



NuSep Holdings Ltd

ABN 33 120 047 556
Redefining BioSeparations

Rights Issue Prospectus

A non renounceable rights issue of one Share for every two Shares held at 20¢ per Share to raise up to \$5 million

Successful Applications will also receive One Bonus Share Option exercisable at 35¢ for every three shares taken up under the Rights Issue Offer

The first \$3 million of this Rights Issue Offer is underwritten including \$1 million by the Directors of NuSep

The securities offered by this Prospectus should be considered speculative.

Table of Contents

Corporate Directory	3
Timetable and Important Dates.....	3
Important Information.....	4
Chairman's Letter	5
1. Details of the Offer	7
1.1 Offer	7
1.2 Pricing of the RO Shares and Share Options.....	7
1.3 Listed Bonus 35¢ Share Options	7
1.4 Record Date for Entitlement to the RO	7
1.5 Size of the Offer and Dilution	8
1.6 Purpose of the RO	8
1.7 Action Required	8
1.8 Closing Date	8
1.9 Subscription	8
1.10 Issue of Shares	8
1.11 Capital structure	9
1.12 Minimum & Maximum RO Applications	9
1.13 Shortfalls	9
1.14 Underwriting	10
1.15 Payment.....	11
1.16 Market prices of Shares	11
1.17 Advantages and Disadvantages of the RO	11
1.19 Summary of Key Risk Factors.....	12
1.20 Overseas Shareholders	13
1.21 Expenses of the Issue.....	13
1.22 Enquiries	13
2. Your Choices.....	14
2.1 Taking up your Entitlement.....	14
2.2 Shortfall Offer	14
2.3 Allocation of Shortfall Shares	14
2.4 Allow your 1:2 Entitlement to lapse	15
2.5 Acceptance Form is binding	15
2.6 Brokerage and stamp duty	15
3. NuSep's Business.....	16
3.1 NuSep's Main Products	17
3.2 The NuSep Directors	20
4. Further Company Information	22
4.1 Rights and liabilities attaching to NuSep Shares.....	22
4.2. Conditions of issue of Bonus 35¢ Share Options.....	22
4.3 CHES.....	26
4.4 Continuous Disclosure and Documents Available for Inspection	26
4.5 Litigation.....	26
4.6 Secured Debt.....	26
5. NuSep Pro Forma Financial Statements	27
NuSep Pro Forma Financial Statements.....	27
6. Material Contracts.....	30
6.1 Underwriting Agreement	30
6.2 Additional information	30
6.3 Terms of the Underwriting Agreement	31
6.4 Lease Agreement.....	32
7. Risk Factors	33
7.1 General Risks	33
7.2 NuSep Specific Risks.....	33
8. Additional Information.....	35
8.1 Taxation	35
8.2 Expenses	35
8.3 Interests of Directors.....	35
8.4 Consents of named parties	36
9. Directors' Authorisation and Statement	37
10. Definitions	38
Application Form	40

Corporate Directory

Directors

Mr J. Manusu (Executive Chairman)
Dr C. H. Nair (Managing Director and CEO)
Mr I. Howard-Sorrell (Non executive Director)
Mr W. Spee (Non executive Director)

Secretary and CFO

Mr P. Patel

Registered Office

324 Burns Bay Road
Lane Cove, NSW 2066
Australia
Tel: +61 2 8197 3377
Fax: +61 2 9427 8614
Web page: www.NuSep.com

Share Registry

Registries Limited

Level 7, 207 Kent Street
Sydney, NSW 2000
Phone: +61 2 9290 9600
Fax: +61 2 9279 0664

Timetable and Important Dates

EVENT	DATE
Shareholders informed of the Rights Offer	Wednesday 17 March 2010
Prospectus lodged with the ASIC and ASX.	16 April 2010
Ex date for the Entitlement to the Rights Issue	Monday 19 April 2010
Record Date for Shareholder Entitlement to the RO	Friday 23 April 2010
Opening Date of Rights Offer	Friday 23 April 2010
Dispatch of Prospectus	Tuesday 27 April 2010
Closing Date of Rights Offer	Tuesday 11 May 2010
Deferred Trading in NuSep Shares	Wednesday 12 May 2010
Holding statements dispatched and normal trading commences	Wednesday 19 May 2010
Normal Trading of NuSep Shares	Thursday 20 May 2010

The Directors may extend the Closing Date for the Rights Offer without prior notice. As such, the date on which the Shares are expected to commence trading on ASX may vary.

Important Information

This Prospectus is dated 16 April 2010 and was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than 13 months after 16 April 2010. Application will be made within seven (7) days after the date of issue of this Prospectus for the Shares and Share Options offered under this Prospectus to be granted official quotation by the ASX.

This document is important and should be read in its entirety. Your investment decision in relation to the Rights Offer should be based on the information contained in this Prospectus and disclosures made to the market by the Company. If in doubt, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. Neither the Company, the Directors nor any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company will be achieved.

Some words in this Prospectus have defined meanings. The definitions in section 9 of this Prospectus contain these meanings.

Rights Issue Offer

The Company specifically notes that the Rights Offer does not take into account your specific investment needs or objectives. The Company urges you to read this Prospectus in its entirety before making an application for Shares. In particular, the Company draws your attention to those matters identified by the Company as representing risks to the Company in section 7 of this Prospectus. In the context of your personal requirements and the risk factors, the Company recommends that you seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to making the decision to apply for Shares.

While the Directors recommend this Rights Offer, investment in the securities offered under this Prospectus should be considered speculative.

For persons accessing the on-line version of the Prospectus, the Rights Offer is available to such persons accessing the Prospectus from within Australia only. The Prospectus may be accessed on the internet at www.nusep.com. A person who gives another person access to the Application Form must at the same time and by the same means give that other person access to the Prospectus (and any supplementary prospectus). The Company will make available a paper copy of the electronic Prospectus and Application Form if requested at no charge.

Purpose of this document

The main purpose of this document is to provide information in relation to the Rights Offer. NuSep is required to issue a Prospectus for this Rights Offer as its shares have been suspended from the ASX for more than 5 days in the last 12 months.

Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administrative functions.

All personal information will be collected in accordance with the National Privacy Principles as set out in the Privacy Act 1988. The law requires that some of the information is required to be collected. If you do not provide the information requested, your Application may not be able to be processed.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers (including the ASX for the purpose of confirming compliance with the ASX Listing Rules) or as otherwise required under the Privacy Act 1988.

Chairman's Letter

16 April 2010

Dear Shareholders,

It gives me great pleasure to offer you, as a valued NuSep Shareholder, the opportunity to participate in the Company's 1:2 pro rata Rights Issue Offer (RO). This offer is **only available** to NuSep Shareholders.

This is an exciting time for the Company and our shareholders primarily because we are now consistently achieving our set goals. Of particular interest to our shareholders is the achievement of two targets over the first six months of this year:

- Achievement of a maiden operational profit for the six months to 31 December 2009.
- Constant achievement of a Gels manufacturing pass rate over 90% which significantly increased our gross margin and gave us the operational profit to 31 December 2009.

In conjunction with the acquisition of BioInquire and the expected launch of the SpermSep next financial year we have established a longer term goal of:

- Achieve \$100 million in sales and \$20 million in profit per annum within the next five years.

This is a challenging goal and one that will only be achieved through the commercialisation of our patented **PrIME**¹ technology. We have already taken the first steps in this direction with the launch of the second generation **ProteomeSep** this month and the proposed acquisition of BioInquire and their **ProteoIQ** software. This will be followed by the launch of the **SpermSep** in the 2010/11 financial year.

The Current Business

NuSep is now showing the commercial upside of a focussed management and Board. Having achieved our maiden operating profit of \$89,000² we are now focused on accelerating the profit growth through the acquisition of BioInquire and the commercialisation of the IVF focused **SpermSep** post this final clinical trial.

NuSep is building on its impressive maiden operational profit by launching the second generation **PrIME** unit called the **ProteomeSep**. The **ProteomeSep** when combined with the **ProteoIQ** software (more simply described as a “**Google search for proteins**”) from BioInquire offers our customers a complete Proteomic solution which we have called **ProteoFusion**. This combination markedly reduces the time

¹ PrIME stands for **P**reparative **I**solation **M**embrane **E**lectrophoresis

² NuSep reported an operating profit of \$89,984 for the six months to 31 December 2009 on 16 February 2010.

researchers take to identify biomarkers from months to hours. This division will provide much of the growth in sales and profit over the next year.

Separately, we launched an aggressive nUVView Gels marketing campaign this month aimed at acquiring a greater share of the Gels market. The profit margin for the Gels division has improved significantly over the last six months as production methods have been streamlined and improved. This improvement was clearly illustrated by the increased Gross Margin in the six months to 31 December 2009.

The 1:2 Pro Rata Rights Issue Offer

The Company requires \$3 million to acquire BioInquire and bring the SpermSep to commercial sales. For this reason the Board has only underwritten \$3 million of the RO. The Directors of the Board have agreed to underwrite \$1 million of this \$3 million underwriting as a sign of their confidence in NuSep. The balance is underwritten by other significant shareholders of the Company, again showing their confidence in NuSep. The Company is also offering an additional \$2 million in shortfall in order to help our numerous loyal shareholders to top up their holdings.

Bonus 35¢ Shares Options to reward our long term Shareholders

As an added incentive the Board has decided to offer all shareholders who take up this RO a 1:3 Bonus 35¢ Share Option. For each 3 shares you acquire under the RO you will receive 1 Bonus Share Option. These Bonus 35¢ Shares Options will be listed and will be exercisable at any time up to 1st September 2012.

Full details of the RO and NuSep's business are outlined in sections 2 & 3 of this Prospectus and I encourage all Shareholders to read these sections in full. I urge you to read all the material in this Prospectus carefully including the risks outlined in section 7 before deciding whether to participate in the RO set out in this Prospectus. If you have any questions, you should consult your stockbroker, accountant, lawyer or other professional adviser.

The Board believes that the company will not require further capital raising for the foreseeable future as it is now operational profitable and has a positive cash flow.

In conclusion, the Directors strongly believe in the future of NuSep and have shown their commitment by underwriting this RO. We are now seeing the commercial success flow from the Company's PrIME technology base. It is time that you, the shareholder, is rewarded for your patience and loyalty. As a Board, we strongly encourage you to participate in this 1:2 Pro Rata Rights Offer.

Yours sincerely,

Mr John Manusu
Executive Chairman

1. Details of the Offer

1.1 Offer

NuSep is seeking to raise up to \$5 million by way of a non renounceable pro rata offer to Shareholders. NuSep will be offering Shareholders:

-  One (1) New Share for every two (2) Shares held on the Record Date at an issue price of 20¢ per Share.
-  All Shares issued under this Prospectus will rank equally with the shares on issue at the date of this Prospectus. The rights attaching to the Shares are set out in section 4.1.
-  All Shareholders who take up this Offer will also receive one (1) Listed Bonus 35¢ Share Option for each three (3) Shares acquired under this Offer. These Bonus 35¢ Share Options may be exercised at any time up to 1 September 2012.
-  Shareholders may also be able to subscribe for additional Shares (at 20¢ per Share) if there is a shortfall in the number of Share taken up under the RP.

1.2 Pricing of the RO Shares and Share Options

The Board determined that the RO share price should represent a 12% discount to the last share trade on Friday 12 March 2010. On that day NuSep Shares closed at 22.5¢ per Share and the Board resolved to price the RO at 20¢. The RO price of 20¢ represents a discount of 12.5% to the last share trade on Friday 12 March 2010. It should be noted that the market price of the shares may rise or fall between the date of this Offer and the date when the shares are allotted under the RO. Therefore, the value of the Shares you receive on the allotment date may be more or less than the price paid for the Shares.

The Share Options were priced by the Board at 35¢ per Share Option as the Board believed this would represent a discount to the price that the shares should be trading at on 1 September 2012. The Board formed this view based on its understanding of NuSep's future prospectus including the financial acquisition of BioInquire.

1.3 Listed Bonus 35¢ Share Options

The Bonus 35¢ Share Options will be issued to those Shareholders who participated in the RO. Shareholders will receive one (1) Bonus 35¢ Share Option for each three (3) shares they acquire under the RO. These Bonus 35¢ Share Options may be exercised at any time up to 1 September 2012. The terms and conditions of the Options are set out in section 4.2

1.4 Record Date for Entitlement to the RO

Only Shareholders who hold Shares in NuSep on Friday 23 April 2010 will be entitled to participate in the RO. Further, this Offer is optional and non renounceable. Eligible Shareholders can not transfer their right to participate

in the RO to a third party. The shareholding of Shareholders who do not participate in this RO will be diluted.

1.5 Size of the Offer and Dilution

Up to 25 million shares and 8.33 million Bonus 35¢ Share Options will be issued to raise up to \$7.91 million including funds from the conversion of the share options. If all the New Shares and Bonus 35¢ Share Options are subscribed for, there will be 65,687,985 shares on issue. If shareholders do not take up their entitlement under this RO their shareholding in the Company will be diluted. If \$5 million is raised under this prospectus, shareholders who do not take this RO up will be diluted by 50.7%.

1.6 Purpose of the RO

The purpose of the RO is to raise funds for:

-  Fund the acquisition of the BioInquire business – \$1.7 million (US\$1.5 million);
-  Undertake the final SpermSep Clinical Trial and commercialise to first sales - \$1 million; and
-  general working capital purposes and to meet estimated expenses of the Offer – balance of funds raised.

1.7 Action Required

An Application can only be made by completing and lodging the Application Form attached to this Prospectus or a paper copy of the relevant Application Form in the on-line version of this Prospectus.

All cheques must be drawn on an Australian bank made payable in Australian currency to “NuSep Ltd – Offer Account” and crossed “Not Negotiable”. Your completed Application Form and cheque must reach the registered office of NuSep Ltd at 324 Burns Bay Road, Lane Cove, NSW 2066 no later than 5.00pm EST on the Closing Date.

1.8 Closing Date

The Closing Date for the RO is 5.00pm EST on Tuesday 11 May 2010. The Directors may extend the Closing Date. This date may be varied by NuSep without prior notice subject to the Listing Rules.

1.9 Subscription

Shareholders can accept the 1 for 2 Entitlement amount noted on their Application Form. Shareholders may also participate in the Shortfall by completing the Shortfall section of the Application Form.

1.10 Issue of Shares

The issue of Shares pursuant to this RO was approved by shareholders at a General Meeting held on 14 April 2010. NuSep will allot and issue the New

Shares and the Bonus 35¢ Share Options within 5 business days of the Closing Date of 11 May 2010.

1.11 Capital structure

As at the date of this Prospectus, NuSep has 32,354,652 Shares on issue. On the assumption that the RO is fully subscribed, 25 million Shares will be issued and 8.33 million Bonus 35 Share Options will be granted to successful Applicants.

Shares Capital	Number of Shares
Shares on issue at the date of this Prospectus	32,354,652
Shares to be issued under this Prospectus	25,000,000
Total Shares on issue at the Close of the RO	57,354,652
Bonus 35 Share Options to be issued under this Prospectus	8,333,333

1.12 Minimum & Maximum RO Applications

The minimum Application is each shareholders 1:2 Entitlement. The maximum Application is the number of shares under the 1:2 Entitlement plus up to \$10,000 under the Shortfall application. There is no minimum subscription that can be raised under this Prospectus. The maximum that can be raised under this Prospectus is \$5 million or 25 million shares and 8.3 million Bonus 35¢ Share Options.

1.13 Shortfalls

Shareholders will be able to apply for Shares and the attaching Share Options over and above their entitlement under the RO (Shortfall).

There is no guarantee that there will be any Shortfall.

Shares and Share Options issued under the Shortfall Offer will be issued with the same rights and/or on the same terms and conditions as the Shares and Share Options issued under the RO.

The Board reserves the right to allot any Shortfall under the RO to the eligible shareholders before the Underwriters so that the eligible shareholders can maximise their holding in the Company.

All Shareholders may apply for any additional Shares and attaching Share Options that become available from a Shortfall arising from the RO in accordance with the table set out below (Shortfall Offer).

To participate in the Shortfall Offer, Shareholders should complete and submit the Shortfall section of the attached Application Form to this Prospectus.

All cheques must be drawn on an Australian bank made payable in Australian currency to “NuSep Ltd – Offer Account” and crossed “Not Negotiable”. Your completed Application Form and cheque must reach the registered office of NuSep Ltd at 324 Burns Bay Road, Lane Cove, NSW 2066 no later than 5.00pm EST on the Closing Date.

The Company does not guarantee that applications to participate in the Shortfall Offer will be successful and acceptance of such applications is at the sole discretion of the Company.

If there is no shortfall under the RO, or the Company is not able to allocate to a shareholder the total number of Shortfall Shares for which they apply, the Company will refund any overpayment of the subscription fee to the relevant shareholder as soon as practicable without interest.

Applications under the Shortfall Offer can be made in the following amounts:

	Subscription Amount	Rights Shares	Offer	Bonus 35¢ Share Options
Offer 1	\$500	2,500		833
Offer 2	\$5,000	25,000		8,333
Offer 3	\$10,000	50,000		16,666

1.14 Underwriting

The RO is partially underwritten to \$3 million. The Directors of NuSep have underwritten \$1 million of the \$3 million underwriting commitment. Details of the material terms of the Underwriting Agreements, including the circumstances in which the agreement can be terminated, are set out in Section 6.1 of this Prospectus. Under the Corporations Act the Directors are considered related parties of NuSep. The Director Underwriting Agreement was approved by NuSep shareholders at a general meeting held on 14 April 2010 in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act 2001.

The table below shows the shares that the Directors currently hold and what they would hold should no Shareholders take up the RO.

	Current Shareholding	% of the Issued Capital	Maximum Shareholding	% of the Issued Capital
John Manus	1,551,814	5.4%	2,801,814	5.0%
Hari Nair	988,680	3.5%	2,238,680	4.0%
Iain Sorrell	812,131	2.8%	2,062,131	3.7%
William Spee	1,734,818	6.1%	2,984,818	5.3%

This table has been compiled on the basis that no shares are taken up under the RO by Shareholders. In this situation the Directors would be required to subscribe \$1 million for a total of 5 million Shares and 1.66 million Bonus 35¢ Share Options. The right hand column shows the maximum shareholding and percentage this represents of the expanded capital that each Director would hold in NuSep if no shares were acquired by Shareholders under the RO. In this situation the Directors would hold and control 18% of NuSep's issued capital. The above shareholdings include associated and related parties to each of the Directors.

1.15 Payment

The completed Application Form must be accompanied by payment in full at the rate of 20¢ per Share. Payments will only be accepted in Australian currency. Refer to the Application Form for further details on payment requirements.

1.16 Market prices of Shares

Set out in the table below, the lowest and highest closing market sale price of Shares on the ASX during the 3 months immediately preceding 16 April 2010 were 20¢ and 29.5¢. The table also sets out the last sale price for Shares on the ASX prior to the date of this Prospectus.

	Share Price	Date
Highest	29.5¢	24 February 2010
Lowest	20¢	7 April 2010
Last Price	24¢	15 April 2010

The market price of the shares may rise or fall between the date of this RO and the date when the shares are allotted under the RO. Therefore, the value of the Shares you receive on the allotment date may be more or less than the price paid for the Shares. The current share price can be obtained from the Australian Stock Exchange and is listed in the financial or business section of major daily newspapers circulating in Australia.

1.17 Advantages and Disadvantages of the RO

There are a number of potential advantages and disadvantages for Shareholders in subscribing to this RO. In summary these are:

1. Advantages include:
 - (a) By participating in the RO Shareholders are providing ongoing funding for the company to achieve its stated goals.

- (b) Subscription to the RO allows current minority shareholders to top up their investment in the company as they will now be able to buy shares at a discount to the current market price.
- (c) Shareholders will receive 1 Bonus 35¢ Share Option for every 3 Shares acquired under the RO. This security will be listed and will provide additional value.

2. Disadvantages include:

- (a) The RO will dilute those Shareholders who do not participate in the RO.
- (b) To the degree that shareholders take up the \$2 million Shortfall larger Shareholders will be diluted relative to the smaller Shareholders as the maximum amount a Shareholder can subscribe is \$10,000.
- (c) If no Shareholders take up the RO then the Directors will subscribe for \$1 million of shares under the Director Underwriting Agreement and will collectively own 18% of the company.

1.19 Summary of Key Risk Factors

The securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. The operation of the Company's business is subject to a range of business risks, both of a general and specific nature. Full details of the possible risks associated with an investment in the Company are set out at section 6 of this Prospectus. These risks should be considered carefully before an application for Shares is made to the Company.

The position of the Company may change as a result of a change in economic conditions, the impact of geo-political factors on the Australian and world economies and changing market conditions on the ASX. Shareholders should also be aware that if they do invest in the Company there is no guarantee of future earnings, dividends, return of capital or the price at which the Shares will trade on the ASX after quotation.

There are also a number of Company specific risks including:

- **(financial risks)** the ability of NuSep to implement its business strategy may require it to raise additional funds. No assurances can be given that such funding will be available or that it will be available on terms attractive to NuSep;
- **(non-performance)** non-performance of significant contracts by other parties;
- **(failure to achieve sales growth)** failure to achieve sales growth from existing NuSep products;
- **(difficulties with product launches)** difficulties or delays in completing product developments or product launches;

- **(competition)** the existence and extent of any competition for the products or processes to be developed by NuSep – particularly from major international biotechnology companies;
- **(substitute products)** the existence of substitute or improved products developed by competing companies;

Should these risks materialise at a future time it may impact negatively on the Company's future share price.

1.20 Overseas Shareholders

This document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Company has formed the view that it is unreasonable to make offers of securities under the RO to Shareholders with a registered address outside Australia and New Zealand (**Overseas Shareholders**) after having regard to each of the following:

- the number of holders in each jurisdiction outside of Australia and New Zealand;
- the number and value of the Shares that would be offered to these holders; and
- the cost of complying with the legal and regulatory requirements in these foreign jurisdictions.

Accordingly, in accordance with the ASX Listing Rules and the Corporations Act, the RO is not being extended, and no Share or Share Options will be issued under the RO, to Overseas Shareholders. The prospectus is provided for information purposed only.

1.21 Expenses of the Issue

The total expenses of the issue are estimated to be \$200,000 comprising

- Underwriting fees,
- legal and due diligence costs,
- printing and other administrative expenses, including ASX quotation fees.

These fees will be paid out of the funds raised under this Prospectus and these expenses are included in the general working capital application of funds.

1.22 Enquiries

If you have any questions concerning your Entitlement, please contact the Company Secretary, Mr Prakash Patel by telephone on +61 2 8197 3377 or contact your professional adviser.

2. Your Choices

You may:

-  Take up your Entitlement in full (see section 2.1);
-  Take up your Entitlement and apply for additional New Shares under the Shortfall Offer (see sections 2.2 and 2.3).
-  Allow your Entitlement to lapse (see section 2.4).

2.1 Taking up your Entitlement

If you wish to take up your Entitlement, complete the Acceptance Form in accordance with its instructions. Forward your completed Acceptance Form together with your cheque made payable to “NuSep Ltd – Offer Account” for the amount shown on your Acceptance Form so that it is received by the Company not later than 5pm on the Closing Date.

2.2 Shortfall Offer

Shareholders may apply for New Shares in addition to their 1:2 Entitlement under the Shortfall Offer. The Shortfall Offer allows the Company to place the Shortfall Shares with Shareholders and third parties (including the Underwriter) so that the maximum amount can be raised under the RO.

For Shareholders wishing to take up Shortfall Shares you may subscribe for one of the following Shortfall Offers:

	Subscription Amount	RO Shares	Bonus 35¢ Share Options
Offer 1	\$500	2,500	833
Offer 2	\$5,000	25,000	8,333
Offer 3	\$10,000	50,000	16,666

Nominate the Shortfall Offer on the Acceptance Form. The completed Acceptance Form should be forward together with your cheque made payable to “NuSep Ltd – Offer Account” for the Application Amount so that it is received by NuSep not later than 5pm on the Closing Date.

2.3 Allocation of Shortfall Shares

The following rules apply to the allocation of Shortfall Shares:

- (a) there is no guarantee that any participating Shareholder will receive Shortfall Shares under the Shortfall Offer, however, all participating Shareholders will receive at least their 1:2 Entitlement;

- (b) the Board reserves its right to scale back applications for Shortfall Shares and the Board's decision is final; and
- (c) the Board reserves its right to place the Shortfall Shares with the Underwriters, Shareholders participating in the Shortfall Offer and third parties (subject to the Listing Rules and the Corporations Act).

The Board intends to issue the Shortfall Shares at its discretion within 3 months from the Closing Date and in accordance with the Listing Rules and the terms of the Underwriting Agreement.

2.4 Allow your 1:2 Entitlement to lapse

If you do not wish to accept your 1:2 Entitlement, do not take any further action and your Entitlement will lapse. By not taking up your 1:2 Entitlement your shareholding in NuSep will be diluted.

2.5 Acceptance Form is binding

A completed and lodged Acceptance Form constitutes a binding offer to acquire New Shares (including Shortfall Shares) on the terms and conditions set out in this RO Document and, once lodged, cannot be withdrawn. If the Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Board's decision whether to treat an Acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

2.6 Brokerage and stamp duty

No brokerage or stamp duty is payable by Shareholders who participate in this RO.

3. NuSep's Business

Company Focus

NuSep is a life sciences company that sells consumable products into the global BioSeparations research market. The company reported its first ever operational profit of \$89,984 for the six months to 31 December 2009 on 16 February 2010. This profit is the result of the Board and Management focusing on achieving commercial outcomes over the last few years. The Company expects this trend to continue as sales increase.

Customers

Our customers use NuSep products as part of their processes to analyse and identify biological conditions including the causes of diseases and markers for diseases. We provide life scientists with solutions to their separation problems using our patented electrophoresis technology called PrIME (**P**reparative **I**solation **M**embrane **E**lectrophoresis). NuSep recently acquired the profitable proteomics software company, BioInquire, who sell the **ProteoIQ** software into the same proteomics market as NuSep's patented **ProteomeSep**. In all NuSep manufactures, distributes and sells 55 products to customers in the USA, Europe, Asia and Australia. In addition NuSep also distributes diagnostic consumable products in Australia.

NuSep's is a Consumables Company

NuSep's main objective is to make a profit by providing innovative yet easy to use biological separation consumables to its customers. These consumables income streams, once in place, will continue to generate income and profits for years to come. Its products span the research market and also the therapeutic area. One such therapeutic product is the SpermSep which is the world's first IVF sperm separation instrument using PrIME.

NuSep's Objectives

NuSep is focused on achieving both its short and long term objectives. These are:

Short Term Objectives

- Achieve an operational profit by 31 December 2009, - **ACHIEVED**
- Achieve a profit of \$1 million by 30 June 2010;
- Achieve 7.5% of the US Gel market by 31 December 2010; and
- Complete clinical trials for the SpermSep by 31 December 2010.

Long Term Objectives

- Achieve \$100 million in sales and \$20 million in profit per annum within 5 years.

3.1 NuSep's Main Products

NuSep was established with the vision of redefining the BioSeparations market by providing innovative products and technologies to compete in the following markets:

-  Laboratory and Therapeutic Separations including IVF
-  Pre-cast Electrophoresis Gels incorporating the η UVview rapid visualisation technology.
-  Biological and Diagnostic Products

3.1.1 Laboratory and Therapeutic Separations

NuSep offers three unique patented biological separation products. These are:

-  The **ProteomeSep** which can separate biological samples for use in the proteomic market. See section 3.1.1.1,
-  The **SpermSep** which separates sperm for fertility treatments such as IVF. See section 3.1.1.2, and
-  The **ProteoIQ** which provides detailed analysis of proteomic samples such as those separated using the **ProteomeSep**. See section 3.1.1.1.

3.1.1.1 Laboratory Separations

NuSep's first product offering aimed at the Laboratory market is the ProteomeSep. The recent acquisition of BioInquire adds the analytical ProteoIQ software, creating a total proteomics analysis package taking Researchers from '**Fractionation to Function**'.

3.1.1.1.1 Laboratory Market Size

The **ProteomeSep** addresses the proteomic sample preparation market. Frost & Sullivan state that the US proteomics sample preparation market generated \$59 million in revenue in 2007 and is expected to reach \$103 million in 2011. This market is expected to grow at a compound rate of 15% across this period³. The **ProteoIQ** addresses a different market which is estimated to be worth \$107 million in 2009⁴. The **ProteoIQ** software allows a customer to identify the proteins in their sample against known protein databases. It is in effect a **search engine for proteins**.

3.1.1.1.2 NuSep Laboratory Product Offering

Our customers use NuSep products to identify disease markers and the mechanisms underlining these diseases. NuSep launched the newly modified **ProteomeSep** in April 2010 as the second generation instrument based on NuSep's **PRIME** (Preparative Isolation Membrane Electrophoresis) technology.

The **ProteomeSep** when combined with the newly acquired **ProteoIQ** software offers our customers a complete solution for their proteomic research problems. Our customers can now fractionate their sample using

³ Genetic Engineering & Biotechnology News Vol 27, No 16, September 15 2007

⁴ BCC Research: Global Market for Proteomics to be worth \$19.4 Billion in 2014, <http://www.bccresearch.com/pressroom/BIO034B.html>

the **ProteomeSep** and then analyse these results using the **ProteoIQ** software. This combination reduces the time scientists take to complete a project from months to hours. NuSep sells these products as the **ProteoFusion** package providing customers a complete separation and analysis of their protein sample.

‘Fractions (ProteomeSep) to Function’ (ProteoIQ) is the tag line we use to sell the **ProteoFusion** package. NuSep has already promoted this combination at a number of recent US proteomic conferences and the market interest has exceeded our expectations. NuSep is the first organisation to be able to offer a complete solution to our customers and NuSep has been very successful since promoting this through the tag line **‘Fractions to Function’**.

In March 2010 NuSep employed two additional sales staff to promote and sell the **ProteoFusion** package. Based on the immediate success of these two appointments NuSep is currently seeking to appoint additional sales people. The Company expects this Division’s sales to exceed the Gels Division in the 2010/11 financial year.

3.1.1.1.3 ProteoFusion Patents

The **ProteomeSep** and **ProteoIQ** are protected by a number of patents and undisclosed technology. These products and the associated consumables provide significantly higher margins than the Gels.

3.1.1.2 Therapeutic Separations

There are a number of potential therapeutic applications of the PRIME technology. At this stage NuSep has concentrated on the **SpermSep** which is designed to separate healthy sperm for use in IVF applications.

3.1.1.2.1 Therapeutic Market Size

The market for the SpermSep is estimated to be \$4.5 million pa in Australia based on the 45,000 Assisted Reproductive Technology (ART) treatments carried out in Australia in 2006. The use of ART is growing rapidly as couples plan to have babies into their 30s and 40s when natural fertility begins to decline. The Australia IVF market is estimated to be worth around \$170 million and in the US it is a \$3 billion market. The SpermSep instrument addresses approximately 1-2% of these markets. In the 2006 report by the International Committee for Monitoring the Assisted Reproductive Technologies (ICMART) the total number of ART cycles undertaken in the world was estimated at 1 million a year. Based on this, NuSep estimates the total SpermSep consumables market at \$A100 million per annum.

3.1.1.2.2 NuSep Therapeutic Product Offering

The **SpermSep** was successfully evaluated for safety and efficacy in a 2008 clinical trial. The separation mechanism is based on the concept that sperm with the least DNA damage have a greater negative charge on their surface and will move across the membrane into the collection cell. This increase in charge around the ‘healthier sperm’ powers them to move across the membrane and thereby separating them from the DNA damaged ‘poor sperm’.

This clinical trial involved 18 couples, 9 of which used the **SpermSep**, and 9 that used the existing process. In this study the **SpermSep** group had 3 live births and no live births in the control group. Following on from this study it was decided to

redesign the consumables component of the **SpermSep** to address initial feedback from the regulatory authorities especially the Food and Drug Administration in the USA. This redesign has now been completed and subject to funding under this prospectus a final market ready version of the **SpermSep** will be clinically trialled later this year. The redesign makes the SpermSep a truly disposable therapeutic system. The SpermSep offers speed and quality advantages over existing IVF techniques. Clinical success rates are widely published, so any technological advancement that improves reproduction outcomes are quickly adopted. This is relatively small, but highly concentrated market which will generate sales of both instrument and consumables for NuSep. Commercial sales are expected to occur early in the 2011 year.

3.1.1.2.2 SpermSep Patents

The **SpermSep** is protected by a number of patents and undisclosed technology. This product and the associated consumables provide significantly higher margins than the Gels.

3.1.2 Gels

NuSep manufactures and sells precast Electrophoresis gels including gels with the innovative η UVView 2 minute visualisation technology. η UVView is probably the most novel innovation in the Gel Electrophoresis market in the last 10 years. NuSep has seen a steady increase in its sales over the last two years with little promotional effort. From April 2010 NuSep will launch a promotional campaign based around the η UVView technology to aggressively acquire market share.

3.1.2.1 Gels market.

The global Precast Electrophoresis Gels market was estimated to be US\$100 million in 2004, of which US\$55 million was in the US. The US\$55 million represents approximately 6.2 million gels⁵pa. This US\$55 million market represents 55% of all gels used in the US each year. The remaining 45%⁶ of this market, or 5 million gels pa, represents the home made gels market. NuSep's products address this US\$55 million precast gel market.

3.1.2.2 Gels Product Offering

Over the last six months NuSep has seen significant increases in its gel OEM sales. Further, direct sales have increased since the US Government announced an additional US\$10 Billion in biotechnology funding as part of the US stimulus package in January 2009. Finally, NuSep will start a direct promotional effort of the η UVView product ranges in April 2010.

Since moving Gel production into the Lane Cove clean room facility we have seen increased production volumes, an improved pass rate while, reducing overall manufacturing cost. While the Gels Division will never offer the same margins as the other Divisions this is an established consumables business which generates a positive and growing cash flow. The Company expects this trend to continue. In addition, the Gels are sold to the same BioSeparation customers who buy the ProteomeSep and ProteoIQ, offering a number of cross marketing opportunities.

⁵ Phortech International, The 2004/05 US MSPPSA Electrophoretic Equipment & Media Market, page 92.

⁶ Phortech International, The 2004/05 US MSPPSA Electrophoretic Equipment & Media Market, page 87.

3.1.2.3 Gels Patents

The Company has a number of patents covering its gel technology including the manufacturing process and the formulation of its long life gels.

3.1.3 Biological and Diagnostic Products

NuSep supplies research grade biological products using its unique separations technologies. These products include human immunoglobulin and albumin. In addition NuSep distributes a number of diagnostic products in Australia and New Zealand. These diagnostic products are highly profitable. NuSep recently acquired KaoGen who manufacture a number of diagnostic products in Australia. This Division produces and distributes specialist diagnostic products at very high gross margins. Like the Gels it is a profitable business.

3.2 The NuSep Directors

The Directors of NuSep as at the date of this Prospectus are:

John Manus B.Com, F.Fin.

Executive Chairman

Age 50.

Mr Manus has over 20 years experience running biotechnology companies. He has been involved with start ups, turnarounds and mature organisations in the biotechnology space. Mr Manus 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 Manus was a Director of Life Therapeutics Ltd (October 2003 to June 2007). Mr Manus has a degree in Commerce and is a Fellow of the Financial Services Institute of Australasia. Mr Manus has worked in the biotechnology industry in Australia and the U.S. and is best described as a biotechnology entrepreneur.

Dr Hari Nair BSc (Hons), PhD (Med & Clin Sci), MAIBiol, MOIF (Cambridge)

Managing Director, Chief Executive Officer

Age 53.

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 both Australia and the US. He has also been on Boards of both publicly listed and private companies. Over the last few years Dr Nair has been involved in capital raising Australia, Europe and the US

Iain Howard-Sorrell HND, LiBiol

Non executive Director

,Chairman of Remuneration Committee

Age 53.

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. He is a graduate of the University of Plymouth in Applied Biology. In addition to on-going 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.

William Spee

Non executive Director

Chairman of Audit Committee

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. Mr Spee is passionate about the environment and is currently designing a new 6 green star commercial building in Northern Australia.

4. Further Company Information

4.1 *Rights and liabilities attaching to NuSep Shares*

A summary of the more significant rights and liabilities attaching to NuSep's Shares is set out below.

The NuSep Shares that are to be issued pursuant to this Prospectus are ordinary shares, the capital on which is fully paid.

(a) **Voting** – At a general meeting of NuSep, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote in proportion to the amount paid up on the Share.

(b) **Dividends** – Dividends are determined by the Directors at their discretion. Any dividend relating to Shares is divisible amongst the Shareholders in proportion to the amount paid up on the Shares held by them. It is not currently intended that NuSep pay a dividend on Shares or that one be paid in the near future.

(c) **Rights on winding up** – Subject to the rights or restrictions attaching to any share or class of shares, if NuSep is wound up, the property of the Company available for distribution shall be divided among the members in proportion to the shares held by them, irrespective of the amounts paid up or credited as paid up on the shares. If the Company is wound up the liquidator may, with the sanction of a special resolution, divide the assets of the Company amongst the members and may determine how the division shall be carried out as between the members or different classes of members.

(d) **Transfer of Shares** – Except where required by law or the constitution of NuSep there are no restrictions on the transfer of Shares.

(e) **Issue of further Shares** – subject to the provisions of NuSep's constitution and the Corporations Act, the Directors may issue further Shares on such terms and conditions as they may decide.

(f) **Variation of class rights** – the rights attaching to each class of Shares may only be varied:

- (i) with the consent in writing of the holders of three-quarters of the class of issued Shares concerned; or
- (ii) with the sanction of a special resolution of Shareholders, a special resolution being a resolution passed by a majority of not less than 75 per cent of Shareholders present and voting.

Full details of the rights attaching to the Shares are set out in the Constitution.

4.2 *Conditions of issue of Bonus 35¢ Share Options*

4.2.1 **Defined Meanings**

Words used in these conditions and the rules of interpretation that apply are set out and explained in Section 10 of this Prospectus.

4.2.2 **Issue of Options**

The Directors on behalf of the Company may issue Options pursuant to this Prospectus subject to these conditions and to the provisions of the Constitution and the Corporations Act. The Directors may, subject to the provisions of the Constitution and the Corporations Act, from time to time, issue further options, including Directors, Employees and Consultants Options on terms and conditions of issue as they shall think fit.

4.2.3 Entitlement on Issue of Options

Subject to the conditions set out below each Shareholder will be allotted one (1) Option for every three (3) Shares subscribed for pursuant to the RO of Shares set out in clause 2.1(a) of Section 2 of this Prospectus.

4.2.4 Terms of the Options

The Options issued under this Prospectus have the following general terms:

Item	Details
Exercise Price	35¢ per Option
Option Expiry Date	1 st September 2012
Exercise Dates	Any time up to and including the Option Expiry Date of 1 st September 2012.
Publicly Tradable	NuSep intends to apply to the ASX for these Options to be listed.
Exercise Ratio	1 Option converts into 1 fully paid Share

4.2.5 Exercise of Options

- 4.2.5.1 The Option Holder of an Option may at any time and from time to time during the Exercise Period give an Exercise Notice to the Company requiring the Company to issue fully paid Shares on exercise of one or more of the Options.
- 4.2.5.2 An Exercise Notice must be in writing, in the form attached to this Prospectus and must be delivered to the Company at Frenchs Forest together with the payment of 35¢ per Option to be exercised.
- 4.2.5.3 An Exercise Notice does not have effect until the Company has received and cleared a cheque for the full amount of the Exercise Price for all of the Options exercised.
- 4.2.5.4 The Company must within 10 Business days after it receives and clears a cheque in payment of the Exercise Price, allot and issue to the Option Holder the number of resulting Shares.
- 4.2.5.5 The Company must send or cause to be sent to the Option Holder a holding statement in respect of the Options held, any Shares issued on exercise of an Option and any unexercised Options after the Holder has exercised an Option within the time and in accordance with the time prescribed by the ASX Listing Rules after the first holding statement or other statement is sent.
- 4.2.5.6 If required by the ASX Listing Rules, the Company must tell the Option Holder in writing of the Exercise Price and Option Expiry Date of the Options within the time prescribed by the ASX Listing Rules after the first holding statement or other statement is sent.
- 4.2.5.7 Shares allotted upon exercise of Options will rank equally in all respects with other issued Shares from the date of allotment and will be held subject to the Constitution.
- 4.2.5.8 Any Option which has not been exercised by 5.00pm on the expiry date of 1st September 2012 lapses. Any Exercise Notice received after this date will be rejected.
- 4.2.5.9 The rights of an Option Holder may and will be changed to the extent necessary to comply with the ASX Listing Rules that apply to the reorganisation of capital at the time of any reorganisation.

4.2.6 Quotation of Shares

The Company will make application to ASX for admission to the official list of any Shares issued as the result of the exercise of any Option within 10 Business Days of the issue and allotment of those Shares.

4.2.7 New and Pro-Rata Issues

- 4.2.7.1.1** Option Holders cannot participate in a new rights issue of securities in the Company without first exercising the relevant Options. However, the Company will send a notice to each Option Holder at least 9 Business Days before the record date applicable to that new rights issue. This will give Option Holders the opportunity to exercise their Options prior to the date for the determination of Entitlements to participate in that new rights issue.
- 4.2.7.1.2** Option Holders who exercise their Options before the applicable record date for the new issue will be entitled to participate in that new rights issue.
- 4.2.7.1.3** Except as expressly set out in these conditions, an Option Holder does not have any right to change the Exercise Price of an Option or the number of Shares over which an Option can be exercised.
- 4.2.7.2** If the Company offers Shares by way of a Pro-rata Issue (except a bonus Issue) to the holders of Shares (whether renounceable or not), then either the Exercise Price of an Option will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2 or, if the Options are not quoted on the official list of the ASX and were issued with the approval of the holders of the ordinary Shares, then the Exercise Price or the number of Shares to be issued on exercise of the Option may be changed by an amount or number which in the opinion of the Directors provides a fair adjustment for the Pro rata Issue and as set out in ASX Listing Rule 6.22.2A.
- 4.2.7.3** If there is a bonus Issue to the holders of Shares in the Company then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the Option Holder would have received under the bonus Issue if the Option had been exercised before the record date for the bonus Issue.
- 4.2.7.4** In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Option Expiry Date, the rights of an Option Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.

4.2.8 Maintenance of Register and Transfers of Options

- 4.2.8.1** The Company will keep and maintain, or cause to be kept and maintained, a register of holders of Options. The Company must ensure that the register is managed and maintained so as to comply with the Corporations Act and the ASX Listing Rules.
- 4.2.8.2** Subject to the Constitution, ASX Listing Rules and SCH Business Rules, all Options are transferable. The provisions of the Constitution relating to a transfer of Shares apply, with necessary alterations, to a transfer of Options.
- 4.2.8.3** The Company must tell new Option Holders in writing of the Exercise Price and the Option Expiry Date. This information must be included in the holding statement or other statement in respect of the Options sent to Option Holders.
 - 4.2.8.3.1** Except as required by law, the Company will not recognise a person as holding an Option on any trust.
 - 4.2.8.3.2** Whether or not it has notice of the rights or interests concerned, the Company is not bound to recognise:

- (i) any equitable, contingent, future or partial claim to, or interest in, any Option; or
 - (ii) any other right in respect of the Option,
- except an absolute right of ownership of the Option Holder or as otherwise provided by these conditions or by law.

4.2.9 General Provisions

4.2.9.1 Severance

- (a) If a provision of these conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable.
- (b) If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these conditions are not affected or impaired in any way.

4.2.9.2 Option Holders bound by Constitution

An Option Holder is bound by these conditions and by the Constitution to the extent that the Constitution relates to or governs the Options.

4.2.9.3 Waiver and Variation

- (a) Subject to the ASX Listing Rules, SCH Business Rules and the Constitution, the Directors may by resolution:
 - (i) waive strict compliance with any of these conditions; or
 - (ii) add to, vary or otherwise change any of these conditions for any reason including to ensure compliance with the ASX Listing Rules either generally in relation to all Option Holders or as they apply to a particular Option Holder.
- (b) Any waiver, addition, variation or other change under clause 9.3(a) must not be made unless:
 - (i) any Option Holder affected by the waiver, addition, variation or other change so consents in writing; or
 - (ii) the Directors reasonably consider that the waiver, addition, variation or other change is required to ensure compliance with the ASX Listing Rules or any law or requirement binding on the Company or does not adversely affect an Option Holder's rights under these conditions.

4.2.9.4 Notice of Expiry

The Company must send an Option Holder before the Option Expiry Date of the Options any notice required by Appendix 6A.6 of the ASX Listing Rules to be sent to Option Holders.

4.2.9.5 Dividends and voting

An Option does not confer on its Option Holder:

- (a) any entitlement to any dividends or other distributions by the Company; or
- (b) any right to attend or vote at any general meeting of the Company.

4.2.9.6 Governing law

These conditions are to be construed according to and are governed by the laws of the State of New South Wales, Australia. Each of the Company and the Option Holder submits to the non-exclusive jurisdiction of the Courts in and of the State of New South Wales in relation to any dispute arising under these conditions.

4.2.9.7 Foreign Exchange

Subject to the ASX Listing Rules, the Directors may in respect of Options offered, issued or granted to or held by an overseas person denominate the Exercise Price in a currency other than Australian dollars. The Directors may make such arrangements as they see fit concerning any foreign currency gains or losses arising from such denomination of the Exercise Price in a currency other than Australian dollars including the retention of any foreign currency gains by the Company or the bearing of any foreign currency losses by the Company.

4.3 CHESS

NuSep already participates in the Clearing House Electronic Sub register System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and Securities Clearing House Business Rules. The Shares will be CHESS approved securities.

Under CHESS, Shareholders will not receive a certificate but will receive a holding statement for their Shares. A statement will be sent routinely to shareholders at the end of any calendar month during which the holder's shareholding changes. A shareholder will be supplied with a statement at any other time on request, subject to payment of a charge for the additional statement.

4.4 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX under the code 'NSP'. The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company. Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at an office of the ASIC.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus completed.

4.5 Litigation

The Company is involved in a number of minor litigations. These matters relate to disputes with suppliers all of which have been fully provided in the Company's accounts. None of these disputes are of a material nature, the largest being in the order of \$10,000. NuSep is defending these matters and does not expect these matters to materially impact on the Company. The Company is not involved in any arbitration or alternative dispute resolution proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company at the date of this Prospectus.

4.6 Secured Debt

The Company does not have any secured debt.

5. NuSep Pro Forma Financial Statements

NuSep Pro Forma Financial Statements

Set out below is an unaudited consolidated financial statements of the Company for the half year ended 31 December 2009. These results were released to the market on 16th February 2010. A full copy of these accounts can be found on ASX or NuSep's website at www.nusep.com.

Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2009	Half-year December 2009	Half-year December 2008
	\$	\$
Continuing operations		
Revenue	880,055	862,339
Cost of sales	(494,928)	(599,717)
Gross Profit	385,127	262,622
Other income		
Government grant	120,992	242,677
Interest	4,667	35,580
Profit from sale of assets	6,907	-
Marketing expenses	(235,360)	(383,474)
General and administration expenses	(390,597)	(966,667)
Research and development expenses	-	(1,068,213)
Finance cost expenses	(74,039)	(74,398)
Loss before income tax	(182,303)	(1,951,873)
Income tax expense	-	-
Loss after tax from continuing operations	(182,303)	(1,951,873)
Net loss for the period	(182,303)	(1,951,873)
Net loss attributable to members of parent	(182,303)	(1,951,873)
Other comprehensive income/(expense)		
Exchange translation difference	27,840	(60,210)
Other comprehensive income from continuing operations for the period	27,840	(60,210)
Total comprehensive income/(expense) for the period	(154,463)	(2,012,083)

Consolidated Statement of Financial Position As at 31 December 2009	As at 31 December 2009 \$	As at 30 June 2009 \$
CURRENT ASSETS		
Cash and cash equivalents	705,368	33,403
Trade and other receivables	1,056,224	864,150
Inventories	401,105	292,737
Other current assets	40,680	38,874
TOTAL CURRENT ASSETS	2,203,377	1,229,164
NON-CURRENT ASSETS		
Financial assets	855,000	855,000
Property, plant and equipment	1,551,076	1,686,736
Intangible assets	2,438,598	1,985,696
TOTAL NON-CURRENT ASSETS	4,844,674	4,527,432
TOTAL ASSETS	7,048,051	5,756,596
CURRENT LIABILITIES		
Trade and other payables	2,994,855	4,358,492
Other short-term liabilities	273,489	-
Short-term provisions	111,608	174,665
TOTAL CURRENT LIABILITIES	3,379,952	4,533,157
NON-CURRENT LIABILITIES		
Other liabilities	1,010,049	1,553,155
Long-term provisions	54,049	68,755
TOTAL NON-CURRENT LIABILITIES	1,064,098	1,621,910
TOTAL LIABILITIES	4,444,050	6,155,067
NET ASSETS/(LIABILITIES)	2,604,001	(398,471)
EQUITY		
Issued capital	14,178,193	11,021,258
Reserves	1,577,325	1,549,485
Retained losses	(13,151,517)	(12,969,214)
TOTAL EQUITY	2,604,001	(398,471)

Set out below is a pro forma statement of financial position for NuSep as at 31 May 2010 which sets out the company's financial position pre and post the RO. This pro-forma statement of financial position is prepared on the basis of the 31 December 2009 Consolidated Statement of Financial Position, adjusted for the funds raised under this RO. No other changes have been made to this pro-forma statement of financial position relative to the 31 December 2009 Consolidated Statement of Financial Position.

Accordingly, set out below is a pro-forma consolidated statement of financial position for NuSep with:

- (a) the first column setting out the actual financial position of NuSep as at 31 December 2009;
- (b) the second column setting out the financial position of NuSep on a pro-forma basis assuming only the \$3 million underwriting commitment is raised; and
- (c) the third column setting out the financial position of NuSep on a pro-forma basis assuming the RO is fully subscribed raising \$5 million.

Pro forma - Statement of Financial Position	Consolidated Unaudited Pro Forma management accounts 31 December 2009	Consolidated unaudited Pro Forma (Assuming only \$3m underwriting raised under RO) 31 May 2010	Consolidated unaudited Pro Forma (Assuming RO is fully subscribed and \$5m raised) 31 May 2010
	\$		\$
CURRENT ASSETS			
Cash and cash equivalents	705,368	705,368	705,368
Cash from capital raised	-	3,000,000	5,000,000
Trade and other receivables	1,056,224	1,056,224	1,056,224
Inventories	401,105	401,105	401,105
Other assets	40,680	40,680	40,680
TOTAL CURRENT ASSETS	2,203,377	5,203,377	7,203,377
NON-CURRENT ASSETS			
Financial assets	855,000	855,000	855,000
Property, plant and equipment	1,551,076	1,551,076	1,551,076
Intangible assets	2,438,598	2,438,598	2,438,598
TOTAL NON-CURRENT ASSETS	4,844,674	4,844,674	4,844,674
TOTAL ASSETS	7,048,051	10,048,051	12,048,051
CURRENT LIABILITIES			
Trade and other payables	2,994,855	2,994,855	2,994,855
Other short-term liabilities	273,489	273,489	273,489
Short-term provisions	111,608	111,608	111,608
TOTAL CURRENT LIABILITIES	3,379,952	3,379,952	3,379,952
NON-CURRENT LIABILITIES			
Other liabilities	1,010,049	1,010,049	1,010,049
Long-term provisions	54,049	54,049	54,049
TOTAL NON-CURRENT LIABILITIES	1,064,098	1,064,098	1,064,098
TOTAL LIABILITIES	4,444,050	4,444,050	4,444,050
NET ASSETS	2,604,001	5,604,001	7,604,001
NET EQUITY	2,604,001	5,604,001	7,604,001

6. Material Contracts

A summary of NuSep's material contracts are set out below.

6.1 Underwriting Agreement

The RO is partially underwritten by a number of Existing Shareholders of NuSep and the Directors of NuSep to \$3 million. The Directors of NuSep who have agreed to underwrite the RO are Mr John Manusu, Dr Hari Nair, Mr Iain Sorrell and Mr William Spee. The Existing Shareholders who are underwriting the RO are Mr A Goodall and Mr A Doyle (**Underwriters**). These Directors and Existing Shareholders have agreed to underwrite the first \$3 million of the RO (**Underwritten Amount**).

The Existing Shareholders have agreed to underwrite \$2 million of the RO and the Directors have underwritten the remaining \$1 million of the RO Underwritten Amount.

The Directors are considered to be related parties for the purposes of Chapter 2E of the Corporations Act 2001. For this reason the Director underwriting of the RO required Shareholder approval which was obtained from Shareholders at a General Meeting held on Wednesday 14 April 2010.

By underwriting this RO the Directors are taking the risk that no NuSep Shareholders take up the RO. In this situation the Directors would acquire 5 million Shares in NuSep and up to 1.66 million Bonus 35¢ Share Options.

A more detailed analysis of the Underwriters existing and maximum possible shareholdings under the RO is outlined in Section 1.14 above.

6.2 Additional information

Below is some additional information that Shareholders may find useful in understanding the Directors and Existing Shareholders decision to underwrite this RO.

- (a) The RO was priced at a 12.5% representing a discount of approximately 12.5% from the market price as at 12 March 2010, being 22.5 cents per share. See section 1.2.
- (b) NuSep requires this fund raising to achieve its stated objectives.
- (c) NuSep is seeking to raise up to \$5 million to fund the acquisition of BioInquire, complete the SpermSep Clinical Trial and meet working capital requirements. See Section 1.6.
- (d) The Directors have joined with a number of Existing Shareholders to underwrite this Prospectus. This Underwriting Agreement guarantees the Company the \$3 million in return for a 6% commission to the Existing Shareholders and a 5% commission to the Directors.
- (e) The company has explored other underwriters including brokers and institutions. There was a lack of interest. In part this is due to NuSep's market capitalization and in part it is due to their lack of understanding of NuSep's business. The Existing Shareholders and Board understand NuSep's business and associated risks well, which is why they are prepared to take on the risk of underwriting this issue.
- (f) The terms of the underwriting are standard and described in Section 6.3.
- (g) Identities of the underwriters are disclosed in Section 6.1.
- (h) None of the Underwriters have sold shares in NuSep during the 3 month period up to the date of this Prospectus.
- (i) The Existing Shareholders are independent parties. Their only relationship is their shareholding in NuSep. NuSep does not have any additional relationships

with these Existing Shareholders. The Directors are considered related parties to NuSep.

6.3 Terms of the Underwriting Agreement

A summary of the Underwriting Agreement is included below:

- **Fees:** the Existing Shareholders are entitled to a fee equal to 6% of the Underwritten Amount. The Directors are entitled to a fee of 5% of the Underwritten Amount.
- **Representations, Warranties and Undertakings:** the Underwriting Agreement contains various representations, warranties and undertakings made by NuSep to the Underwriters. NuSep also gives a number of undertakings to the Underwriters, including that it will carry on its business in the ordinary course, will notify the Underwriters of any breach of the Underwriting Agreement and will not vary the terms of the Constitution, composition of the board or the capital structure of the Company without the prior consent of the Underwriters.
- **Indemnity:** NuSep indemnifies the Underwriters and certain other indemnified parties against all losses, liabilities, costs, claims, charges, expenses actions and demands incurred or suffered as a result of, or in connection with the Prospectus, the Underwriting Agreement, and certain other breaches or acts. This indemnity is subject to certain limited exceptions, including neglect or default and breach of the Underwriting Agreement.
- **Termination** the Underwriters may terminate their obligations under the Underwriting Agreement upon the occurrence of certain termination events. The main termination events are summarised below:
 - (a) *Material Adverse Event* - There is a material adverse event which will have or is likely to have a material adverse effect on the ability of the Underwriters to sell the RO.
 - (b) *Prospectus untrue* - Any event rendering untrue, inaccurate, misleading or deceptive or incomplete in a material respect, any information or statement contained in the Prospectus.
 - (c) *No suspension* - An order preventing or suspending the issue of the Prospectus under section 739 (or proceedings initiated or threatened).
 - (d) *National or international changes* - Any material or fundamental change in national or international financial, economic or political conditions which in the reasonable opinion of the Underwriters is or may be materially disadvantageous for Australia or the Australian economy.
 - (e) *Detrimental Public Announcements* - Any public announcements are made by the Company which in the reasonable opinion of the Underwriters has or may have a material adverse effect on the RO.
 - (f) *Fundamental Change* - Any material or fundamental change in the Australian or international financial, capital market, economic or political conditions which in the reasonable opinion of the Underwriters makes it impractical or inadvisable to proceed with the RO. A fundamental change is agreed to be the ASX All Ordinaries Index as published by the ASX falls 5% or more below its level as at the close of business on the date of this agreement.
 - (g) *Change of Law* - there not being promulgated, introduced or announced during the term of the Underwriting Agreement any statute, regulation, order or other enactment or any direction or policy of any governmental department or statutory authority in any jurisdiction which has or has the capacity to cause a material adverse

effect on the Company, or any business operated by the Company, the RO, acceptance by the Company of applications, the quotation, sale, transfer or disposition of the Shares or the ability of the Underwriter to perform its obligations.

- (h) *No breach of legislation* - there having been at the Termination Date no material failure by the Company or any of its directors to comply and continue to comply with any material provision of the Corporations Act or any other statute, regulation or order required to be complied with which failure in the reasonable opinion of the Underwriters, constitutes a Material Adverse Event;
- (i) *No breach by the Company* - no breach of the warranties or other breach by the Company of its obligations;
- (j) *Declaration of War* - there having been no declaration or announcement of any intention to commence war, hostilities or other armed conflict which in the reasonable opinion of the Underwriters may have a material adverse effect on the RO or the Australian economy.

6.4 Lease Agreement

In May 2009 NuSep signed a 3 year lease for a property at Lane Cove, Sydney from which it currently conducts its business. The annual rent for the premises is \$170,000 including outgoings. The lease contains the standard types of provisions expected in a business lease agreement.

7. Risk Factors

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The securities offered under this Prospectus should be considered speculative because of the nature of the Company's business and Applicants should consult their professional advisers before deciding whether to apply for the RO. The operations of the Company are subject to a range of business risks, both of a general nature and of a specific nature in respect of the business activities conducted by the company. There can be no guarantee that the company will achieve its stated objectives.

7.1 General Risks

General risks associated with the Company are:

- **(economic conditions)** the performance of NuSep, may be significantly affected by changes in economic conditions, particularly conditions which affect the biotechnology industry. The profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand;
- **(geo-political factors)** NuSep may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically;
- **(share market conditions)** NuSep, being a company listed on ASX, will continue to be subject to market forces that influence broad share market trends and the price of securities of individual companies. Accordingly, the price of the Shares when quoted on ASX will be subject to varied and often unpredictable influences on the market for equities in general;
- **(no guarantee of future earnings risk)** there is no guarantee of profitability, dividends, return of capital, or the price at which the Shares will trade on ASX after quotation;
- **(uncontrollable factors)** NuSep will be exposed to general risk factors that are associated with conducting a business including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in the resumption of activities after reinstatement following the occurrence of an insurable risk, acts of terrorism and acts of God and other matters or force majeure events that may interfere with the business or trade of the Company; and
- **(product market factors)** NuSep may be affected by shifts in product markets and/or new products which replace existing product markets. Such shifts may replace existing products in an extremely short period of time making it impossible for the Company to replace these sales.

7.2 NuSep Specific Risks

Specific risks associated with NuSep include without limitation:

- **(financial risks)** the ability of NuSep to implement its business strategy may require it to raise additional funds. No assurances can be given that such funding will be available or that it will be available on terms attractive to NuSep;
- **(litigation)** NuSep is a defendant to a number of commercial litigations. If NuSep is unsuccessful in defending any of these claims it will more than likely be required to pay an amount to the plaintiff that will be determined by the Court.
- **(non-performance)** non-performance of significant contracts by other parties;
- **(failure to achieve sales growth)** failure to achieve sales growth from existing NuSep products;
- **(difficulties with product launches)** difficulties or delays in completing product developments or product launches;

- **(difficulties with regulatory approval)** difficulties or delays in receiving regulatory approval or certification for products or processes;
- **(competition)** the existence and extent of any competition for the products or processes to be developed by NuSep— particularly from major international biotechnology companies;
- **(substitute products)** the existence of substitute or improved products developed by competing companies;
- **(research and development programs)** the success or failure of research and development programs of NuSep;
- **(market development)** the pace of market development for products and the costs involved in achieving market penetration and brand awareness;
- **(change in markets)** change in the markets for the products and processes sold by NuSep;
- **(patent litigation)** patent litigation, including failure of existing patents or failure to gain patent licenses to yet unknown blocking patents; and
- **(clinical trial litigation)** litigation arising from the clinical studies undertaken by NuSep.

8. Additional Information

8.1 Taxation

The issue of Shares and Bonus 35¢ Share Options under the RO may have taxation implications for their holders. If you have any doubts regarding possible taxation consequences, you should contact your professional tax adviser for advice. Neither NuSep nor any of their officers, employees, agents and advisers accepts any liability or responsibility in respect of the taxation consequences connected with an investment in the RO.

8.2 Expenses

The expenses of the RO payable by NuSep, including underwriting fees, legal fees, consultancy fees, registry costs, printing and mailing, are estimated to amount to approximately \$200,000.

8.3 Interests of Directors

A full disclosure of the interests of Directors, experts and promoters of and to the Company are set out in the table below.

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in securities in the Company as set out in the table below:

Director	Number of Shares	Registered Holder
Mr John Manus	2,698,939 102,875	Direct Mancu Pty Ltd
Dr Hari Nair	2,238,680	Direct
Mr Iain Howard Sorrell	2,062,131	Direct
Mr William Spee	2,222,571 762,247	Direct Cafalo Pty Ltd

The non-executive Directors are to be paid fees for their services as Directors as determined by the Directors in an amount not exceeding in aggregate a maximum sum that is from time to time approved by resolution of the Company. Since 1 July 2009 NuSep has incurred \$37,500 in director fees to the non executive Directors. No director fees were paid to the executive Directors. The current maximum aggregate sum is \$250,000.

The Directors are entitled to be paid or reimbursed for all travelling and other expenses properly incurred by them in attending and returning from Company or Board meetings or otherwise in connection with the business or affairs of the Company. The Directors may also receive remuneration for extra services outside the scope of the ordinary duties of a Director. All the Directors have also underwritten this Prospectus. See section 6.1 for more details on the underwriting.

No amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any adviser, for services rendered by the advisor in connection

with the promotion or formation of NuSep or in connection with the RO except as disclosed in this Prospectus.

8.4 *Consents of named parties*

Registries Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Company's share registry. Registries Limited has not authorised or caused the issue of, and takes no responsibility for, any part of this Prospectus.

9. Directors' Authorisation and Statement

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with sections 716 and 720 of the Corporations Act, each of the Directors have consented in writing to the lodgement of this Prospectus with ASIC and the inclusion of any statements in this Prospectus attributable to them.

J Manusu

Executive Chairman
on behalf of the Board of the Company

10. Definitions

Applicant means a person who submits an Application Form.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

BioSeparation Customers means the researchers and companies that work in the Life Science field (eg any field of science that deals with the organisms of plants, animals and/or human beings) who could buy NuSep's products.

Board means the board of Directors unless the context indicates otherwise.

Bonus 35¢ Share Options means the Share Options to be issued under this Prospectus.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Sydney, New South Wales.

Cents or ¢ means Australian cents unless otherwise stated.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 5.00 p.m. EST on Tuesday 11 May 2010 (unless extended).

Company or NuSep means NuSep Holdings Ltd (ACN 120 047 556).

Constitution means constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time.

Director Underwriting Agreement means the underwriting agreement between NuSep, and all the NuSep Directors dated on or about the date of this Prospectus.

Dollars or \$ means Australian dollars unless otherwise stated.

Entitlement means the number of New Shares that each Shareholder is entitled to take up under this Prospectus excluding the Shortfall.

Existing Shareholders means the Shareholders who are underwriting the RO.

General Meeting or GM means the meeting of Shareholders held on Wednesday 14 April 2010.

EST means Eastern Standard Time being the time in Sydney, New South Wales.

Gels means an inert polymer, typically formed of polyacrylamide or agarose. Gels are used as a medium to separate biological samples.

IVF means *in vitro* Fertilisation. This is a technique for artificially impregnating a lady with her partners sperm.

Listing Rules or ASX Listing Rules means the official Listing Rules of ASX.

Marketable Parcel has the meaning given in the Listing Rules.

NuSep means NuSep Holdings Ltd, ABN 33 120 047 556

New Shares means the shares issued under this prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of ASX.

Opening Date means Wednesday 23 April 2010.

Quotation means official quotation on ASX.

Shares means one fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares as at Friday 23 April 2010.

Rights Offer (RO) means the offer to purchase additional NuSep shares

Share Registry means Registries Limited ACN 003 209 836.

Shortfall Offer means the offer to purchase additional NuSep shares not taken up under the RO.

SpermSep Clinical Trials means controlled trials of NuSep's SpermSep instrument as a sperm preparation method for patients undergoing ART (Assisted Reproductive Technology) treatments such as IUI and IVF.

Underwriting Agreement means the underwriting agreement between NuSep, and the Existing Shareholders dated on or about the date of this Prospectus.

Application Form