

NANOLLOSE LIMITED
ACN 601 676 377

PROSPECTUS

**For the Offer of 14,768,635 Placement Options to Placement Investors and 7,500,000
Broker Options to the Broker**

**Only Placement Investors who subscribed for and were issued Placement Shares
should apply for Placement Options and only the Broker should apply for Broker
Options under this Prospectus.**

**The purpose of the Offer is to issue each of the Placement Options to the Placement
Investors and the Broker Options to the Broker with prospectus disclosure so as to
remove any secondary sales restrictions on the sale of these Options including
upon Shares issued in the event of the exercise of the Options.**

**This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the
Corporations Act. This Prospectus contains important information about the Offer. The securities offered
under this Prospectus should be considered highly speculative.**

IMPORTANT NOTICE

This Prospectus is dated 24 June 2021 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within 7 days after the date of this Prospectus for quotation of the Placement Options and Broker Options as one class of Options.

This is a Prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared in accordance with s713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is listed on ASX and our Shares are granted official quotation by ASX. In preparing this Prospectus, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Before applying for securities, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits and risks involved.

No person is authorised to give any information or to make any representation, in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and, then, only to the extent so required.

Restrictions on the distribution of this Prospectus

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would be not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on, and observe, those restrictions.

Defined terms

Terms used in this Prospectus are defined in the Glossary. All financial amounts shown in this Prospectus are expressed in Australian dollars (\$) unless otherwise stated.

CORPORATE DIRECTORY

DIRECTORS

Mr Wayne Best
(Executive Chairman)

Mrs Heidi Beatty
(Non-Executive Director)

Mr Winton Willesee
(Non-Executive Director)

Mr Terence Walsh
(Non-Executive Director)

COMPANY SECRETARY

Ms Erlyn Dale

REGISTERED OFFICE

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SOLICITORS TO THE OFFER

Fairweather Corporate Lawyers
Suite 2, 589 Stirling Highway
Cottesloe, Western Australia, 6011

SHARE REGISTRY *

Automic Registry Services
Level 2, 267 St George's Terrace
Perth, Western Australia, 6000

Tel: 1300 288 664 (within Australia)
www.automicgroup.com.au

- * The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

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1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	The Company is offering to issue for nil issue price the following securities under this Prospectus: (a) 14,768,635 Placement Options to Placement Investors; and (b) 7,500,000 Broker Options to the Broker. The securities to be issued under this Prospectus were the subject of shareholder approval on 17 June 2021.	Sections 2.1 and 4.1
Who are the Placement Investors?	The Placement Investors are sophisticated, professional and other institutional investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. The Placement Investors together subscribed for 29,537,273 Placement Shares at 10 cents per Share to raise \$2,953,727 (see ASX announcements of 19 and 23 April 2021). These Shares were issued in 2 tranches on 23 April 2021 and 24 June 2021. As part of the placement of these Shares, the Company agreed to issue the Placement Options on the basis of 1 free Placement Option for every 2 Shares subscribed for.	Section 2.1
Who is the Broker?	The Broker provided lead manager services in respect of the Placement for a fee of 6% of moneys raised and the issue of 7,500,000 Broker Options under this Prospectus.	
What is the purpose of the Offer?	The purpose of the Offer is to issue each of the Placement Options to the Placement Investors and the Broker Options to the Broker with prospectus disclosure so as to remove any secondary sales restrictions on the sale of these Options including upon Shares issued in the event of the exercise of the Options. The Corporations Act restricts the trading of securities that are issued without a prospectus or otherwise where section 708A of the Corporations Act is not complied with. The Company cannot currently utilise a section 708A provision to ensure there are no restrictions on the trading of the Placement Options and the Broker Options.	Section 2.1
Who should apply?	Only Placement Investors should apply for Placement Options and only the Broker should apply for Broker Options under this Prospectus.	Sections 2.1 and 4.1
What are the terms of the Placement Options and Broker Options to be issued under this Offer?	Each of the Placement Options and the Broker Options are on the same terms. The Options have an exercise price of 15 cents and an expiry date of 3 years from their date of issue. The full terms of the Options are set out in Section 5.1.	Section 5.1

Question	Response	Where to find more information
What is the effect of the Offer?	The effect of the Offer is to remove the secondary trading sale restrictions on the securities to be issued under this Prospectus. The Offer will further increase the number of securities on issue by 14,768,635 Placement Options and 7,500,000 Broker Options.	Section 2.2
Will application be made for quotation of the Placement Options and Broker Options?	Application will be made to ASX within 7 days after the date of this Prospectus for quotation of the Placement Options and the Broker Options as one class.	Section 4.5
What are the risks associated with an investment in the Company?	Some of the key risks associated with an investment in the Company are set out below. The Applicants for the securities should consider these risks and the risks set out in Section 3 when considering whether to apply for the securities being offered. Some of the key specific risks are: • Future capital needs and additional funding – The Company has yet to commercialise the Technologies and has not as yet generated any material revenue or profits. The Company will depend on the availability of investor funds until the Company generates cash flows from any successful commercialisation of the Technologies. • Contractual relationship risk – The Company's success is reliant in part on effectively engaging in contractual relationships with third parties. The material contractual relationships with the Company include a collaboration agreement with Grasim Industries, a global fibre maker based in India. The successful operation of the project with Grasim Industries is reliant upon an effective relationship with it. • Covid-19 pandemic risk – The Company's key commercialisation focus is on progressing its collaboration with Grasim Industries and its Birla Cellulose business unit in India. Additionally, the Company's current supply chain alternatives are from locations in Indonesia and China. Although the Company has continued to operate effectively to date, any restrictions on the movement of goods and people in India, Indonesia or China as well as globally as a result of the spread of the Covid-19 virus could delay the development of the Company's Technologies. • Technology development and commercialisation risk – The Company has not yet licensed the Technologies or intellectual property or begun commercial production of any plant-free cellulose product or generated any material	Section 3

Question	Response	Where to find more information
	revenue. There can be no assurance that the Company will successfully commercialise the Technologies. • Reliance on key personnel - The Company's success largely depends on the core competencies of its Directors and any management and their familiarisation with, and ability to operate in, the biotechnology industry.	
What are the key dates of the Offer?	Prospectus lodged with ASIC. Opening Date Closing Date Despatch of holding statements Please note that these dates are subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date.	24 June 2021 24 June 2021 1 July 2021 5 July 2021

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of Offer

By this Prospectus the Company offers:

- (a) 14,768,635 Placement Options to Placement Investors; and
- (b) 7,500,000 Broker Options to the Broker.

The Placement Investors are sophisticated, professional and other institutional investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. The Placement Investors together subscribed in 2 tranches for 29,537,273 Placement Shares at 10 cents per Share to raise \$2,953,727 (see ASX announcements of 19 April and 23 April 2021). These Shares were issued on 23 April 2021 and 24 June 2021. As part of the placement of these Shares, the Company agreed to issue the Placement Options on the basis of 1 free Placement Option for every 2 Shares subscribed for.

The Broker provided lead manager services in respect of the Placement for a fee of 6% of moneys raised and the issue of 7,500,000 Broker Options under this Prospectus.

The Options are offered for nil issue price and therefore no funds will be raised by this Prospectus.

The purpose of the Offer is to issue each of the Placement Options to the Placement Investors and the Broker Options to the Broker with prospectus disclosure so as to remove any secondary sales restrictions on the sale of these Options including upon Shares issued in the event of the exercise of the Options.

The Corporations Act restricts the trading of securities that are issued without a prospectus or otherwise where section 708A of the Corporations Act is not complied with. The Placement Options and the Broker Options are not in a current class of quoted securities. The Company cannot currently utilise a section 708A provision to ensure there are no restrictions on the trading of these Options.

2.2 Effect of the Offer

The effect of the Offer will be to remove the secondary trading sale restrictions on the securities issued under this Prospectus.

The Offer will further:

- (a) increase the number of securities on issue by 14,768,635 Placement Options and 7,500,000 Broker Options; and
- (b) decrease the cash reserves of the Company by approximately \$27,500, being the estimated costs of the Offer.

2.3 Capital Structure

The issued capital of the Company after the issue of the securities under this Prospectus is set out below.

Shares	Number
Existing Shares ¹	148,686,368
Total Shares on issue	148,686,368

Options	
Unlisted Series E Options (exercise price of 10 cents and expiry date of 31 May 2023)	800,000
Unlisted Series F Options (exercise price of 10 cents and expiry date of 30 November 2021)	2,400,000
Unlisted Series G Options (exercise price of 8 cents and expiry date of 31 October 2023)	500,000
Unlisted Series H Options (exercise price of 10 cents and expiry date of 20 April 2024)	1,000,000
Placement Options (exercise price of 15 cents and expiry date of 3 years from their date of issue) ²	14,768,635
Broker Options (exercise price of 15 cents and expiry date of 3 years from their date of issue) ²	7,500,000
Total Options on issue after completion of the Offer	26,968,635

1. The existing Shares include 29,537,273 Placement Shares issued on 23 April 2021 and 24 June 2021 to Placement Investors.
2. The Placement Options and the Broker Options are on the same terms and will form one class. Application will be made for quotation of this class of Options.
3. Additionally, the Company has 2,000,000 Class D Performance Rights on issue which will vest subject to satisfaction of the performance conditions on or before 31 December 2021. The performance conditions are set out in the notice of meeting lodged on ASX on 16 October 2020.

2.4 Effect on Financial Position

The issue of the securities under this Prospectus with no raising of funds will not have a material impact on the Company's financial position. For this reason a pro-forma statement of financial position of the Company showing the financial effect of the Offer has not been included in this Prospectus.

2.5 No material effect on Control

The issue of the securities under this Offer will have no material effect on control of the Company.

3. RISK FACTORS

3.1 Introduction

Applicants should be aware that an investment in the Company is highly speculative. The Company is a technology company which is seeking to commercialise scaleable technology to create fibres and fabrics with minimal environmental impact. The Company does not have a history of revenue generation.

The activities of the Company are subject to various risks that may impact on the future performance of the Company. The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities.

The "*Company and Industry Risks*" below are some of the risks to the Company of a specific nature by reason of being a technology company using its Technologies to seek to commercially develop plant-free microbial nanocellulose. The "*General Investment Risks*" below are some of the risks to the Company of a general economic nature.

3.2 Company and Industry Risks

Future funding needs

The Company has yet to commercialise the Technologies and has not as yet generated any material revenue or any profits. The Company will depend on the availability of investor funds until the Company generates cash flows from successful commercialisation of the Technologies.

No assurance can be given that future funding for further development activities will be made available on acceptable terms (if at all). If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs as the case may be. Further, it may impact on the Company's ability to continue as a going concern.

Contractual relationship risk

The Company's success is reliant in part on effectively engaging in contractual relationships with third parties.

The material contractual relationships of the Company include a collaboration agreement with Grasim Industries (see below), 2 supply chain contracts (see ASX announcements of 10 January 2019 and 1 May 2019) and a cooperation agreement with Codi Group (see ASX announcement of 16 August 2019).

As announced on 30 January 2020, the Company has entered into a collaboration agreement with Grasim Industries, a global fibre maker based in India. By the agreement, the parties will work exclusively together for Grasim Industries to achieve pilot scale production of fibre product from microbial cellulose provided by the Company. The Company and Grasim Industries will jointly own any new intellectual property generated. If pilot scale production is achieved, the parties in good faith will seek to enter into an exclusive agreement to produce the fibre product on a commercial scale. The Company and Grasim Industries have filed a joint patent application for a high tenacity lyocell fibre made from microbial cellulose (see ASX announcement of 13 January 2021).

The relationship with Grasim Industries is currently governed by the collaboration agreement and the successful operation of the project is reliant upon an effective relationship with it.

Technology development risk

The Company has intellectual property rights to the Technologies. The Company has not licensed the Technologies or intellectual property or begun commercial production of any plant-free cellulose product or generated any revenue. The Technologies currently span research, development and pilot stages. Continued research and development is required to achieve successful commercial production. There is a risk with new technology that development will not progress as planned and may encounter delays.

A significant risk is whether the Company can develop the Technologies and move to commercial licensing and/or production. There cannot be any assurance that this will occur within the timeframes targeted or at all. This includes successful technology development and commercial development such as customer engagement and marketing. Developmental problems or delays may have an adverse impact on the Company's business model, operating results and financial position.

Commercialisation risk

There can be no assurance that the Company will successfully commercialise the Technologies, or if the technology is commercialised, that it will generate ongoing interest from the market.

The Company is seeking to commercially produce plant-free cellulose-based products and/or license the Technologies or related intellectual property. Successful commercialisation of plant-free microbial cellulose to date has been very limited and there can be no assurance of the commercialisation sought.

A specific risk for the Technologies that are successfully commercialised is the need to be commercially competitive in the global markets it targets as an alternative to plant-based cellulose. This risk to be commercially competitive may limit and restrict the global markets size and or applications particularly in the industrial segment.

Another specific risk for the Technologies that are successfully commercialised is the availability of reliable raw materials in adequate supply.

Intellectual property risk

The success of the Technologies will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. The Company has filed various patent applications including a joint patent application with Grasim Industries. These applications do not give the Company any currently enforceable rights. The Company's ability to commercialise its Technologies successfully is partially dependent upon its rights to exploit the inventions and methods described in the current and any future patent applications.

There can be no assurance that the Company's patent applications will be granted. Third parties may object to the grant of the Company's patent applications on grounds which may include alleged infringement of their patents. The Company is aware of third party held patents covering intellectual property within its relevant technology development landscape but does not believe any of these patents will materially impact the Company's business plans and current technology development. However, the Company has not undertaken an exhaustive assessment of existing patents to determine any overlapping technology or potential infringement, as the costs of such would be prohibitive.

The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Technologies will afford the

Company commercially significant protection of the Technologies or that competitors or other parties will not develop competing technologies that circumvents such patents or that the patents in any way support commercial viability and or competitiveness.

Licensing, supply or service contracts and customer engagement

To successfully commercialise the Technologies, the Company will look to sell plant-free cellulose-based products or licence its Technologies and/or intellectual property to customers to generate revenue and this will require customer engagement and the execution of relevant contracts. Given the Company's stage of development, it does not currently have any paying customers.

Reliance on key personnel

The Company's success largely depends on the core competencies of the Directors and management, as well as other technical personnel including contractors (R&D laboratories) and the ability of the Company to retain these key executives. The Company's continued development and commercialisation will be dependent on the Board and senior executives. The loss of services on any of the Company's key personnel may have an adverse impact on the Company's performance in this early stage of development.

Covid-19 pandemic risk

The Covid-19 pandemic has significantly adversely affected many aspects of the global economy and impacted the ability of businesses and governments to operate including in Australia.

Various governments (including the Australian government) have imposed restrictions (including quarantines) on the movement of people and goods as a measure to seek to slow and contain the spread of the Covid-19 virus.

The Company's key commercialisation focus is on progressing its collaboration with Grasim Industries and its Birla Cellulose business unit in India. To date, the Company has been able to advance this collaboration by exchanging materials and technical information including undertaking a first shipment of microbial cellulose to Grasim Industries. However, the spread of the Covid-19 virus in India could delay the movement of goods and people and the ability of Grasim Industries to meet expected timelines.

The Company's 2 current supply chain alternatives for purchase of microbial cellulose are located in Indonesia and China. Again, the spread of the Covid-19 virus and any consequent restriction on the movement of goods and people, may delay the development of the Company's Technologies.

Investment in filtration technology company

The Company has made a \$200,000 strategic investment to acquire a 20% interest in CelluAir Pty Ltd, an Australian company developing an advanced filtration system based on nanocellulose (see ASX announcement of 30 September 2020). The advanced filtration system has yet to be scaled-up and commercialised. This investment is subject to development and commercialisation risk and a relationship risk as the Company has a minority 20% interest.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company including enforcing or defending its intellectual property rights against infringement and

unauthorised use by competitors.

As at the date of this Prospectus, there are no legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

Compliance risk

To successfully commercialise the Technologies, the Company will need to comply with various government or regulatory standards in Australia and overseas. A failure to comply with those standards may limit the Company's ability to develop and commercialise the Technologies.

Competition

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

The cellulose production industry is a competitive sector. There are also other competitors who may be working on developing other environmentally sustainable processes for textile production.

The development of a new or superior technology by a competitor could affect the Company's ability to commercialise its Technologies. There is a risk that existing competitors or new entrants to the market may develop superior or more effective fibres which could have an adverse effect on the Company's business and financial position. Competing plant-based and recycling technologies may adversely impact the commercial competitiveness of the Technologies across competing global market segments.

Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

The Company has incurred losses since it was formed. The Company needs to invest in the commercial development of its Technologies and the Directors anticipate making further losses in the foreseeable future until the Company is able to effectively commercialise and generate revenue from its Technologies. As a consequence, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to insure against all risks associated with activities in development of technology. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

3.3 General Investment Risks

Securities investments and share market conditions

There are risks associated with any securities investment. The trading prices of securities trade fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for technology commercialisation companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

4. DETAILS OF THE OFFER

4.1 The Offer

By this Prospectus the Company offers:

- (a) 14,768,635 Placement Options to Placement Investors; and
- (b) 7,500,000 Broker Options to the Broker.

The Placement Options and the Broker Options are on the same terms. The Options have an exercise price of 15 cents and an expiry date of 3 years from their date of issue. The full terms of the Options are set out in Section 5.1.

No funds will be raised by this Offer. The Offer is not underwritten and there is no sponsoring broker. No broker or financial services licensee will be paid any fee in relation to this Offer.

Only Placement Investors should apply for the Placement Options and only the Broker should apply for the Broker Options under this Prospectus. The details of how to apply for the securities are set out below.

4.2 Application for Securities

An application for the securities may only be made at the direction of the Company and must be made using the Application Form.

A completed Application Form must be returned to the Company by email to cd@peakassetmanagement.com.au (preferred), or by post to Suite 5, CPC, 145 Stirling Highway, Nedlands, Western Australia.

A completed Application Form must reach the Company by no later than the Closing Date.

4.3 No Minimum Subscription

There is no minimum subscription under the Offer.

4.4 Opening Date and Closing Date of the Offer

The Opening Date is 24 June 2021 and the Closing Date is estimated to be 1 July 2021. The Directors reserve the right to extend the Closing Date and the Offer or close the Offer early without notice.

4.5 Official Quotation by ASX

The Placement Options and the Broker Options are on the same terms. Application will be made to ASX within 7 days after the date of this Prospectus for quotation of the Placement Options and the Broker Options as one class.

4.6 ASX Listed Company

The Company is included in the official list of ASX and the Listing Rules apply to securities issued by the Company.

4.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer to issue

this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the securities or otherwise permit a public offering of the securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of any Applicant outside Australia to obtain all necessary approvals for the allotment and issue of the securities under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.8 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to securityholders. Instead, securityholders receive a statement of their holdings in the Company. If an Applicant is broker sponsored, ASPL will send a CHESS statement.

4.9 Rights Attaching to Placement Options and Shares

A summary of the rights attaching to the Placement Options, Broker Options and Shares is set out in Section 5.

5. RIGHTS ATTACHING TO SECURITIES

5.1 Terms of Placement Options and Broker Options to be issued under this Prospectus

The terms of the issue of each of the Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5:00pm WST on the date 3 years from the date of issue of the Options (Expiry Date).
- (c) The exercise price of the Options is 15 cents each.
- (d) Application will be made for the Options to be quoted on ASX and the Options will be freely tradeable under Australian law.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed (Exercise Monies), being an amount of the exercise price per Share. The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion. Where less than 10,000 Options are held, all Options must be exercised together.
- (f) Within 5 Business Days of receipt of a valid Notice of Exercise accompanied by the relevant Exercise Monies, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise.
- (g) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX in accordance with the Listing Rules for all Shares issued pursuant to the exercise of Options to be admitted to quotation.
- (h) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (i) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.

- (j) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

5.2 Rights attaching to Shares

Full details of the rights and liabilities attaching to Shares are:

- (a) detailed in the Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per share on a poll. Voting may be in person or by proxy, attorney or representative.

Dividends

There is no entitlement to a dividend other than that determined by Directors from time to time. The Shares will rank equally with all other issued Shares in the capital of the Company for the purposes of participation in any dividend paid out of the profits of the Company. The Directors are not anticipating paying dividends at this stage of the Company's development.

Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant Options over or otherwise dispose of, unissued Shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the Listing Rules and any other applicable law of Australia, shares are freely transferable.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of 3 Directors. At each general meeting, one-third of Directors (rounded down to the nearest whole number) shall retire from office. Additionally, the Listing Rules provide that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. These retirement rules do not apply to certain appointments including the

managing director. Directors appointed by the Board as additional Directors hold office until the next following annual general meeting and are then eligible for re-election.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

6. ADDITIONAL INFORMATION

6.1 Transaction Specific Prospectus and Continuous Disclosure Obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

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 complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 25 August 2020. Since then, the following announcements have been made on our ASX platform, shown in the table below.

Date	Description of Announcement
25/08/2020	AGM Dates
25/08/2020	Appendix 4G
27/08/2020	Corporate Governance Statement
25/09/2020	Trading Halt

Date	Description of Announcement
30/09/2020	Strategic Investment in Advanced Filtration Technology
30/09/2020	Proposed issue of Securities – NC6
30/09/2020	Proposed issue of Securities – NC6
06/10/2020	Notice Under Section 708 and Appendix 2A
16/10/2020	Notice of Annual General Meeting/Proxy Form
16/10/2020	Proposed issue of Securities – NC6
29/10/2020	Quarterly Activities Report & Appendix 4C
11/11/2020	Investor Webinar – CelluAir
12/11/2020	Investor Presentation – CelluAir
20/11/2020	Results of Meeting
20/11/2020	Constitution
25/11/2020	Changes to Management
04/12/2020	Update – Proposed issue of Securities – NC6
04/12/2020	Secondary Trading Notice & Appendix 2A
04/12/2020	Change of Director's Interest Notice x 5
09/12/2020	Proposed issue of Securities – NC6
17/12/2020	Appointment of Leading Fashion Consultant – Carla Woidt
04/01/2021	Expiry of Options
13/01/2021	Nanollose and Grasim – Joint Patent – High Tenacity Lyocell
13/01/2021	Investor Webinar
14/01/2021	Change of Director's Interest Notice
19/01/2021	Final Director's Interest Notice
19/01/2021	Cleansing Notice & Appendix 2A
25/01/2021	Cleansing Notice & Appendix 2A
29/01/2021	Quarterly Activities Report & Appendix 4C

Date	Description of Announcement
22/02/2021	Half Yearly Report and Accounts
14/04/2021	Trading Halt
19/04/2021	Nanollose Raises \$2.85m in Strongly Oversubscribed Placement
19/04/2021	Proposed issue of Securities – NC6
19/04/2021	Proposed issue of Securities – NC6
23/04/2021	Proposed issue of Securities – NC6
23/04/2021	Update – Proposed issue of Securities – NC6
23/04/2021	Cleansing Notice and Appendix 2A
26/04/2021	Investor Presentation
30/04/2021	Quarterly Activities Report and Appendix 4C
17/05/2021	Notice of General Meeting/Proxy Form
25/05/2021	First Shipment of Microbial Cellulose Dispatched to Birla
17/06/2021	Results of Meeting
24/06/2021	Application for quotation of securities – NC6
24/06/2021	Cleansing Notice

6.2 Share Trading History

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	13 cents	23 and 29 March 2021 22 and 23 April 2021
Lowest	8.8 cents	19 May 2021
Latest	9.5 cents	23 June 2021

6.3 Directors' Interests

(a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) Interests in securities as at the date of this Prospectus

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as at the date of this Prospectus as set out in the table below. Interests include those held directly and indirectly:

Director	Number of Shares	Number of Options	Number of Performance Rights
Wayne Best	8,431,798	0	2,000,000 ¹
Heidi Beatty	68,504	500,000 ²	0
Winton Willesee	8,068,504	0	0
Terence Walsh	768,504	0	0

Notes:

- 1. These are Class D Performance Rights, which vest subject to satisfaction of the performance conditions on or before 31 December 2021. The performance conditions are set out in the notice of meeting lodged on ASX on 16 October 2020.
- 2. These are Series G Options with an exercise price of 8 cents and an expiry date of 31 October 2023.

(c) Remuneration of Directors

Two changes have been implemented affecting the remuneration of Directors. The first change is the Directors have resolved to not utilise shareholder approval obtained at the 2020 annual general meeting so as to be able to be issued with VWAP Shares for accrued or foregone cash remuneration. Subject to any future Shareholder approval, remuneration will be cash based. This return to the previous remuneration structure reflects stabilised global financial markets and avoiding dilution to the capital structure. The second change is to increase the cash remuneration of Directors in response to an increased commitment in view of the resignation of the managing

director in January 2021.

The revised remuneration of the Directors is set out below.

Dr Wayne Best is paid \$225,000 per annum cash remuneration plus statutory superannuation (of which \$60,000 for the 12 month period to 30 June 2021 was met by way of the issue of Performance Rights) as Executive Chairman. Dr Best is not paid a separate director's fee. In the two years prior to the date of this Prospectus, Dr Best has received a total cash remuneration of \$357,665 (including statutory superannuation).

Ms Heidi Beatty is paid \$35,000 per annum as a director's fee. In the two years prior to the date of this Prospectus, Ms Beatty has received a total cash remuneration of \$55,925.

Mr Winton Willesee is currently paid \$35,000 per annum as a director's fee. In the two years prior to the date of this Prospectus, Mr Willesee has received a total cash remuneration of \$69,008 for director fees, and entities controlled by Mr Willesee have received cash fees of \$187,436 for corporate administration services (company secretarial, office premises and bookkeeping services) provided to the Company.

Mr Terence Walsh is currently paid \$35,000 per annum as a director's fee. In the two years prior to the date of this Prospectus, Mr Walsh has received a total cash remuneration of \$69,337.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company.

6.4 Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as solicitors to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST and disbursements. Subsequently fees will be paid in accordance with normal hourly rates. Fairweather Corporate Lawyers has been paid fees of approximately \$62,450 exclusive of GST in the 2 years prior to the date of this Prospectus.

6.5 Expenses of the Offer

The total expenses connected with the Offer including legal fees, ASX and ASIC fees and other miscellaneous expenses will be approximately \$27,500.

6.6 Consents

The following party has given its written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to being named as the Solicitors to the Offer.

The party referred to above in this Section:

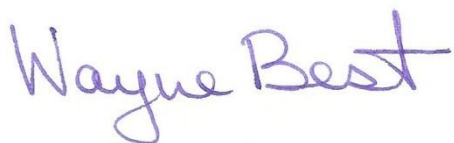
- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

7. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 24 June 2021



Signed for and on behalf Nanollose Limited
By Mr Wayne Best
Chairman

8. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	a person(s) who submits a valid Application Form pursuant to this Prospectus.
Application	a valid application made on an Application Form to subscribe for securities pursuant to this Prospectus.
Application Form	the application form attached to or accompanying this Prospectus.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	the official listing rules of the ASX.
Board	the Board of Directors.
Broker	Copeak Pty Ltd (ACN 607 161 900) trading as Peak Asset Management
Broker Options	Options with an exercise price of 15 cents and an expiry date of 3 years from their date of issue, the full terms of which are set out in Section 5.1.
Closing Date	the closing date for receipt of Application Forms under this Prospectus, estimated to be 1 July 2021 or an amended time as set by the Board.
Company or Nanollose	Nanollose Limited (ACN 601 676 377).
Constitution	the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Director	a director of the Company.
Offer	the offer of Options pursuant to this Prospectus.
Official List	the official list of ASX.
Opening Date	24 June 2021.
Option	an option to subscribe for a Share.
Performance Right	a right to acquire a Share subject to satisfaction of applicable vesting conditions.
Placement Investor	an investor who subscribed for Shares issued on 23 April 2021 and/or 24 June 2021 under the placement.

Placement Options	Options with an exercise price of 15 cents and an expiry date of 3 years from the date of their issue, the full terms of which are set out in Section 5.1.
Placement Shares	Shares issued to Placement Investors
Prospectus	this Prospectus.
Share	a fully paid ordinary share in the Company.
Shareholder	a person who holds one or more Shares.
Technologies	the technologies developed by the Company relating to the processing, production and applications of plant-free microbial nanocellulose.
VWAP	volume weighted average price
WST	Western Standard Time, Perth, Western Australia.
\$ or Dollars	Australian dollars unless otherwise stated.