of each Converting Note recorded in the Register, which will be equal to the Face Value;

Redemption means the redemption of the Converting Notes by repayment of the Face Value and **Redeem** and **Redeemed** have corresponding meanings;

Register means the register of persons who hold Converting Notes, established and maintained by the Company;

Relevant Interest has the meaning given to it by sections 608 and 609 of the Corporations Act;

Securities includes shares, debentures, debenture stock, notes and any option or right to subscribe for any of them;

Shares means fully paid ordinary shares in the capital of the Company;

Subsidiary has the meaning given in section 9 of the Corporations Act;

Tax means:

- (a) a tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding;
- (b) income, stamp or transaction duty, tax or charge; or
- (c) GST,

which is assessed, levied, imposed or collected by, or payable to, a Governmental Agency and any related interest, fines, penalties, charges, fees or other amounts imposed on or in respect of any of the above;

Tax Event means if the Board resolves on reasonable grounds (having first obtained an opinion from reputable legal counsel or tax adviser) that a change in any taxation law, interpretation or ruling issued by any relevant governmental body has occurred (or is announced) and that change will materially increase the net costs to the Company of having the Converting Notes on issue (having regard, without limitation, to any tax deductions available to the Company in connection with the payment of interest);

Terms of Issue means these terms of issue of the Converting Notes;

1.2 Interpretation

- (h) If the time for performance of any act under these Terms of Issue falls on a day which is not a Business Day, the time for performing that act will be extended to the next succeeding Business Day.
- (i) Any reference to currency or "\$" is a reference to Australian dollars.

2. ISSUE OF CONVERTING NOTES

2.1 Issue of Converting Notes

The Company may issue Converting Notes in accordance with these Terms of Issue.

2.2 Payment in full on application

The Converting Notes must each be paid for in full on application.

2.3 Use of Funds

The Company shall use the funds raised by the issue of the Converting Notes for general working capital purposes.

2.4 Dealings

Each of the Converting Notes:

- (a) is issued at the Face Value;
- (b) accrues interest in accordance with Condition 3;
- (c) is Convertible into Shares in accordance with Conditions 4, 5.2 and 5.3 subject to Condition 6;
- (d) is Redeemable in accordance with Condition 5; and
- (e) is issued subject to the ASX Listing Rules.

2.5 Status

- (a) The Converting Notes constitute the unsecured and unsubordinated obligations of the Company which:
 - (i) rank in all respects equally and without preference among themselves;
 - (ii) rank in all respects equally with all unsecured creditors of the Issuer, excluding any unsecured creditors preferred by mandatory provisions of the law;
 - (iii) rank in all respects ahead of all debts, liabilities, or claims expressed by their terms to be subordinated to the claims of the Noteholders with respect to any outstanding money.

3. INTEREST

3.1 Interest

- (a) Subject to this Condition 3, Condition 4.2 and Condition 5.2, each Converting Note accrues interest on its Face Value at the Interest Rate and will be calculated daily on the basis of a 365 day year from and including the Issue Date until and including the day of Conversion or Redemption.
- (b) Interest is only payable to those persons registered in the Register as a holder of Converting Notes at the record date during the relevant Interest Period, which is 5.00pm (local time in the place of receipt) on the date that is 8 calendar days before the Interest Payment Date for that Interest Period.

3.2 Interest Payment Dates

Subject to this Condition 3, Condition 4.2 and Condition 5.2, interest accrued on each Converting Note is payable in arrears on the Interest Payment Date in respect of the Interest Period for which that interest has accrued. The Company must pay the interest payable to the Noteholder in accordance with this Condition 3 within 10 Business Days of the relevant Interest Payment Date.

3.3 Rounding and fractions

All calculations of interest will be rounded to four decimal places. For the purposes of making any Interest Payment in respect of a Noteholders' aggregate holding of Converting Notes, any fraction of a cent will be disregarded.

3.4 Certificate by Company conclusive

A certificate by the Company as to the amount of interest payable to a Noteholder on an Interest Payment Date is, in the absence of manifest error, conclusive and binding on the Noteholder.

3.5 Non-payment of interest

Subject to Condition 4.2, if the Company does not, subject to the Terms of Issue, pay in full, or procure the payment in full, of interest which is payable under this Condition 3 on any Converting Note within 20 Business Days after the relevant Interest Payment Date, no dividends may be paid by the Company on any Shares and the Company may not reduce its share capital or buy back any Shares, unless and until the Company has, subject to the Terms of Issue, paid in full, or procured the payment in full of, that interest.

4. CONVERSION

4.1 Automatic Conversion

- (a) On the Maturity Date, the Company must Convert all the Converting Notes which have not previously been Converted or Redeemed.
- (b) The provisions of Conditions 4.4 and 4.5 will apply as if a Conversion Notice was given by the Noteholder in accordance with Condition 4.3.

4.2 Optional Conversion by Noteholder

- (a) After the first anniversary of the Issue Date, a Noteholder may at any time require the Conversion of either all or some of their Converting Notes by giving a Conversion Notice to the Company .
- (b) Noteholders will forfeit any interest payments for the period from the last Interest Payment Date prior to the Conversion Notice to the date the Converting Notes are Converted.

4.3 Conversion Notice

A Conversion Notice:

- (a) must be given by a Noteholder in respect of the Converting Notes;
- (b) once given to the Company, is irrevocable; and
- (c) must be accompanied by the Note Certificate (if any) for the relevant Converting Notes or such other evidence of title to the Converting Notes acceptable to the Company.

4.4 Entitlement to Shares on Conversion

Upon Conversion of any Converting Notes:

- (a) the Company will Redeem each Converting Note for the Principal Amount; and
- (b) the relevant Noteholder irrevocable and unconditionally:
 - (i) consents to be a member of the Company and agrees to be bound by the Company's constitution; and

- (ii) directs the Company to apply the whole of the Principal Amount payable to the Noteholder on Redemption towards subscribing for the number of Shares calculated in accordance with Condition 4.4(a).

4.5 Issuing Shares on Conversion

- (a) Subject to Condition 6, the number of Shares to which a Noteholder is entitled upon Conversion is equal to the number of Converting Notes which are Converted multiplied by the Conversion Number.
- (b) Where a Conversion Notice has been given to the Company in accordance with Conditions 4.1, 5.2(b)(A) or 5.3(b)(ii), the Company must issue Shares in relation to the Converting Notes in the Conversion Notice within 15 Business Days after the relevant Conversion Date.
- (c) The Shares to be issued on Conversion will be fully paid and will rank equally with all existing Shares, except that they will not be entitled to any dividend that has been declared or determined but not paid as at the Conversion Date for those Shares.
- (d) Fractional entitlements to Shares will be rounded up on Conversion.

5. REDEMPTION

5.1 Redemption

Subject to Condition 6, where Converting Notes are Redeemed in accordance with this Condition 5, the Company must pay an amount equal to the Face Value for each Converting Note Redeemed and any accrued but unpaid interest (if any).

5.2 Redemption on Interest Payment Date

- (a) Subject to this Condition 5.2, after the first anniversary of the Issue Date and within 30 Business Day of each Interest Payment Date, the Company in its absolute discretion may give notice to Noteholders of its intention to Redeem all or part (on a pro-rata basis) of the Converting Notes then outstanding (**Interest Date Redemption Notice**).
- (b) the Interest Date Redemption Notice must state:
 - (i) that the Converting Notes will not be Redeemed before the day which is 30 Business Days after the Date of the Interest Date Redemption Notice; and
 - (ii) during this period, Noteholders may elect by to Convert some or all of their Converting Notes instead of having those Converting Notes Redeemed by giving a Conversion Notice to the Company.
- (c) If the Company receives notice under Condition 5.2(b)(ii) of an election to Convert some or all of a Noteholder's Converting Notes, the Company must Convert the Converting Notes specified in the Conversion Notice in accordance with Condition 4.2 to 4.5 inclusive and must Redeem the remainder (if any) of the Converting Notes held by the relevant Noteholder no earlier than 31 Business Days after the date of the Interest Date Redemption Notice.
- (d) If the Company does not receive notice under Condition 5.2(b)(ii) the Company must Redeem the Converting Notes specified in the Interest Date Redemption Notice no earlier than 30 Business Days after the date of the Interest Date Redemption Notice.
- (e) No interest will accrue after the date the Interest Date Redemption Notice is issued. .

5.3 Early Redemption by Company - Clean Up and Tax Call

- (a) Subject to this Condition 5.3, within 20 Business Day of an Early Redemption Event occurring, the Company in its absolute discretion may give notice to Noteholders of its intention to Redeem all Converting Notes then outstanding (**Early Redemption Notice**).
- (b) Where the Early Redemption Event is a Change of Control Event:
 - (i) the Early Redemption Notice must state:
 - (A) that the Converting Notes will not be Redeemed before the day which is 15 Business Days after the Date of the Early Redemption Notice; and
 - (B) during this period, Noteholders may elect to Convert some or all of their Converting Notes instead of having those Converting Notes Redeemed by giving a Conversion Notice to the Company.
 - (ii) If the Company receives notice under Condition 5.3(b)(i)(B) of an election to Convert some or all of a Noteholder's Converting Notes, the Company must Convert the Converting Notes specified in the Conversion Notice in accordance with Condition 4.4 to 4.5 inclusive and must Redeem the remainder (if any) of the Converting Notes held by the relevant Noteholder no earlier than 20 Business Days after the date of the Early Redemption Notice.
 - (iii) If the Company does not receive notice under Condition 5.3(b)(i)(B), the Company must Redeem the Converting Notes specified in the Early Redemption Notice no earlier than 20 Business Days after the date of the Early Redemption Notice.

5.4 Redemption for Default Event

If a Default Event occurs, the Company must Redeem the Converting Notes in accordance with Condition 5.1.

5.5 Return of Note Certificate on Redemption

On Redemption, if the Company has issued a Note Certificate in relation to the Converting Notes, the Noteholder must deliver to the Company the Note Certificates relating to the Converting Notes which are being Redeemed.

If not all the Converting Notes to which a Note Certificate relates are being Redeemed, the Company may execute and deliver to the Noteholder a Note Certificate for the balance of the Converting Notes which are not being Redeemed.

6. ADJUSTMENTS

6.1 Capital reconstructions

Subject to Condition 6.6, if at any time there is a reconstruction of the issued capital of the Company (including a consolidation, subdivision or reduction) before Redemption or Conversion, then (subject to no additional benefits being conferred on the Noteholder which are not conferred on holders of Shares), in accordance with the Listing Rules, either:

- (a) the Conversion Number will be adjusted by the Company accordingly; or

- (b) the Converting Notes then outstanding will be reconstructed, consolidated, divided or reclassified by the Company on the same basis and the Face Value (for the purpose of calculating interest on the Converting Notes) will be adjusted by the Company accordingly; or
- (c) both.

This Condition 6.1 does not prevent a rounding up of the number of Shares to be received on Conversion if the rounding up is approved at the Shareholders' meeting which approves the reconstruction.

6.2 Bonus Issues

Subject to these Terms of Issue, if the Company makes a Bonus Issue at any time after the Issue Date, the Noteholders do not have any right to participate in this Bonus Issue unless the Noteholder Converts all of the Noteholder's Converting Notes prior to the relevant record date.

6.3 Rights issues

Subject to the Listing Rules, if the Company makes a rights issue to the holders of Shares, Noteholders do not have any right to participate in the rights issue unless the Noteholder Converts all of the Noteholder's Converting Notes prior to the relevant record date.

6.4 Fractions

Where the number of Converting Notes to which a Noteholder is entitled under the Terms of Issue is a number which includes a fraction of a Converting Note, that fraction must be disregarded and the Noteholder has no further claim or right to that fraction of a Converting Note.

6.5 Auditor's certificate

If any doubt arises in relation to the adjustments required by Conditions 6.1, the Company must, at its own expense and acting reasonably, request the Auditors to determine as soon as practicable what adjustment (if any) to the Conversion Number or any other adjustment is fair and reasonable and the date on which such adjustment (if any) shall be made. Subject to the Corporations Act, the Listing Rules and the ASTC Settlement Rules or any other applicable Law, a certificate of the Company (as applicable) on advice of the Auditor as to the required adjustment shall be conclusive and binding on Noteholders.

6.6 No adjustments

Notwithstanding any provision of this Condition 6, the Converting Notes are issued on the basis that the Company will make no adjustment in respect of any Shares or other Securities issued in the following circumstances:

- (a) for the acquisition of any assets on an arms length basis;
- (b) under any employee or executive share or security plan, executive option plan, security top up plan, distribution reinvestment scheme or similar arrangement;
- (c) pursuant to a non pro-rata placement of Shares or other Securities;
- (d) in relation to any Securities which have been issued or agreed or committed by the Company to be issued on or prior to the Issue Date and disclosed in the Prospectus;
- (e) pursuant to a rights issue of shares; or

- (f) pursuant to an issue of any other class of security by the Company.

6.7 Listing Rules not to be contravened

Notwithstanding any provision of this Condition 6:

- (a) no adjustment under Conditions 6.1, 6.2 or 6.3 may contravene the Corporations Act or any Listing Rule or any other applicable Law; and
- (b) if an adjustment under those Conditions would contravene the Corporations Act or any Listing Rule or any other applicable Law, the Converting Notes are to be adjusted in accordance with the relevant adjustment required or permitted under the Listing Rules or any other applicable Law (and, if more than one, that one chosen by the Company).

6.8 Discretion in adjustment of conversion mechanism

Where any of the adjustment procedures set out in Condition 6 or the number of Shares to be issued on Conversion of any Converting Notes is not, in the reasonable opinion of the Board, appropriate in any particular circumstances (including for the reason that more than one adjustment procedure applies to a particular occurrence), and the Board determines that any such occurrence would (in the reasonable opinion of the Board) affect the relative values of the Converting Notes or the Shares to be issued on Conversion, the Company may make such alterations to these adjustment procedures as the Board reasonably considers appropriate or necessary to maintain that relativity.

7. GENERAL

7.1 Voting

- (a) Except to the extent provided by the Corporations Act or the Listing Rules or any other applicable Law, Noteholders are not entitled to vote at, or attend general meetings of the Company.
- (b) Noteholders may vote at meeting convened for the Noteholders.

7.2 Issue of Securities

Except as specifically set out in these Terms of Issue:

- (a) the Converting Notes carry no right to participate in any offering of Securities by the Company; and
- (b) the Company reserves the right at all times to issue Securities to any person in any manner.

7.3 Cancellation of Converting Notes

All Converting Notes which are Redeemed or Converted in accordance with these Terms of Issue will be cancelled and must not be reissued.

7.4 Reporting requirements

- (a) The Company will send to each Noteholder a copy of all documents (including reports, notices and announcements) sent to holders of Shares at the same time as, or as soon as reasonably practicable after, they are sent to Shareholders.

8. NOTE CERTIFICATES

8.1 Note Certificates

The Directors may determine not to issue Note Certificates where to do so is not contrary to the Corporations Act or the Listing Rules or any other applicable Law. Where the Directors have made such a determination, a Noteholder will be entitled to receive statements of the Noteholder's holding of Converting Notes as the Company is required to give in accordance with the Corporations Act, the Listing Rules and the ASTC Settlement Rules or any other applicable Law.

8.2 Cancellation of Note Certificates

The ranking of the Converting Notes will not be affected in any way by the cancellation of any Note Certificate on which they were originally included or of any subsequent Note Certificate on which they were included.

9. TRANSFER OF CONVERTING NOTES

9.1 Transfer of Converting Notes

A Noteholder may transfer any of the Converting Notes the Noteholder holds by:

- (a) a written instrument of transfer in any usual form or in any other form approved by the Board; or
- (b) a proper ASTC transfer or any other method of transferring or dealing in securities introduced by ASX or operated in accordance with the ASTC Settlement Rules or Listing Rules and, in any such case, recognised under the Corporations Act or any other applicable Law.

9.2 Registration of transfer

A transferor of Converting Notes remains the owner of the Converting Notes transferred until the transfer is registered and the name of the transferee entered in the Register in respect of the Converting Notes. Upon entry of the transferee's name in the Register, the transferee will have all the rights and obligations which the transferor had and all the rights and obligations of a Noteholder under this Deed.

9.3 Requirements for written instrument of transfer

A written instrument of transfer referred to in Condition 9.1(a) must be:

- (a) executed by the transferor and, if required by the Board, the transferee;
- (b) endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the Converting Notes subject to the terms and conditions on which the transferor held them, to become a Noteholder and to be bound by the Terms of Issue; and
- (c) forwarded for registration to the address of the Register together with:
 - (i) the Note Certificate (if any);
 - (ii) such other evidence as the Board may require to prove:
 - (A) the transferor's title to, or right to transfer, the Converting Notes;

- (B) the due execution of the transfer; and
- (C) the due compliance with the provisions of any relevant statute relating to stamp duties,

and if satisfied with such evidence and that the transferor has otherwise complied with Condition 9.3, the Company will register the transfer and cancel the former Note Certificate for the Converting Notes held by the transferor (if any).

9.4 Board may not refuse to register transfers

Subject to Condition 9.5, the Board will not refuse to register or fail to register or give effect to a transfer of Converting Notes.

9.5 Refusal to register transfers

- (a) The Board may refuse to register any transfer of Converting Notes where the Listing Rules permit the Company to do so.
- (b) The Board will refuse to register any transfer of Converting Notes where the Corporations Act or the Listing Rules or any other applicable Law requires the Company to do so, or where the purported transfer is in breach of the Listing Rules or any other applicable Law.

9.6 Notice of refusal to register

- (a) Where the Board refuses to register a transfer of Converting Notes under Condition 9.5, the Company will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with the Company.
- (b) Failure by the Company to give notice under Condition 9.6(a) will not invalidate the refusal to register the transfer in any way.

10. JOINT NOTEHOLDERS

10.1 Note Certificates

- (a) Where Note Certificates are issued under Condition 8.1, joint Noteholders will be entitled to one Note Certificate only in respect of Converting Notes held by them jointly and the Note Certificate will be delivered to the first joint holder named on the register.
- (b) Delivery of a Note Certificate for any Converting Note to the first joint holder named in the Register in relation to that Converting Note is deemed to be delivery to all the joint holders.

10.2 Payment to one joint Noteholder effective discharge

If several persons are entered in the Register as joint Noteholders in respect of a Converting Note, the payment to any one of such persons any moneys from time to time payable to the joint Noteholders will be an effective discharge to the Company for the moneys so paid.

10.3 Actions of joint Noteholders

All of the joint Noteholders in respect of any Converting Note must join in any:

- (a) transfer of the relevant Converting Note;
- (b) application for the replacement of a Note Certificate which has been lost or destroyed; or
- (c) delivery of a Conversion Notice.

10.4 Liability for payments

The joint Noteholders in respect of any Converting Note are liable on a joint and several basis in respect of all payments which ought to be made in respect of the Converting Note.

11. NON-RESIDENT NOTEHOLDERS

11.1 Authorisations required by Non-Resident Noteholders

Where Converting Notes are held by, or on behalf of, a person resident outside the Commonwealth of Australia, then despite anything to the contrary contained in or implied by these Terms of Issue, it is a condition precedent to any right of the Noteholder:

- (a) to receive payment of any moneys in respect of those Converting Notes; or
- (b) to obtain Shares on Conversion of any of those Converting Notes, that all necessary Authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Noteholder and satisfied.

12. INDEMNITY TO THE COMPANY

12.1 Company Indemnified by Noteholders

Whenever in consequence of:

- (a) the death of a Noteholder;
- (b) the non-payment of any income tax or other Tax payable by a Noteholder;
- (c) the non-payment of any stamp or other duty by the legal personal representatives of a Noteholder or his estate; or
- (d) any other act or thing in relation to a Converting Note or a Noteholder,

any law for the time being of any country of place, in respect of a Converting Note, imposes or purports to impose any liability of any nature whatever on the Company to make any payments to any Governmental Agency, the Company will in respect of that liability be indemnified by that Noteholder and his legal personal representatives. Any moneys paid by the Company in respect of that liability may be recovered from that Noteholder and/or the Noteholder's legal personal representative as a debt due to the Company and the Company will have a lien in respect of those moneys upon the Converting Notes held by that Noteholder or his legal personal representatives and upon any moneys payable in respect thereof.

12.2 Other Rights and Remedies

Nothing in Condition 12.1 will prejudice or affect any right or remedy which any such law may confer or purport to confer on the Company.

13. DEATH, LEGAL DISABILITY

13.1 Death, legal disability

If a Noteholder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Noteholders), the legal personal representative or the person entitled to Converting Notes as a result of bankruptcy or liquidation will be recognised as having an enforceable claim to Converting Notes registered in the Noteholder's name.

13.2 Transfer, transmission under Condition 13

The Company need not register any transfer or transmission under Condition 13 unless the transferee provides an indemnity in favour of the Company in a form determined by or satisfactory to the Company in respect of any consequence arising from the transfer or transmission.

13.3 Two or more persons jointly entitled

- (a) Where two or more persons are jointly entitled to any Converting Note in consequence of the death of the registered holder of that Converting Note, for the purpose of these Terms of Issue they will be deemed to be joint holders of that Converting Note.
- (b) On the death of any one of the joint Noteholders in respect of a Converting Note, the remaining joint Noteholders are the only persons recognised by the Company as having any title to the Converting Note.
- (c) The Company may in its sole discretion require evidence of the death and the estate of the deceased joint Noteholder is not released from any liability in respect of that Converting Note.

13.4 Moneys payable in respect of Converting Notes

The Board will be at liberty to retain any moneys payable in respect of any Converting Notes which any person under this Condition 13 is entitled to or to transfer until such person is registered or has duly transferred the Converting Notes in accordance with these Terms of Issue.

14. LISTING

The Company must take all reasonable practical steps to procure the official quotation on ASX of:

- (a) the Converting Notes; and
- (b) the Shares issued on Conversion of the Converting Notes

and to procure that such quotation is maintained.

15. NOTICES

15.1 Service of notices

Notices to Noteholders may be given by the Company:

- (a) to a Noteholder personally;
- (b) by sending it by post to the address for the Noteholder in the Register;
- (c) by sending it by facsimile to the facsimile number nominated by the Noteholder;
- (d) by sending it by email to the email address nominated by the Noteholder;
- (e) by the Company posting, the Notice on its internet website; or
- (f) by any other means that the Company agree in writing and notify to the Noteholder.

15.2 When notice considered to be received

A notice to a Noteholder will be taken to be received:

- (a) in the case of delivery in person, when received or left at the address of the recipient;
- (b) in the case of delivery by post, 3 days after posting (or 7 days if sent to or from a place outside of Australia); and
- (c) in the case of delivery by fax, at the time specified in a facsimile transmission report showing that the facsimile was received by the recipient in its entirety;
- (d) in the case of delivery by email, at the time specified in the email message sent by the Company,

but if delivery or receipt occurs on a day that is not a Business Day or later than 5.00pm, it will be taken to have been duly given or made at the commencement of business on the next Business Day.

15.3 Notice to transferor binds transferee

Every person who, by operation of law, transfer or any other means, becomes entitled to be registered as the holder of any Converting Notes is bound by every notice which, prior to the person's name and address being entered in the Register in respect of the Converting Notes, was properly given to the person from whom the person derived title to those Converting Notes.

15.4 Service on joint Noteholders

In relation to any notice given to joint Noteholders under these Terms of Issue, a notice given to the joint Noteholder whose name appears first in the Register is sufficient notice to all the joint Noteholders.

15.5 Service on deceased Noteholders

A notice served in accordance with this Condition 15 is (despite the fact that the Noteholder is then dead and whether or not the Company has notice of the Noteholder's death) considered to have been properly served in respect of any Converting Notes, whether held solely or jointly with other persons by the Noteholder, until some other person is registered in the Noteholder's place as the Noteholder or joint Noteholder. The service is sufficient service of the notice or document on the Noteholder's personal representative and any persons jointly interested with the Noteholder in the Converting Notes.

16. MISCELLANEOUS

- (a) These Conditions are governed by and construed in accordance with the laws of New South Wales.
- (b) Any notice regarding the Converting Notes will be sent to the registered address of the Noteholder as notified to the Company from time to time.
- (c) The Company must bear any stamp duty payable on or in connection with the issue of the Converting Notes but the Company is not responsible for any duties or taxes which may subsequently become payable in connection with the transfer, conversion, redemption or any other dealing with the Notes.