Wednesday, 16 May 2012

Letter from the Chairman

Dear Shareholders,

I am writing to update you on developments since we announced the signing of the Heads of Agreement (**HOA**) with ABS Novacell Biopharmaceuticals Ltd (**ABS**) on 26th April 2012.

We have had a number of meetings with the Board and management of ABS and NuSep is now drafting the contracts to formalise the Joint Venture (**JV**). While there are a number of contracts required to formalise the JV, the ones of particular interest to shareholders will be the:

- Subscription Agreement - defines the $20m Investment by ABS in PrIME Biologics Pte Ltd (**PrIME**); and
- Membrane Supply Agreement – defines the pricing/delivery of the membranes from NuSep to PrIME. These are the membranes that PrIME will exclusively purchase from NuSep for its manufacture of therapeutic plasma products.

It is anticipated that it will take about 1 month to finalise these agreements. This suggests a start date for the JV of 1 July 2012.

In the meantime, the Company has located a Singaporean facility that was previously certified for therapeutic manufacturing. Subject to finalisation of the above agreements and approval by the Singaporean Health Sciences Authority (**HSA**), the JV expects to start manufacture of therapeutic plasma products in approximately 12 months. This is ahead of the budgeted timeline.

Below are some pictures of this facility.

Reverse Osmosis Water Tanks

Water for Injection Plant

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NuSep

Experts in protein discovery

200L Bioreactors

Main Facility Hallway

While the Executive Directors have been focused on completing the PrIME HOA, a number of other developments have been progressed. Of most interest to shareholders would be the two offers the Company has received to fund the SpermSep project. NuSep is negotiating with these organisations and will report once it has finalised one or other of these projects.

In a nutshell, it has been a very busy time for the Company and the Board and I look forward to reporting on these developments at the upcoming General Meeting.

Yours sincerely,

John Manusu
Executive Chairman

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