



**NuSep Ltd**  
ABN 33 120 047 556

**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT**

Annual General Meeting to be held at  
NuSep's Corporate Headquarters  
324 Burns Bay Rd, Lane Cove  
Sydney, NSW 2066  
on Monday 30 November 2009  
commencing at 10am



**NuSep Ltd**  
ABN 33 120 047 556

27 October 2009

Dear shareholder,

I am pleased to invite you to attend the 2009 Annual General Meeting (AGM) of NuSep Ltd to be held at the Company's corporate headquarters in Lane Cove on Monday 30 November 2009 at 10am. We have attached a proxy form for those shareholders who can not attend the Annual General Meeting for you to vote on the specified motions. Enclosed is the Notice of Annual General Meeting and associated documents.

I look forward to reporting on the last year and outlining the next 12 months at the AGM. Your input is invited and greatly valued by the Board and Management team.

As you may have guessed, we have been incredibly busy over the last few months transforming the Company into a profitable organisation. This is a formative period for the Company as shown by the number and breath of resolutions to be considered at this AGM. As part of this transition, we are also seeking shareholder approval to amend the constitution of the Company to include a rule that protects shareholders against an opportunistic partial acquisition of NuSep Ltd at the current low share price.

If you have any questions, please do not hesitate to contact the Company Secretary on (02) 8197 3377.

We look forward to seeing you at our Annual General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Manus", written over a horizontal line.

John Manus  
Executive Chairman



## **NuSep Ltd**

ABN 33 120 047 556

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is given that the Annual General Meeting of shareholders of NuSep Ltd (“the **Company**”) will be held at 10am on Monday 30 November 2009 at the Company's corporate headquarters, 324 Burns Bay Road, Lane Cove, Sydney, NSW 2066.

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes in more detail the matters to be considered at the Annual General Meeting, and contains a glossary of defined terms.

### **BUSINESS**

#### **A. Financial report**

To receive and consider the consolidated financial report of the Company and the reports of the directors and the auditors for the financial year ending 30 June 2009.

#### **B. Resolutions**

##### **1. Remuneration report**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“In accordance with section 250R(2) of the Corporations Act 2001 (Cth), that the remuneration report of the Company for the financial year ending 30 June 2009 be adopted.”

The vote on this resolution is advisory only and does not bind the directors of the Company.

##### **2. Election of Directors**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

To elect directors of the Company:

- a) “Mr John Manusu, who retires as a Director in accordance with Rule 66a of the Constitution of the Company and, being eligible, offers himself for re-election.”
- b) “Dr Hari Nair, who retires as a Director in accordance with Rule 66a of the Constitution of the Company and, being eligible, offers himself for re-election.”
- c) “Mr Iain Sorrell, who retires as a Director in accordance with Rule 66a of the Constitution of the Company and, being eligible, offers himself for re-election.”



- d) “Mr William Spee, who retires as a Director in accordance with Rule 64b of the Constitution of the Company and, being eligible, offers himself for election.”

**3. Ratification of previous issue of shares to various investors**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4, the shareholders of the Company approve the previous issue of 1,814,485 ordinary shares in the Company on 14 September 2009 as set out in item 2 of the Explanatory Memorandum.”

**4. Approval of Director & Executive Share Options – John Manusu**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

“That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 300,000 Share Options to the Executive Chairman John Manusu on the terms summarised in the Explanatory Notes accompanying this notice of meeting, and subject to the exercise of those Share Options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him.”

**5. Approval of Director & Executive Share Options – Dr Hari Nair**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

“That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 300,000 Share Options to the Managing Director Dr Hari Nair on the terms summarised in the Explanatory Notes accompanying this notice of meeting, and subject to the exercise of those Share Options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him.”

**6. Approval of Director & Executive Share Options – Iain Sorrell**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

“That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 150,000 Share Options to the non Executive Director Iain Sorrell on the terms summarised in the Explanatory Notes accompanying this notice of meeting, and subject to the exercise of those Share Options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him.”

**7. Approval of Director & Executive Share Options – William Spee**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

“That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 150,000 Share Options to the non Executive Director William Spee on the terms summarised in the Explanatory Notes accompanying this notice of meeting, and subject to the exercise of those Share Options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him.”



**8. Issue of Shares to John Manusu in lieu of loan repayment**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

That the Company approve for all purposes, including ASX Listing Rule 7.1, ASX Listing Rule 10,11 and section 208 of the Corporations Act, the issue of up to 674,410 fully paid ordinary shares and 168,603 Bonus Loyalty shares to John Manusu at a price of \$0.20 per ordinary share. The issue of the shares in the Company will occur no later than 1 month, or such later date to the extent permitted by an ASX waiver of the Listing Rules from the date of the Annual General Meeting.

**9. Issue of Shares to Dr Hari Nair in lieu of loan repayment**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

That the Company approve for all purposes, including ASX Listing Rule 7.1, ASX Listing Rule 10,11 and section 208 of the Corporations Act, the issue of up to 674,410 fully paid ordinary shares and 168,603 Bonus Loyalty shares to Dr Hari Nair at a price of \$0.20 per ordinary share. The issue of the shares in the Company will occur no later than 1 month, or such later date to the extent permitted by an ASX waiver of the Listing Rules from the date of the Annual General Meeting.

**10. Issue of Shares to Iain Sorrell in lieu of loan repayment**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

That the Company approve for all purposes, including ASX Listing Rule 7.1, ASX Listing Rule 10,11 and section 208 of the Corporations Act, the issue of up to 887,105 fully paid ordinary shares and 221,776 Bonus Loyalty shares to Iain Sorrell at a price of \$0.20 per ordinary share. The issue of the shares in the Company will occur no later than 1 month, or such later date to the extent permitted by an ASX waiver of the Listing Rules from the date of the Annual General Meeting.

**11. Issue of Shares to William Spee in lieu of loan repayment**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

That the Company approve for all purposes, including ASX Listing Rule 7.1, ASX Listing Rule 10,11 and section 208 of the Corporations Act, the issue of 764,090 fully paid ordinary shares and 191,023 Bonus Loyalty shares to William Spee at a price of \$0.20 per ordinary share. The issue of the shares in the Company will occur no later than 1 month, or such later date to the extent permitted by an ASX waiver of the Listing Rules from the date of the Annual General Meeting.



## 12. Add a Partial Takeover provision to the Company's Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution.  
"That the Constitution of the Company be amended to incorporate new Rule 111 as follows:

### "PROPORTIONAL TAKEOVER BIDS

#### 111 Approval of Proportional Takeover Bids

- a) If offers are made under a proportional takeover bid for securities of the Company:
  - (i) the registration of a transfer giving effect to a takeover contract resulting from the bid is prohibited unless and until a resolution (an 'Approving Resolution') to approve the bid is passed in accordance with this Rule;
  - (ii) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote on an Approving Resolution;
  - (iii) a bidder or an associate of the bidder is not entitled to vote on an Approving Resolution;
  - (iv) an Approving Resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution; and
  - (v) an Approving Resolution that has been voted on in accordance with this Rule is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- b) If a resolution to approve a bid is voted on, in accordance with this Rule before the approving resolution deadline in relation to the bid, the Company must, on or before the approving resolution deadline give:
  - (i) the bidder; and
  - (ii) each notifiable securities exchange in relation to the Company,a notice in writing stating that a resolution to approve the bid has been voted on and that the resolution has been passed, or has been rejected, as the case requires.
- c) Where, at the end of the day before the approving resolution deadline in relation to a proportional takeover bid under which offers 'nave been made, no resolution to approve the bid has been voted on in accordance with this Rule, a resolution to approve the bid is to be, for the purposes of this Rule, deemed to have been passed in accordance with this Rule.
- d) Where a resolution to approve a proportional takeover bid under which offers have been made is voted on in accordance with this Rule, before the approving resolution deadline in relation to the bid and is rejected, then:

- (i) despite section 652A of the Law, all offers under the bid that have not, as at the end of the approving resolution deadline, been accepted, and all offers (in this Rule referred to as the "accepted offers") under the bid that have been accepted, and from whose acceptance binding contracts have not, at the end of the approving resolution deadline, resulted, are taken to be withdrawn at the end of the approving resolution deadline,
  - (ii) as soon as practicable after the end of the approving resolution deadline, the bidder must return to each person who has accepted any of the accepted offers any documents that the person sent the bidder with the acceptance of the offer,
  - (iii) the bidder is entitled to rescind, and must rescind as soon as practicable after the end of the approving resolution deadline, each binding takeover contract for the bid, and
  - (iv) a person who has accepted an offer made under the bid is entitled to rescind their takeover contract.
- e) This Rule ceases to apply on the third anniversary of the later of the date of adoption or last renewal of this Rule."

A description of rule 111 and further information relating to this resolution is included in the Explanatory Notes.

### **Voting by proxy**

- a) A shareholder who is entitled to attend and cast a vote at the Annual General Meeting may appoint a proxy.
- b) A proxy need not be a shareholder.
- c) A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The following addresses and facsimile number are specified for the purpose of receipt of proxy appointments:

*By hand:*  
NuSep Ltd  
324 Burns Bay Road  
Lane Cove, NSW 2066

*By mail:*  
NuSep Ltd  
PO Box 823,  
Lane Cove, NSW 1595

Facsimile: +61 (2) 9427 8614

- d) To be effective, the instrument by which the proxy is appointed by a shareholder and, if the instrument is signed by the shareholder's attorney, the authority under which the instrument is signed or a certified copy of the authority, must be received by the Company at least 48 hours before the meeting.

- e) For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the reverse side of the proxy form.

### **Voting entitlement**

In accordance with Corporations Regulation 7.11.37, the board has determined that for the purposes of the Annual General Meeting, securities will be taken to be held by the persons who are registered holders at 7 pm (Australian Eastern Standard Time) on Friday 27 November 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### **Voting exclusion statement**

The Company will disregard votes cast on resolutions 3 by:

- any person who participated in the issue of the shares, and
- an associate of such a person.

However the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will disregard any votes cast on Resolutions 4 - 7 by:

- All Director participating in these resolutions; and
- an associate of all of those Directors.

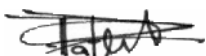
The Company will disregard any votes cast on Resolutions 8 - 11 by:

- The relevant Director participating in these resolutions; and
- an associate of any of those Directors.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Prakash Patel  
Company Secretary  
27 October 2009



## NuSep Ltd

ABN 33 120 047 556

### EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders of the Company in understanding the business to be put to shareholders for their consideration at the Annual General Meeting to be held at 10am on Monday 30 November 2009 (**Meeting**).

#### **A. Financial Report**

The Corporations Act 2001 (Cth) requires the financial report of the Company, the directors' report and the auditor's report to be laid before the Meeting for consideration by shareholders of the Company.

Neither the Corporations Act 2001 (Cth) nor the Company's constitution requires shareholders to vote on these reports. However, during this item of business, the shareholders will be given a reasonable opportunity to ask questions about, or make comments on, those reports and the management of the Company.

#### **B. Resolutions**

##### **1. RESOLUTION 1 - APPROVAL OF REMUNERATION REPORT**

The Company's remuneration report for the financial year ending 30 June 2009 is set out on pages 9 to 15 of the Company's 2009 annual report, and forms part of the directors' report for that financial year. The remuneration report sets out the policy for the remuneration of the Directors and key management personnel (as defined in the relevant accounting standards) of the Company and the consolidated entity.

In accordance with section 249L(2) of the Corporations Act 2001 (Cth), the resolution to approve the Company's remuneration report will be put to the Meeting. The vote on this ordinary resolution will be advisory only and will not bind the directors or the Company, by virtue of section 250R(3) of the Corporations Act 2001 (Cth).

##### **2. RESOLUTION 2 - RE-ELECTION OF DIRECTORS**

Resolution 2(a) to 2(c) deal with the re-election of directors. In accordance with rule 66(a) of the Constitution directors must stand for election every 3 years. In this regards, the Directors of the Company who will retire at the meeting are Mr John Manusu, Dr Hari Nair and Mr Iain Sorrell. They have all indicated that they will offer themselves for re-election. Their profiles are set out below.

###### **(a) John Manusu B.Com, F.Fin. - Executive Chairman**

Mr John Manusu was appointed to Board in September 2006 as Managing Director and assumed the role of Executive Chairman in September 2008 and offers himself for re-election to the Board. Age 50. Mr Manusu has over 20 years experience running biotechnology companies. He has been involved with startups, turnarounds and mature

organizations in the biotechnology space. Mr Manusu has undertaken a number of significant acquisitions and divestures, as well as raising over \$100 million in public funding and \$10 million of peer reviewed government R&D grants. Mr Manusu has a degree in Commerce and is a Fellow of the Financial Services Institute of Australasia. Mr Manusu has worked in the biotechnology industry in Australia and the U.S. and is best described as a biotechnology entrepreneur.

**Recommendation: All directors (other than John Manusu in respect of his own re-election) recommend that shareholders vote in favour of this resolution.**

**(b) Dr Hari Nair BSc (Hons), PhD (Med & Clin Sci), MAIboil, MOIF (Cambridge) - Managing Director**

Non-executive Director between September 2006 and September 2008, he then assumed the role of Managing Director. Age 52. Dr Nair has a PhD in Medicine and Clinical Science from the Australian National University with his specialty in cardiovascular medicine and haematology. Dr Nair has received a number of awards from international organisations including being specially recognised for his role in coagulation research by the ACT government. He has run international biotechnology companies in Australia and the US. Dr Nair's main strength is in integrating his in depth knowledge of biomedical technology with the requirements of international commercial reality. Dr Nair has been heavily involved in mergers and acquisitions especially in the US and Europe and has US financial experience.

**Recommendation: All directors (other than Dr Hari Nair in respect of his own re-election) recommend that shareholders vote in favour of this resolution.**

**(c) Iain Sorrell HND, LiBiol. - Non-Executive Director**

Chairman of Remuneration Committee, Member of Audit Committee, Non-executive Director since September 2006. Age 52. Mr Howard-Sorrell is based in the USA and has over 20 years experience in the Life Sciences arena. He has held senior sales and marketing positions in both corporate and start up businesses both in Europe and the USA. In addition to his extensive knowledge of the separations industry he has also set up and operated a successful import and distribution organisation in the USA. No other directorships have been held in a listed company during the last 3 years. He is a graduate of the University of Plymouth in Applied Biology. In addition to ongoing consultative roles he is also actively involved on the board of trustees for non-profit organisations. He is best recognised for his ability to develop new markets and co-ordinate international distribution.

**Recommendation: All directors (other than Iain Sorrell in respect of his own re-election) recommend that shareholders vote in favour of this resolution.**

Resolution 2(d) deals with the election of Mr William Spee as a director. Mr William Spee was appointed during the year in accordance with rule 64(b) of the Constitution. As such Mr William Spee must stand for election at the next AGM. In this regard, Mr William Spee being eligible offers himself for re-election. His profile is set out below.

**(d) William Spee - Non-Executive Director**



Chairman of Audit Committee, Member of Remuneration Committee, Non-executive Director since July 2009. Age 62. Mr Spee brings 30 years experience in running Manufacturing, Retail and Investment operations. He has a lifetime passion for science and technology and in addition to running his own Commercial Property Investment company has direct investments interests in several growing ventures. Mr Spee was a Flying Officer in the RAN, and completed his training in the US Navy. Mr Spee has run several small retail food businesses, has studied computer science at Macquarie and Canberra Universities before running a small scale electronic manufacturing venture. No other directorships have been held in a listed company during the last 3 years. Mr Spee is passionate about the environment and is currently designing a new 6 green star commercial building in Northern Australia.

**Recommendation: All directors (other than William Spee in respect of his own re-election) recommend that shareholders vote in favour of this resolution.**

### 3. RESOLUTION 3 - RATIFICATION OF PREVIOUS ISSUE OF SHARES TO VARIOUS INVESTORS

Listing rule 7.4 provides, in summary, that an issue of securities made without approval under listing rule 7.1 is treated as having been made with approval for the purpose of listing rule 7.1 if:

- (a) the issue did not breach listing rule 7.1; and
- (b) holders of ordinary securities subsequently approve the issue.

The Company issued the following Shares (ranking equally with existing Shares) on 14 September 2009 at an issue price of \$0.20 per Share without approval under listing rule 7.1. None of the issues breached listing rule 7.1. The Directors are seeking ratification by the Shareholders of these issues under listing rule 7.4. Funds raised were used to augment the Company's working capital.

Allottee	Number of shares
MR ANTHONY MARK LOUGHNAN	314,485
MR ANDREW DOYLE	500,000
NUTSVILLE PTY LTD	1,000,000
<b>Total</b>	<b>1,814,485</b>

**Recommendation: All directors recommend that shareholders vote in favour of this resolution.**

### 4. RESOLUTIONS 4 – 7 - ISSUE OF SHARE OPTIONS TO DIRECTORS

Shareholders are also requested to approve the issue of 900,000 unlisted Share Options to be granted under the Company's existing Directors, Employee and Consultants Option Plan. The Board believes it is important to tie the Board and Executives remuneration to the long term increase in the Company's share price. By issuing Share Options with long



term vesting periods the Board and Executive are incentivised to build the Company's value and therefore share price over the longer term.

ASX Listing Rule 10.14 requires the Company to seek shareholder approval for the grant of Share Options to a Director or other related party of the Company under an employee incentive scheme. As these Share Options will be issued under the existing ESOP, it is not necessary to obtain shareholder approval of the issue of the Share Options to the directors under section 208 or ASX Listing Rule 10.11.

The Company proposes to issue:

- 300,000 Share Options to the Executive Chairman Mr John Manusu;
- 300,000 Share Options to the Managing Director Dr Hari Nair;
- 150,000 Share Options to the Non Executive Director Mr Iain Sorrell; and
- 150,000 Share Options to the Non Executive Director Mr William Spee,

It is proposed that these Share Options will be issued under the Company's Employee Share Option Plan (ESOP) for no cash consideration and may be exercised (and Shares will be issued) at times and prices set out in the table below. The Share Options will expire if not exercised by 1 November 2014.

Share Options will vest in 3 tranches as noted in the tables below. The Share Options will be issued to the directors of the Company at increasing exercise prices from \$0.20 to \$0.50 per Share Option as detailed in the tables below:

<i>Director Options</i>	<b>Expiry date</b>	<b>Vesting commencement date</b>	<b>Exercise price</b>	<b>Issued during the year</b>
John Manusu	1 November 2014	1 November 2010	\$0.20	100,000
		1 November 2011	\$0.30	100,000
		1 November 2012	\$0.50	100,000
Hari Nair	1 November 2014	1 November 2010	\$0.20	100,000
		1 November 2011	\$0.30	100,000
		1 November 2012	\$0.50	100,000
Iain Sorrell	1 November 2014	1 November 2010	\$0.20	50,000
		1 November 2011	\$0.30	50,000
		1 November 2012	\$0.50	50,000



William Spee	1 November 2014	1 November 2010	\$0.20	50,000
		1 November 2011	\$0.30	50,000
		1 November 2012	\$0.50	50,000

Shareholders are hereby advised of the following details concerning the proposed issue of Share Options to the Directors for which your approval is sought.

- The first tranche of Share Options can not be exercised until 1<sup>st</sup> November 2010.
- Any Share Options not exercised prior to an option holder leaving the Company's employment will lapse.
- Shares and Share Options issued under this resolution rank equally with all other existing fully paid ordinary shares.

In accordance with Listing Rule 10.15, the Company advises:

- i) All of the Directors, being John Manus, Hari Nair, Iain Sorrell and William Spee are eligible to participate in the ESOP, subject to shareholder approval of any issue. Share Options are proposed to be issued to all four Directors and the date by which the Company intends to issue the Share Options will be not more than one month after the date of the meeting, although under ASX Listing Rule 10.15.7 they must be issued no later than 12 months after the meeting (27 November 2010).
- ii) The maximum number of Share Options that may be issued to each Director and their exercise price is outlined in the table above.
- iii) The Share Options will all have an expiry date of 1 November 2014 and, under the terms of the ESOP, are not transferable without the prior written consent of the Board.
- iv) The Company will not apply for quotation of these Share Options on the ASX.
- v) Funds raised on the exercise of these Share Options will be used to increase working capital and the Company intends to apply for listing of the Shares which will, on issue, rank equally with all other ordinary shares in the capital of the Company in all respects.
- vi) The Share Options will have exercise prices from 20c to 50c per Share Option as outlined in the tables above.
- vii) As required under Listing Rule 6.16 the Share Options allow the Share Options rights to be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.



- viii) As required under Listing Rule 6.19 the Share Option holders will not have any rights to participate in any new issues unless they exercise their Share Options before the relevant books close date.
- ix) The number of Share Options will not be adjusted for any bonus or other issues.
- x) The Company will use the Binomial Option Pricing Model to value the Share Options once they are issued.
- xi) No loans have been made or will be made by the Company to any of the Directors or to any associated person in relation to the issue of the proposed Share Options or the exercise of them.
- xii) The Company does not currently have any Share Options on issue as the Board cancelled all outstanding Share Options in March 2009.
- xiii) The current shareholding of each Director and Executive is outlined in the table below.

Name	Shareholding	Proposed Share Options
John Manus	100,631 Directly 102,875 Indirectly	300,000
Hari Nair	79,200 Directly	300,000
Iain Sorrell	74,981 Directly	150,000
William Spee	79,471 Directly 762,247 Indirectly	150,000

- xiv) The dilutionary effect of the issue of the additional 900,000 Share Options proposed to be issued to the Directors and Executives will be 3.6% of the expanded shares on issue. Currently there are 17,788,536 ordinary shares on issue and a further 7,344,270 that will be issued post this AGM on 30 November.

**VOTING EXCLUSION:**

Resolutions 4 to 7 are all ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote. All shareholders are entitled to attend and vote on these resolutions at the meeting.

The Company will disregard any votes cast by all of the Directors or any of their associates. The Company will not disregard, however, any vote by a person excluded from voting on one or more of resolutions 4 to 7 if it is cast by any of them as proxy for a person entitled to vote or if it is cast by any of them who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form.



**5. RESOLUTIONS 8 – 11 - ISSUE OF SHARES TO DIRECTORS IN LIEU OF LOAN REPAYMENTS**

All of the current Directors have made cash loans to the Company. The Directors loaned money to the Company as no other party was willing to extend credit to the Company. The total of these loans is approximately \$950,000. The Directors are aware that the Company would be better off if these loans were converted into ordinary shares and are willing to do so on the same terms as shareholders were recently offered under the Share Purchase Offer. Specifically that the loans will be converted at 20c per share with a free attached 1:4 Bonus Loyalty Share.

The directors have agreed to convert up to a total of \$600,003 of their loans into ordinary shares. The Directors are unable to convert the entire \$950,000 of loans into shares, as this would have breached the 20% Takeovers threshold. As such the Directors will convert the maximum that they can without breaching the 20% level. This will still reduce the Company’s long term debt level by \$600,003 to approximately \$350,000.

ASX Listing Rule 10.11 provides that the Company must not issue shares to a related party, such as a Director of the Company, without shareholder approval. Section 208 (1) of the Corporations Act 2001 (Cth) also provides that a Company is prohibited from giving a financial benefit to a related party without first obtaining shareholder approval.

Accordingly, under resolutions 8 to 11, the Board seeks the approval of the shareholders for the issue of 3,000,015 fully paid ordinary shares and 750,005 Bonus Loyalty Shares as set out in the table below:

Name	Loan Amount to be Converted	Number of Shares	Number of Bonus Loyalty Shares	Total Shares to be issued
John Manus	\$134,882	674,410	168,603	843,013
Hari Nair	\$134,882	674,410	168,603	843,013
Iain Sorrell	\$177,421	887,105	221,776	1,108,881
William Spee	\$152,818	764,090	191,023	955,113
Total	\$600,003	3,000,015	750,005	3,750,020

These shares will be issue at a price of \$0.20 per share with a free attached 1:4 Bonus Loyalty Share. This issue price is equivalent to the issue price of shares under the recent SPO.

In accordance with the requirements of ASX Listing Rule 10.13, the following information regarding the share issues is set out below:



The maximum number of fully paid ordinary shares to be issued to the Directors is 3,750,020. This is made up of 3,000,015 ordinary shares and 750,005 Bonus Loyalty Shares. The individual Directors loan repayment and shares to be issued are outlined in the table above. The specific resolutions for each individual Director is as follows:

- i) Under Resolution 8 – to John Manusu an aggregate of 843,013 fully ordinary shares in lieu of a partial repayment of a loan of \$134,882;
- ii) Under Resolution 9 – to Dr Hari Nair up to an aggregate of 843,013 fully ordinary shares in lieu of a partial repayment of a loan of \$134,882;
- iii) Under Resolution 10 – to Iain Sorrell up to an aggregate of 1,108,881 fully ordinary shares in lieu of a partial repayment of a loan of \$177,421; and
- iv) Under Resolution 11 – to William Spee up to an aggregate of 955,113 fully ordinary shares in lieu of a partial repayment of a loan of \$152,818.

If these resolutions are passed, the lenders will convert these loans to equity. The shares will then be issued within 1 month of the date of the Annual General Meeting. The balance of the loans will then be repayable to the lenders by the Company at a future time. The conversion of existing loans into shares will enhance the Company's Balance Sheet, reduce the total debt that the Company has and increasing the total owners equity. The conversion of loans into shares will not provide any additional cash to the Company, but may strengthen the Balance Sheet such that the Company, should it need to, will be able to borrow from third parties.

By converting these loans into shares, the Company will also have reduced the amount of loans from approximately \$950,000 to \$350,000.

The shares issued under resolutions 8 to 11, if approved by shareholders, will rank equally with fully paid ordinary shares already on issue in the Company.

None of the Directors have sold shares in the Company during the last six months, nor is there any expectation that they will sell any of the shares issued in accordance with the above resolutions in the near future.

#### VOTING EXCLUSION:

Resolutions 8 to 11 are all ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote. All shareholders are entitled to attend and vote on these resolutions at the meeting.

The Company will disregard any votes cast by the relevant Director or any of their associates. The Company will not disregard, however, any vote by a person excluded from voting on one or more of resolutions 8 to 11 if it is cast by any of them as proxy for a person entitled to vote or if it is cast by any of them who is chairing the meeting as



proxy for a person who is entitled to vote, in accordance with the direction on the proxy form.

**6. RESOLUTION 12 - RESOLUTION TO APPROVE PROPORTIONAL TAKEOVER BID CONSTITUTIONAL CHANGES**

The Company proposed to add a new rule to the Company's Constitution to deal with proportional takeover bids as these may well reduce shareholders ability to maximise the return to them of a takeover bid.

This rule would allow the Company to prohibit the registration of a transfer of shares resulting from a proportional takeover bid unless shareholders in a general meeting approve the bid.

A proportional takeover bid would involve a bidder conducting an off market takeover bid for a specified proportion of the shares in the Company held by each shareholder. It is a requirement of the Corporations Act that proportional takeover bid approval rules apply for a maximum period of three years unless renewed.

The board considers that it is in the best interest of shareholders for the Company to have a proportional takeover bid approval rule, and therefore recommends that shareholders vote to adopt the resolution.

**Effect of Proportional Takeover Approval Rule**

The Corporations Act requires that, if proportional takeover bid is made and the Company's Constitution includes a provision like Rule 111, the Directors must convene and hold a meeting of shareholders to vote on a resolution to approve the bid. The meeting must be held, and the resolution voted on, before the approving resolution deadline, which is defined in the Corporations Act as the 14<sup>th</sup> day before the last day of the bid period.

Rule 111 provides that for a resolution to be approved it must be passed by a majority of votes at the meeting, excluding votes by the bidder and its associates. If no resolution to approve the bid has been voted on in accordance with Rule 111 as at the end of the 14<sup>th</sup> day before the end of the bid period, a resolution approving the bid will be deemed by the Corporations Act to have been passed, thereby allowing the bid to proceed. If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to be withdrawn.

If the resolution is approved, the relevant transfers of shares will be registered, provided they comply with the other provisions of the Company's Constitution and Corporations Act. Rule 111 does not apply to full takeover offers. Rule 111 will expire 3 years after its last renewal unless renewed by a further special resolution of shareholders.

**Reasons for Proposing the Resolution**

The Board considers that shareholders should have the opportunity to vote on a proportional takeover bid. A proportional takeover bid for the Company may enable



control of the Company to be acquired by a party holding less than a majority interest and without shareholders having the opportunity to dispose of all their shares. This could mean that shareholders could be at risk of being left as part of a minority interest in the Company. This could place shareholders under pressure to accept the bid. If Rule 111 is approved, it will minimise the risk to shareholders by enabling shareholders to decide whether a proportional takeover bid should be permitted to proceed.

### **Present Acquisition Proposals**

At the date of this notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### **Review of Proportional Takeover Approval Provisions**

The Corporations Act requires these explanatory notes to discuss the advantages and disadvantages, for directors and members, of the proportional takeover provision proposed to be renewed. To date the Company has not received any proportional or full takeover bids. Consequently there are no actual examples against which to review the advantages or disadvantages of the proposed proportional takeover provisions for the directors and members of the Company to consider. The directors are not aware of any potential takeover bid for the Company.

### **Potential Advantages and Disadvantages**

In addition to a retrospective discussion of the provisions proposed, the Corporations Act also requires these explanatory notes to discuss the potential future advantages and disadvantages of the proposed rule for both directors and members.

The directors consider that there are no such advantages or disadvantages for them as they remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The proposed rule will ensure that all members will have an opportunity to study a proportional takeover bid and then attend or be represented by proxy at a meeting called specifically to vote on the proposal. A majority of shares voted at the meeting, excluding the shares of the bidder and its associates, is required for the resolution to be passed, following which shareholders will be able to decide whether to accept proportional takeover bids which may result in a change of control of the Company. This will enable shareholders to prevent a proportional takeover bid proceeding if they believe that control of the Company should not be permitted to pass under the bid, and accordingly the terms of any future proportional takeover bid are likely to be structured to be attractive to the holders of a majority of the remaining shares.

It may be argued that the rule reduces the possibility of a successful proportional takeover bid and that as a result, proportional takeover bids for the Company will be discouraged. This in turn may reduce opportunities that shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company, and may reduce any 'takeover speculation' element in the Company's share price on the Australian Securities Exchange. It may also be said that the provisions constitute an additional restriction on the abilities of individual shareholders to deal freely with their shares.



### **Recommendation**

The Directors consider that the approval of Rule 111 is in the interest of shareholders as it allows shareholders (excluding the bidder and its associates) to have a continuing right to vote on any proportional takeover and to determine whether a proportional takeover bid should proceed. The Directors recommend that shareholders vote in favour of this resolution to adopt Rule 111.

### **GLOSSARY**

**“Corporations Act”** means the Corporations Act 2001 (Cth).

**“Director”** means a director of the Company.

**“the Board”** means the board of Directors of the Company.

**“the Company”** means NuSep Ltd (ACN 120 047 556).

**“Shares”** means fully paid ordinary shares in the capital of the Company”

**“Shareholder”** means a holder of Shares.



**QUESTIONS FROM SHAREHOLDERS**

The Annual General Meeting of NuSep Ltd will be held on Monday 30 November 2009. Shareholders are invited to register questions in advance of the meeting.

This form may also be used to submit written questions to the auditor of the Company if the question is relevant to the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.

If you wish to submit a written question, it must be received no later than five business days before the date of the meeting. Shareholders may also ask questions of the board of directors and the auditors at the meeting.

Please return this form to the Company Secretary at the Company’s Registered Office, 324 Burns Bay Road, Lane Cove, NSW 2066, or by facsimile on (02) 9427 8614.

We will endeavour to address as many of the frequently raised shareholder matter during the course of the Annual General Meeting as possible. However there may not be sufficient time available at the meeting to address all topics. Please note that individual responses will not be sent to shareholders.

Shareholder’s name .....

Address.....

.....

.....

Securityholder Reference Number (SRN) or Holder Identification Number (HIN) .....

Questions

Please tick the applicable box if your question is a question for the auditor of the Company

1. ....

2. ....

3. ....

4. ....

### Appointment of Proxy

If appointing a proxy to attend the NuSep Ltd Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions overleaf.

I/We being a shareholder/shareholders of NuSep Ltd pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X") **OR**

or failing him/her

Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at the at NuSep's Corporate Headquarters, 324 Burns Bay Road, Lane Cove NSW 2066 on **Monday 30 November 2009 at 10am** and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_ % of the ordinary shares I/we hold.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of the resolutions please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by the Chair of the meeting for the resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on these resolutions. The Chair intends to vote 100% of all open proxies in favour of all resolutions.

### Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain	RESOLUTION	For	Against	Abstain
1. Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Approval of Director & Executive Share Options – Mr Iain Sorrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (a). Re-elect Mr John Manusu as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Approval of Director & Executive Share Options – Mr William Spee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (b). Re-elect Dr Hari Nair as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Issue of Shares to Mr John Manusu in lieu of loan repayment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (c). Re-elect Mr Iain Sorrell as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Issue of Shares to Dr Hair Nair in lieu of loan repayment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (d). Re-elect Mr William Spee as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Issue of Shares to Mr Iain Sorrell in lieu of loan repayment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of previous issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Issue of Shares to Mr William Spee in lieu of loan repayment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Director & Executive Share Options – Mr John Manusu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Add a Partial Takeover provision to the Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Director & Executive Share Options – Dr Hari Nair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.  
*Executed in accordance with section 127 of the Corporations Act:*

Individual or Shareholder 1

Sole Director & Sole Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director / Company Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Business Telephone / Mobile

**INSTRUCTIONS FOR COMPLETING PROXY FORM**

1. Your pre-printed name and address is as it appears on the share register of the Company. If you are Issuer Sponsored and this information is incorrect, please make the correction on the form, sign and return it. Security holders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

**8. Signing Instructions**

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

**9. Lodgement of a Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 9am **AEST on 28 November 2009**, (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

*By hand:*

NuSep Ltd  
324 Burns Bay Road,  
Lane Cove, NSW 2066

*By mail:*

NuSep Ltd  
PO Box 823,  
Lane Cove, NSW 1595

Facsimile: +61 (2) 9427 8614