



PROSPECTUS

Skin Elements Limited ACN 608 047 794

For an offer of up to 20,000,000 Shares at an issue price of \$0.20 each together with one attaching Option for every two Shares issued to raise a Minimum Subscription amount of \$4,000,000 (before costs).

Oversubscriptions of up to a further 2,500,000 Shares at an issue price of \$0.20 each together with one attaching Option for every two Shares issued to raise up to a further amount of \$500,000 (before costs).

This Prospectus also contains:

- (a) an offer of 55,000,000 Shares, 27,500,000 Options and 27,500,000 Unlisted Options to SEO Shareholders as consideration for the acquisition of the entire issued share capital in SE Operations; and
- (b) an offer of 2,000,000 Options to the Advisors for services provided in connection with the Public Offer.

This is an important document and requires your immediate attention. It should be read in its entirety. Investment in the Securities offered pursuant to this Prospectus should be regarded as highly speculative in nature. Please consult your professional advisers if you have any questions about this document.



CORPORATE DIRECTORY

Directors

Mr Peter Malone – Executive Chairman
Mr Luke Martino – Non-Executive Director
Mr Robin Armstrong – Non-Executive Director

Company Secretary

Mr Craig Piercy

Registered and Principal Office

7 / 36 Ord Street
WEST PERTH WA 6005

Share Registry*

Link Market Services Limited

Level 4 Central Park
152 St George's Terrace
PERTH WA 6000

Telephone (within Australia): 1300 554 474
Telephone (outside Australia): +61 1300 554 474
Facsimile: 02 9287 0303

Auditor*

BDO Audit (WA) Pty Ltd

38 Station Street
SUBIACO WA 6008

Lead Manager

Patersons Securities Limited

Level 23, Exchange Tower
2 The Esplanade
Perth WA 6000

Lawyers

DLA Piper Australia

Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

Corporate Advisory

Indian Ocean Corporate Pty Ltd

311-313 Hay Street
Subiaco WA 6008

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd

38 Station Street
SUBIACO WA 6008

Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)
Proposed ASX Code: SKN & SKNO

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

TABLE OF CONTENTS

Important Notice	2
Letter From The Chairman	4
Key Offer Information	6
1. Investment Overview	7
2. Details of Offers	16
3. Company Overview	22
4. Industry Overview	26
5. Risk Factors	28
6. Financial Information	34
7. Investigating Accountant's Report	43
8. Board, Management and Corporate Governance	50
9. Material Contracts	54
10. Additional Information	58
11. Authorisation	66
12. Glossary of Terms	67

IMPORTANT NOTICE

This Prospectus is dated, and was lodged with ASIC on, 18th December 2015. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5:00pm WST on that date which is thirteen (13) months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

An application will be made to ASX within seven (7) days of the date of this Prospectus for admission to the Official List of the ASX and Official Quotation of the Shares and Options the subject of the Offers.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Before applying for Securities under this Prospectus, potential investors should carefully read this Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Securities;
- the assets and liabilities of the Company; and
- the Company's financial position and performance and prospects.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of the Offers should be considered highly speculative.

Exposure Period

Applications for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date. If the Exposure Period is extended by ASIC, Applications will not be processed until the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.soleoorganics.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge)

from the Company's registered and principal office during the period of the Public Offer by contacting the Company. Contact details for the Company and details of the Company's registered and principal office are detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form are only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on an Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.soleoorganics.com. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete an Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the Securities, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside of Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. Please refer to Section 2.16 for further details.

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 5 for details relating to the key risks applicable to an investment in the Securities.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

Privacy Statement

To apply for Securities you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will 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 administration. The Corporations Act and taxation law requires some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder of a holder of a Security, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares or Security held) in its public register. Information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of

the Company. Key risk factors associated with an investment in the Company are detailed in Section 5. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

No cooling off period

Applicants have no cooling off rights in relation to Securities for which they apply. This means that an Applicant is not permitted or entitled to withdraw its Application once submitted, other than in certain specified circumstances as detailed in the Corporations Act.

Industry and market data

Industry and market data used throughout this Prospectus was, in most instances, obtained from surveys or studies conducted by third parties, and industry and general publications. The Company has no reason to doubt that this information is reliable. It is noted however, that this information has not been verified by any independent sources.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding.

Time

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 12.



LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the board of Skin Elements Limited (**Skin Elements** or **Company**), I am pleased to present this Prospectus and to invite you to become a shareholder of the Company.

Skin Elements is a developer of natural skin care technology and formulae and holds a portfolio of skin care products including the award winning Soléo Organics natural sunscreen (**Soléo Organics**) and the Elizabeth Jane Natural Cosmetics (**EJNC**) brands. The Company aspires to become a significant national and international participant in an increasingly health conscious consumer market and in doing so aims to become the number one recognised national and international sunscreen brand.

Protection from the sun's harmful rays has been an age-old pursuit by people all over the world. The development of Soléo Organics sunscreen formula began with the idea of offering consumers an alternative to synthetic-based sunscreens. Soléo Organics uses only organic and natural ingredients laden with antioxidants and vitamins that nourish the skin while it protects. Skin Elements has since taken the same concept and applied the same science and technology gained to create a comprehensive range of skin care products under the Elizabeth Jane Natural Cosmetics brand.

The Company is currently in the final stages of market testing Soléo Organics in Australia and internationally which is showing consistent positive market feedback. During its development, Soléo Organics has enjoyed multiple international product awards.

At this stage of the Company's development, Skin Elements is seeking funding for the market launch and expansive marketing and product development of Soléo Organics and future product development, including its natural cosmetics range under the EJNC brand.

In an increasingly health conscious consumer market, Skin Elements has a significant opportunity to establish itself as a significant player in a market segment that is expected to grow. Increased brand awareness together with the formalisation of anticipated distribution arrangements and establishing a digital presence will provide a platform to develop growth in sales revenue which will drive the value of the Company.

The Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 5). I strongly encourage you to read the Prospectus carefully and in its entirety before deciding whether to invest in the Company and, where necessary, consult with your professional advisers.

On behalf of the board of directors of the Company, I look forward to welcoming you as a shareholder of the Company.

Yours faithfully

Mr Peter Malone
Executive Chairman



KEY OFFER INFORMATION

Indicative Timetable

Lodgement of Prospectus with ASIC	18 December 2015
Opening Date of the Public Offer	7 January 2016
Closing Date of the Public Offer	5 February 2016
Despatch of holding statements	12 February 2016
Expected date for quotation on ASX	19 February 2016

The above dates are indicative only and may change without notice. The Company reserves the right to amend the timetable at any time. In particular, the Company reserves the right to vary the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

Key Offer Details Of The Offers

Public Offer	Minimum Subscription	Maximum Subscription
Price per Share	\$0.20	\$0.20
Total Shares offered	20,000,000	22,500,000
Total Options offered	10,000,000	11,250,000
Amount to be raised (before costs)	\$4,000,000	\$4,500,000

SEO Offer		
Shares offered to SEO Shareholders	55,000,000	55,000,000
Options offered to SEO Shareholders	27,500,000	27,500,000
Unlisted Options offered to SEO Shareholders	27,500,000	27,500,000

Advisor Offer		
Options offered to the Lead Manager	1,000,000	1,000,000
Options offered to the Corporate Advisor	1,000,000	1,000,000

General		
Total cash on completion of the Offers	\$3.4 million	\$3.9 million
Total Shares on issue before completion of the Offers	1	1
Total Options on issue before completion of the Offers	Nil	Nil
Total Unlisted Options on issue before completion of the Offers	Nil	Nil
Total Shares on issue after completion of the Offers	75,000,001	77,500,001
Total Options on issue after completion of the Offers	39,500,000	40,750,000
Total Unlisted Options on issue after completion of the Offers	27,500,000	27,500,000
Market capitalisation on completion of the Offers based on the price per Share under the Public Offer	\$15,000,000	\$15,500,000

Note: Please refer to Section 2.8 for further details relating to the Company's proposed capital structure.

The information below is a selective overview only. Prospective investors should read this Prospectus in full before deciding whether to invest in the Securities the subject of the Offers.

Topic	Summary	More Information
A. Introduction		
Who is issuing this Prospectus?	Skin Elements Limited (ACN 608 047 794) (Company).	Section 3
What is the purpose of this Prospectus?	The purpose of this Prospectus is to: - raise up to \$4,500,000 (before costs) pursuant to the Public Offer (assuming the maximum amount of oversubscriptions is received); - assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; - enable the Company to complete the acquisition of SE Operations; and - position the Company to seek to achieve its objectives.	Section 2.6
B. Company and Business Overview		
How will the Company be restructured for the Public Offer?	The business is currently carried on by SE Operations. At the time of Admission, SE Operations will be a wholly owned subsidiary of the Company.	Section 3.1
What does the Company do?	Following Admission, the Company's primary focus will be to develop, produce and sell natural and organic skin care products. The Company's mission will be to promote and support organic and natural lifestyles. The Company aims to provide consumers with quality skin care using all-natural and organic ingredients as an effective alternative to synthetic chemical based products. SE Operations has developed and completed test marketing of the Soléo Organics natural sunscreen (Soléo Organics). The Company plans are to market launch, produce (through a contract manufacturer) and distribute Soléo Organics with the aim to become a significant national and international participant in an increasingly health conscious consumer market and in doing so aims to become the number one recognised national and international sunscreen band. The Company will also focus on advancing the development and market testing of the Elizabeth Jane Natural Cosmetics (EJNC) product range with a view to being able to commercialise this product range in the mid-term. The Company will maintain a research program to formulate and develop a range of skin care products made from organic and natural ingredients. The Company has further brand extensions for Soléo Organics in a product pipeline that will continue to be developed to target various market niches and build larger presence in the main sales channels. The Company will continue to utilise contract manufacturing while at the same time maintaining an involvement in the management of the ingredient supply chain.	Section 3
What does "natural" and "organic" mean?	Soléo Organics is an evolutionary sunscreen using only "natural" and "organic" ingredients. The term "natural" and "organic" is afforded many meanings and definitions in the beauty and personal care industry both in Australia and internationally. The Company presents its products to the market as "natural" and "organic" in the ordinary meaning of the term.	Sections 3.2(b)

Topic	Summary	More Information												
B. Company and Business Overview (continued)														
What does “natural” and “organic” mean?	In the context of this Prospectus, the Company has adopted the following meaning of “natural” and “organic” for the purposes of defining the “natural” and “organic” segments of the skin care market: • “natural” means any product for care of skin that is derived from or claims to be derived from ingredients such as herbs, roots, essential oils, minerals and flowers and combined with naturally occurring carrier agents, preservatives, surfactants, humectants and emulsifiers. Should include botanically sourced ingredients currently existing or formed by nature without the use of synthetic chemicals and manufactured in such a way to preserve the integrity of the ingredients. • “organic” means produced or involving production without the use of chemical fertilizers, pesticides, or other artificial agents. It is therefore the view of the Directors that the Company’s products are made from only “natural” and/or “organic” ingredients.	Sections 3.2(b)												
How will the Company generate revenue?	The Group has plans to market launch Soléo Organics. It is intended that sales will be primarily pursued through a sales distribution model whereby revenue is predominantly derived from sales to wholesale distribution agents (who then on-sell direct to retailers). The Company will review its digital presence and look to develop web based sales capacity with plans to create a website and social media base for its customers. It is anticipated that the majority of revenue will be derived from Soléo Organics in the short to mid-term as the Group looks to grow sales in Australia and then internationally. Following this, the Group aspires to grow as it progressively roles out the EJNC product range and develops further product enhancements and extensions to established brands. Ongoing research and development is expected to provide a pipeline of product for commercialisation in the longer term. The success of the market launch of Soléo Organics in generating sales will largely dictate the Company’s ability to generate revenue in the near term.	Sections 3.2, 3.3 and 3.4												
What are the Company’s key business strategies?	Given that SE Operations has already been successfully test marketing its sunscreen by selling Soléo Organics in its initially defined markets, the Company is uniquely positioned to capture opportunities arising from the skin care industry by the: • launch, production, marketing and distribution of Soléo Organics; • increase of its marketing presence and enhancement of its digital awareness and capability and brand recognition; • advancement of the development and market testing program of the EJNC range; and • investment in research and development of new products and product innovation, brand development and marketing initiatives. The proceeds from the Public Offer will also enable the Company to engage additional staff to assist with the research, formulation, development and commercialisation of the science and technology behind the Company’s products, as part of the Company’s research and development growth strategies.	Sections 2.5, 3.3 and 3.4												
What is the key financial information about the Company’s prospects and position?	Relevant financial information in respect to the Company and SE Operations, including a pro forma Statement of Financial Position detailing the effect of the Offers, is included in Sections 6 and 7. Detailed below is a selected summary of the Company’s pro forma Consolidated Statement of Financial Position as at 30 June 2015: <table> <tr> <th>Following Admission</th><th>Assuming the Minimum Subscription is received</th><th>Assuming the maximum amount of oversubscriptions for the Public Offer is received</th></tr> <tr> <td>Cash</td><td>3,459,363</td><td>3,928,863</td></tr> <tr> <td>Net tangible assets</td><td>3,541,142</td><td>4,010,642</td></tr> <tr> <td>Net Assets</td><td>12,021,947</td><td>12,491,447</td></tr> </table> The financial information included in Section 6 and the Investigating Accountant’s Report included in Section 7, is based on various best estimate assumptions. These assumptions should be read in conjunction with the risk factors detailed in Section 5.	Following Admission	Assuming the Minimum Subscription is received	Assuming the maximum amount of oversubscriptions for the Public Offer is received	Cash	3,459,363	3,928,863	Net tangible assets	3,541,142	4,010,642	Net Assets	12,021,947	12,491,447	Sections 6 and 7
Following Admission	Assuming the Minimum Subscription is received	Assuming the maximum amount of oversubscriptions for the Public Offer is received												
Cash	3,459,363	3,928,863												
Net tangible assets	3,541,142	4,010,642												
Net Assets	12,021,947	12,491,447												
What are the Company’s major assets?	The Company’s major assets and interests upon Admission will be the Intellectual Property and cash reserves.	Sections 6 & 7												

Topic	Summary	More Information
B. Company and Business Overview (continued)		
Will the Company pay dividends?	The Company does not currently have a dividend policy. The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company. The ability to pay a dividend will also depend upon a number of other factors including the successful launch of Soléo Organics, the Company's overall performance and financial position and performance and the risk factors detailed in Section 5. While it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends, at the date of this Prospectus, the Company does not intend, or expect, to declare or pay any dividends in the immediately foreseeable future, given that its focus will be on long term capital growth.	Section 10.5
C. Summary of the Offers		
What is the Public Offer?	The Company is offering up to 22,500,000 Shares at an issue price of \$0.20 each together with one Option exercisable at \$0.20 on or before 31 October 2018 for every two Shares issued (being up to 11,250,000 Options). A total of up to \$4,500,000 (before costs) may be raised under this Prospectus. The Public Offer is subject to a minimum subscription of \$4,000,000 (before costs) (being 20,000,000 Shares and 10,000,000 attaching Options).	Sections 2.1 and 2.2
What is the SEO Offer?	The Company is offering 55,000,000 Shares, 27,500,000 Options and 27,500,000 Unlisted Options to SEO Shareholders as consideration for the Company's acquisition of the entire issued share capital of SE Operations Pty Ltd. The SEO Offer may only be accepted by SEO Shareholders.	Section 2.3
What is the Advisor Offer?	The Company is offering 2,000,000 Options to the Lead Manager and the Corporate Advisor for services provided in relation to the Public Offer. The Advisor Offer may only be accepted by the Lead Manager and the Corporate Advisor (or their respective nominees).	Section 2.4
What is the purpose of the Public Offer?	The purpose of the Public Offer is to: - assist the Company to satisfy Chapters 1 and 2 of the Listing Rules; - to raise funds to be utilised in accordance with the Company's strategy to: - launch, produce, market and distribute Soléo Organics to become the number one recognised national and international sunscreen brand; - to increase its marketing presence, enhance its digital awareness and capability and brand recognition; - to advance the development and market testing program of the EJNC; and - invest in research and development of new products and product innovation, brand development and marketing initiatives.	Sections 2.3 and 2.6
What will the capital structure be on completion of the Offers?	The capital structure of the Company following completion of the Offers is detailed in Section 2.8.	Section 2.8
How will the proceeds of the Public Offer be used?	The proceeds of the Public Offer together with the Company's existing cash reserves will be used by the Company to: - launch, produce, market and distribute Soléo Organics; - increase its marketing presence and enhance its digital awareness and capability and brand recognition; - advance the development and market testing program of the EJNC range; and - invest in research and development of new products and product innovation, brand development and marketing initiatives. • pay the costs of the Offers.	Section 2.7

Topic	Summary	More Information																
C. Summary of the Offers (continued)																		
What rights and liabilities attach to the Shares and Options being offered under the Public Offer?	All Shares issued under the Public Offer and the SEO Offer will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are detailed in Section 10.1. The rights and liabilities attaching to the Options issued under the Public Offer and SEO Offer are detailed in Section 10.2. The rights and liabilities attaching to the Unlisted Options issued under the SEO Offer are detailed in Section 10.3.	Sections 10.1, 10.2 & 10.3																
Will the Securities be quoted on the ASX?	The Company will apply for listing of the Shares on the ASX under the ASX code “SKN” within seven days of the date of this Prospectus. The Company will apply for listing of the Options on ASX under the ASX code “SKNO” within seven days of the date of this Prospectus. The Unlisted Options will not be quoted on ASX.	Section 2.11, 10.1, 10.2 and 10.3																
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 2.17																
What are the tax implications of investing in the Securities?	The tax consequences of any investment in Securities will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 10.6																
Will any Securities be subject to escrow?	No Securities issued under the Public Offer will be escrowed. Subject to the Company’s Shares and Options being admitted to trading on the ASX, certain Securities may be classified by ASX as restricted securities and will be required to be held in escrow for up to 12 to 24 months from the date of admission or date of issue (as applicable). In addition to those securities which may be required to be escrowed by the ASX, the Company and the SEO Shareholders have agreed that if required by the Lead Manager, certain Securities issued to SEO Shareholders will be subject to voluntary escrow arrangements. The aggregate number of Shares voluntarily escrowed will not exceed 19.9% of the Company’s shares. It is intended the voluntary escrow periods of between 6 and 12 months from Admission will apply and the Company estimates that approximately up to 73% of Shares will either be subject to ASX imposed or voluntary escrow arrangements upon Admission.	Section 9.1 and 10.12																
D. Directors and Related Party Interests and Arrangements																		
Who are the Directors?	The Directors are: • Mr Peter Malone (Executive Chairman); • Mr Luke Martino (Independent Non-Executive Director); and • Mr Robin Armstrong (Independent Non-Executive Director). Their profiles are detailed in Section 8.1.	Section 8.1																
Who are the Company’s key Executives and senior managers?	Upon Admission, the Company’s senior executives and advisors will be: • Leo Fung (Chief Technical Advisor); and • Craig Piercy (Company Secretary and Chief Financial Officer). Their profiles are detailed in Section 8.2.	Section 8.2																
What interests do Directors have in the securities of the Company?	The interests of the Directors following Admission, are detailed in Section 8. The interest each Director will have in Securities following Admission is as follows: <table><thead><tr><th></th><th>Shares</th><th>Options</th><th>Unlisted Options</th></tr></thead><tbody><tr><td>Peter Malone</td><td>11,351,634</td><td>5,675,817</td><td>5,675,817</td></tr><tr><td>Luke Martino</td><td>1,250,000</td><td>1,625,000</td><td>625,000</td></tr><tr><td>Robin Armstrong</td><td>600,000</td><td>300,000</td><td>300,000</td></tr></tbody></table>		Shares	Options	Unlisted Options	Peter Malone	11,351,634	5,675,817	5,675,817	Luke Martino	1,250,000	1,625,000	625,000	Robin Armstrong	600,000	300,000	300,000	Sections 8.3, and 8.4
	Shares	Options	Unlisted Options															
Peter Malone	11,351,634	5,675,817	5,675,817															
Luke Martino	1,250,000	1,625,000	625,000															
Robin Armstrong	600,000	300,000	300,000															
What benefits will be paid to Directors?	Following Admission, in consideration for the provision of director services: • A company associated with Mr Peter Malone will be paid \$20,000 (plus GST) per month; • Mr Luke Martino will be paid \$60,000 (plus GST) per annum; • Mr Robin Armstrong will be paid \$60,000 (plus GST) per annum.	Sections 8.5, 9.3, 9.4 and 9.5																

Topic	Summary	More Information
D. Directors and Related Party Interests and Arrangements (continued)		
What important contracts with related parties is the Company a party to?	The Company has entered to share sale agreements with the SEO Shareholders to acquire the entire issued share capital of SE Operations Pty Ltd (SE Operations) which has developed a portfolio of skin care products made from organic and natural ingredients comprising its leading brand the Soléo Organics natural sunscreen and its nearly developed Elizabeth Jane Natural Cosmetics (EJNC) product range which is under development. The consideration for the Acquisition consists of the issue of Shares, Options and Unlisted Options to the Vendors (being the various shareholders of SE Operations). A company associated with the Executive Chairman, Mr Peter Malone, a company associated with Non-Executive Director, Mr Luke Martino and Mr Robin Armstrong, a Non-Executive Director of the Company, are each Vendors. Accordingly, each of the Directors (or entities with whom they are associated) will be receiving a proportion of the consideration payable by the Company in respect to the Acquisition. The Company has entered into Deed of Indemnity, Insurance and Access with each Director of the Company. The Company has entered into a Corporate Advisory Mandate with a Company associated Non-Executive Director, Mr Luke Martino for the provision of consulting services. Please refer to section 9 for further details on the material contracts.	Section 9
Who are the Company's Substantial Shareholders and what will their interests be on completion of the Offers?	The Shareholders who will hold 5% or more of the Shares on issue, on completion of the Offers (assuming the maximum amount of oversubscriptions for the Public Offer is received) are detailed in Section 10.10.	Section 10.10
E. Key Risks		
What are the key risks of investing in the Company?	Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of those risks and other risks associated with an investment in the Company are detailed in Section 5. In undertaking its business, the Company will be exposed to risks, which include but are not limited to: Transition to commercialisation Over the past 8 years, SE Operations has focused on the research and development of its products and obtaining the necessary regulatory approvals to sell its products in various jurisdictions. To date SE Operations has only conducted test marketing. Following Admission, the Company will focus on the market launch and distribution of Soléo Organics and development of this range and its EJNC products. There is a risk that the Company will be unable to successfully market launch its existing products or offer a sufficient number of successful new products which could potentially result in reduced or negative growth. There is also a risk that the potential market will not accept these products on a larger scale than as seen via test marketing. Alternatively, the market launch of the Company products may be extremely successful which may result in a sharp increase in demand. Although the Company's existing contract manufacturer has excess capacity, there is a risk that such demand may exceed capacity of the manufacturer, which could lead to delays or distribution of the company's products. Regulatory Requirements and Government legislation and policy changes Sunscreens are classified as "therapeutic goods" in Australia to ensure quality, safety and efficacy and have strict controls for independent SPF testing and use of GMP. Similar regulations framework exists in most countries such as USA. Changes in relevant laws, regulations and government policies regarding the regulation of sunscreens or skin care products could adversely affect the Company's proposed operations, increase costs, or affect the financial performance or any future revenue of the Company.	Section 5

Topic	Summary	More Information
E. Key Risks (continued)		
What are the key risks of investing in the Company?	Competition and New Market Entrants Risks The Company will participate in a highly competitive skin care market against materially larger, globally focussed competitors with significantly more access to capital and resources. Should any of the Company's competitors participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on the Company's financial performance and future prospects of the business. Manufacturing Risks and Regulations The process of manufacturing the Company's products is complex, highly regulated and subject to numerous quality assessments controls and procedures. This process may be subject to several manufacturing risks, including the following: • deviations from normal manufacturing processes and controls could result in reduced production yields, product defects and other supply disruptions; • the manufacturing facilities in which the Company's products are made could be adversely affected by equipment failures, labour shortages, natural disasters, power failures and numerous other factors; • the Company and its contract manufacturers must comply with the TGA regulations and guidelines. The Company and its contract manufacturers may encounter difficulties in achieving quality control and quality assurances to the standard required or, changes to the regulations and guidelines may require the Company to seek an alternative manufacturer, increase in costs or reduce volumes. There may be a shortage of persons qualified to administer the regulations and guidelines or may require additional training or qualifications; and • any adverse developments affecting manufacturing operations for the Company's products may result in shipment delays, inventory shortages, product withdrawals or recalls, or other interruptions in the supply of the Company's products. Product Concentration The Company's planned short term product mix and revenues are highly dependent on Soléo Organics. This product will be the first of the Company's natural skin care products which is planned for market launch, commercialisation and distribution and, as such, is expected to generate most of the Company's revenues in the short term whilst further products are developed, tested and made ready for commercialisation. A lack of consumer demand for Soléo Organics could have a material adverse impact on the Company's financial performance and future prospects of the business. Raw Ingredients Supply The availability of organic and natural materials to meet the growing production plans of the Company's products is a critical part of the Company's supply chain management. Should there be interruptions in the Company's ingredient supply chain or economic or environment events impacting the availability of these raw materials then this could have a material adverse impact on the Company's ability to meet consumer demand and impact the financial performance and future prospects of the business. Distribution Currently, SE Operations has only one exclusive distribution agreement in place for Brazil which is subject to Soleo Organics receiving Brazilian regulatory approvals (currently pending). The Company anticipates distributing its products both locally in Australia and internationally through distributors in these jurisdictions. Should the Company fail to secure suitable formal distribution contracts or fail to engage suitable distributors, the distribution of the Company's products could be limited or restricted which could have a material adverse impact on the Company's financial performance and future prospects of the business.	Section 5

Topic	Summary	More Information
E. Key Risks (continued)		
What are the key risks of investing in the Company?	Brand and Reputation The Group's portfolio of brand names and related Intellectual Property are key assets of the business. The reputation and value associated with these brands and related Intellectual Property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, contamination or recall issues, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of the Company. Unable to adequately prevent disclosure of the Intellectual Property The Company relies on trade secrets to protect the Intellectual Property, especially where the Company does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect the Intellectual Property. These agreements may not effectively prevent disclosure of confidential information and the Intellectual Property and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or the Intellectual Property. Claims by third parties that the Group has infringed their proprietary rights Because patent applications are maintained in secrecy until the application is published, the Group may be unaware of third party patents that may be infringed by commercialization of the Group's product. In addition, identification of third party patent rights that may be relevant to the Company's products is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Any claims of patent infringement asserted by third parties would be time consuming and could likely: • result in costly litigation; • divert the time and attention of the Group's technical personnel and management; • cause development delays; • prevent the Group from commercializing its products until the asserted patent expires or is held finally invalid or not infringed in a court of law; • require the Group to develop non-infringing products; or • require the Group to enter into royalty or licensing agreements. Loss of Key Personnel In the short term until a suitable team is put in place, the Company's success depends to a significant extent on its key personnel, in particular Mr Peter Malone and Mr Leo Fung. Peter and Leo have extensive experience in, and knowledge of, the Company's products and business. The loss of key management personnel, and in particular Peter and Leo, or any delay in their replacement could have a significant adverse effect on the management of the Company, its financial performance and future prospects. Following Admission, proceeds from the Public Offer will enable the Company to engage additional staff as part of the Company's research and development growth strategies.	Section 5

Topic	Summary	More Information
E. Key Risks (continued)		
What are the key risks of investing in the Company?	Product Contamination and Recall As a producer of natural skin care products, the Group will be subject to a general risk that any product contamination or product recall issue (however caused) could have a material adverse effect on the Company's brand and thus its financial performance. The Company and its manufacturers employ a number of measures to minimise the risk in this area (such as requiring manufacturers to have current TGA and GMP accreditation and the Company having in place appropriate insurances). Liquidity Risk and Concentration of shareholding Following completion of the Offers, SEO Shareholders will hold approximately 71% of the total Shares in the Company (assuming the maximum amount of oversubscriptions for the Public Offer is received, on an undiluted basis). Any sale of Shares by SEO Shareholders could have a negative impact on the market price of the traded Securities. Subject to the Company's Shares and Options being admitted to trading on the ASX, portions of SEO securityholdings may be classified by ASX as restricted securities and will be required to be held in escrow for up to 12 to 24 months from the date of admission or date of issue (as applicable). In addition to those securities which may be required to be escrowed by the ASX, the Company and the SEO Shareholders have agreed that if required by the Lead Manager, certain Securities issued to SEO Shareholders will be subject to voluntary escrow arrangements. The aggregate number of Shares voluntarily escrowed will not exceed 19.9% of the Company's shares. It is intended the voluntary escrow periods of between 6 and 12 months from Admission will apply and the Company estimates that approximately up to 73% of Shares will either be subject to ASX imposed or voluntary escrow arrangements upon Admission.	Section 5
F. Applications and Other Information		
Who is eligible to participate in the Public Offer?	The Public Offer is open to all investors with a registered address in Australia and New Zealand.	Sections 2.16
How do I apply for Securities?	Applications under the Offers can be made by completing the Application Form, in accordance with the instructions accompanying the Application Form.	Section 2.10 and the Application Form
What is the minimum Application under the Public Offer?	Applicants must apply for a minimum of 10,000 Shares (and 5,000 attaching Options) representing a minimum investment of \$2,000.00. Applicants applying for additional Shares must apply for Shares in multiples of 500 Shares (and 250 attaching Options) (representing a further investment of \$100.00).	Section 2.10
What is the allocation policy for the Public Offer?	The Directors in consultation with the Lead Manager will allocate Securities under the Public Offer at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.	Section 2.12
Can the Public Offer be withdrawn?	The Company reserves the right not to proceed with the Public Offer at any time before the issue of Shares and Options to successful Applicants. If the Public Offer does not proceed, Application Monies will be refunded without interest. It is noted that the SEO Offer and the Public Offer are interdependent upon each other proceeding. As such, if for some unforeseen reason, the SEO Offer does not complete, the Directors confirm that the Public Offer will be withdrawn. If the Public Offer does not proceed, the SEO Offer and the Advisor Offer will not proceed.	Section 2.19
What is the cost of the Offers?	Assuming the Minimum Subscription is raised by the Public Offer, the expenses of the Offers are estimated to be approximately \$560,000. Assuming \$4,500,000 is raised by the Public Offer, the expenses of the Offers are estimated to be approximately \$590,500.	Section 10.9
G. Further Information		

Topic	Summary	More Information
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Company Secretary on +61 8 9486 4792 for further details.	Corporate Directory
Company contact	You can contact the Company Secretary on +61 8 9486 4792 for further details.	Corporate Directory





2.1 The Public Offer

By this Prospectus the Company offers for subscription up to 22,500,000 Shares at an issue price of \$0.20 per Share to raise up to \$4,500,000 (before costs). For every two Shares issued the Applicant will receive one Option (**Public Offer**).

The Public Offer is subject to a Minimum Subscription of \$4,000,000 (before costs) (refer to Section 2.2 for further details).

All Shares offered under the Public Offer will rank equally with the existing Shares on issue. Refer to Section 10.1 for details of the rights attaching to Shares.

Refer to Section 10.2 for details of the rights and liabilities attaching to the Options issued under the Public Offer.

Refer to Section 2.10 for details of how to apply for Securities under the Public Offer.

2.2 Minimum Subscription

The minimum total subscription under the Public Offer is \$4,000,000 (being 20,000,000 Shares and 10,000,000 attaching Options) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

2.3 The SEO Offer

This Prospectus also includes an offer of 55,000,00 Shares, 27,500,000 Options and 27,500,000 Unlisted Options to SEO Shareholders as consideration for the Company's acquisition of the entire issued capital of SE Operations (**SEO Offer**).

All Shares offered under the SEO Offer will rank equally with the existing Shares on issue. Refer to Section 10.1 for details of the rights attaching to Shares.

Refer to Section 10.2 for details of the rights and liabilities attaching to Options and Section 10.3 for details of the rights and liabilities attaching to the Unlisted Options issued under the SEO Offer.

Refer to Section 2.10 for details of how to apply for Securities under the SEO Offer.

2.4 The Advisor Offer

This Prospectus also includes an offer of 1,000,000 Options to the Lead Manager and 1,000,000 Options to the Corporate Advisor in consideration for services provided in relation to the Public Offer (**Advisor Offer**).

Refer to Section 10.2 for details of the rights and liabilities attaching to Options issued under the Advisor Offer.

Refer to Section 2.10 for details of how to apply for Options under the Advisor Offer.

2.7 Funding Allocation

The Board believes that its current cash reserves and the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its objectives detailed in Section 2.5.

The following table shows the expected use of funds in the two year period following Admission:

Item	Minimum Subscription is achieved	%	Maximum over subscriptions is received	%
Funds raised from the Offer	4,000,000	100%	4,500,000	100%
Marketing – increase brand awareness of Soléo via physical and digital marketing, strengthen marketing team	800,000	20%	800,000	18%
Production – build stock of Soléo to meet target sales, strengthen production team	1,000,000	25%	1,000,000	22%
Sales – develop local sales channels, recruit key individuals for foreign markets	700,000	17.5%	700,000	16%
Research & Development – broaden Soléo range through product extensions, continued work on EJNC	500,000	12.5%	500,000	11%
Cash Reserves for Working Capital and repayment of Officer Loans as applicable	480,000	12%	949,450	21%
Remaining estimated expenses of the Offer	520,000	13%	550,550	12%
Total funds allocated	4,000,000	100%	4,500,000	100%

Notes:

Refer to Section 10.9 for details of the estimated costs of the Offers. Note that prior to the date of this Prospectus the Company has pre-paid \$40,000 of the estimated costs.

Potential investors should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 5), actual expenditure levels may differ significantly to the above estimates.

2.5 Objectives of the Company

The Company's main objectives following Admission are to:

- (a) launch, produce, market and distribute Soléo Organics;
- (b) increase its marketing presence, enhance its digital awareness and capability and brand recognition;
- (c) advance the development and market testing program of the Elizabeth Jane Natural Cosmetics range; and
- (d) invest in research and development of new products and product innovation, brand development and marketing initiatives.

2.6 Purpose of Prospectus

The purpose of this Prospectus is to:

- (a) raise up to \$4,500,000 (before costs) pursuant to the Public Offer (assuming the maximum amount of oversubscriptions for the Public Offer is received);
- (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List;
- (c) complete the acquisition of SE Operations; and
- (d) position the Company to seek to achieve the objectives detailed in Section 2.5.

2.8 Capital Structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

	Shares	Options	Unlisted Options
On issue as at the date of this Prospectus ¹	1	-	-
Issued under the Public Offer-minimum subscriptions	20,000,000	10,000,000	-
Issued under the SEO Offer ³	55,000,000	27,500,000	27,500,000
Issued under the Advisor Offer ⁴	-	2,000,000	-
Total minimum	75,000,001	39,500,000	27,500,000
Issued under the Public Offer over subscriptions ²	2,500,000	1,250,000	-
Total maximum	77,500,001	40,750,000	27,500,000

Notes:

1. Refer to the Investigating Accountant's Report detailed in Section 7 for further details.
2. Assuming the maximum amount of oversubscriptions for the Public Offer is received. Refer to Sections 2.1 and 2.2 for further details.
3. Refer to Section 2.3 for further details.
4. Refer to Section 2.4 for further details.

2.9 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are transitioning from R&D to commercialisation of products and the speed or success of commercialisation is inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Sections 3.2 to 3.4 (inclusive) for further information in respect to the Company's proposed activities.

Applications must be for a minimum of 10,000 Shares (and 5,000 attaching Options) (i.e. \$2,000) and, thereafter, in multiples of 500 Shares (and 250 attaching Options) (i.e. \$100). Applications for less than the minimum accepted Application of 10,000 Shares (and 5,000 attaching Options) will not be accepted.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Securities pursuant to the Public Offer.

Completed Public Offer Application Forms and Application Monies should be returned to the Company as follows:

By Post To:

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY NSW 1235

Or Delivered To:

Skin Elements Limited
C/- Link Market Services Limited
178 St George's Terrace
PERTH WA 6000

or

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

Refer to the instructions on the back of the Public Offer Application Form when completing your Application. Cheques must be made payable to "**Skin Elements Limited**" and crossed "**Not Negotiable**". All cheques must be in Australian dollars.

2.10 How to Apply

(a) Public Offer

If you wish to apply for Securities under the Public Offer, complete the Public Offer Application Form attached to, or accompanying, this Prospectus. Alternatively complete a paper copy of the electronic Public Offer Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.soleoorganics.com. Completed Public Offer Application Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5:00pm (WST) on the Closing Date.

An original completed and lodged Public Offer Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their Public Offer Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

(b) SEO Offer

The SEO Offer is an offer to SEO Shareholders only.

Only SEO Shareholders may apply for the Securities under the SEO Offer by completing the SEO Offer Application Form attached to, or accompanying, this Prospectus. The Company will only provide the SEO Offer Application Forms to the persons entitled to participate in the SEO Offer.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Securities pursuant to the SEO Offer.

Completed SEO Offer Application Forms should be returned to the Company prior to 5:00pm (WST) on the Closing Date as follows:

By Post To:

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY NSW 1235

Or Delivered To:

Skin Elements Limited
C/- Link Market Services Limited
178 St George's Terrace
PERTH WA 6000

or

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

(c) Advisor Offer

The Advisor Offer is an offer to the Advisors only.

Only the Advisors may apply for the Options under the Advisors Offer by completing the Advisors Offer Application Form attached to, or accompanying, this Prospectus. The Company will only provide the Advisors Offer Application Form to the Advisors.

No brokerage, commission or stamp duty is payable by the Advisors on subscription or issue of the Options pursuant to the Advisors Offer.

The completed Advisors Offer Application Form should be returned to the Company prior to 5:00pm (WST) on the Closing Date as follows:

By Post To:

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY NSW 1235

Or Delivered To:

Skin Elements Limited
C/- Link Market Services Limited
178 St George's Terrace
PERTH WA 6000

or

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

2.11 ASX Listing and Official Quotation

Within seven (7) days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares and Options, including those offered by this Prospectus, to be granted Official Quotation (apart from any Securities that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three (3) months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Securities offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

2.12 Issue and Allocation of Securities

The Directors will determine the allocation of all the Securities under the Public Offer in consultation with the Lead Manager. The Directors reserve the right to issue Securities in full for any Application or to issue any lesser number or to decline any Application provided that no Shareholder or Applicant increases its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Where the number of Securities issued is less than the number applied for, or where no issue is made, the surplus Application Monies (without interest) will be returned by cheque to the Applicant in accordance with the Corporations Act.

Securities issued pursuant to the Offers will be issued as soon as practicable after the Closing Date.

It is the Applicants' responsibility to determine their allocation prior to trading in Securities. Applicants who sell their Securities before they receive their holding statement will do so at their own risk.

2.13 Application Monies held in Trust

Pending the issue of the Securities or refund of Application Monies pursuant to this Prospectus, all Application Monies will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

2.14 CHESS

The Company will participate in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Electronic sub-registers also mean ownership of Shares or Options can be transferred without having to rely on paper documentation.

Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time. However there may be a charge for such additional statements.

2.15 Risk Factors of an Investment in the Company

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 5 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

2.16 Overseas Applicants

The distribution of this Prospectus within jurisdictions outside of Australia and New Zealand may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that it is eligible to receive an offer of, and can be issued Securities under the Offers and that there has been no breach of such law and that any necessary approvals and consents required of the applicant have been obtained.

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit a public offering of Securities, in any jurisdiction outside of Australia. Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong ("SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection

with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act

United Arab Emirates (UAE)

Neither this document nor the Securities has been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Securities within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Securities, including the receipt of applications and/or the allotment or redemption of Securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for Securities is valid in, or permitted from any person in, the Dubai International Financial Centre.

2.17 Underwriting

The Public Offer is not underwritten.

2.18 Lead Manager

Patersons Securities Limited has been appointed by the Company to manage the Public Offer. In the role as Lead Manager, Patersons will be entitled to a lead manager fee, and a 6% sales commission and the granting of one million Options. For further details relating to the appointment terms of the Lead Manager, please refer to Section 9.2.

2.19 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Public Offer, in which case, the Company will return all Application Monies in accordance with the provisions of the Corporations Act. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Public Offer.

It is noted that the SEO Offer and the Public Offer are interdependent upon each other proceeding. As such, if for some unforeseen reason, the SEO Offer does not complete, the Directors confirm that the Public Offer will be withdrawn.

2.20 Paper Copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the applicable Application Form to investors upon request and free of charge. Requests for a paper copy should be directed to the Company Secretary on +61 (8) 9486 4792.

2.21 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries from investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Company Secretary on +61 (8) 9486 4792.



3.1 Background

The Company was incorporated on 4 September 2015. The business is currently carried on by SE Operations Pty Ltd (previously called Skin Elements Pty Ltd) (**SE Operations**). At the time of Admission, SE Operations will be a wholly owned subsidiary of the Company.

3.2 The Company and its business

(a) Background

SE Operations is an Australian based developer of natural and organic skin care products. The Group holds a portfolio of skin care products comprising its leading brand, the Soléo Organics natural sunscreen (**Soléo Organics**) and it's nearly developed Elizabeth Jane Natural Cosmetics (**EJNC**) product range, which are made from organic and natural ingredients.

The term "natural" and "organic" is afforded many meanings and definitions in the beauty and personal care industry both in Australia and internationally. The Company presents its products to the market as "natural" and "organic" in the ordinary meaning of the term.

In this context:

- (i) "natural" means any product for care of skin that is derived from or claims to be derived from ingredients such as herbs, roots, essential oils and flowers and combined with naturally occurring carrier agents, preservatives, surfactants, humectants and emulsifiers. Should include botanically sourced ingredients currently existing or formed by nature without the use of synthetic chemicals and manufactured in such a way to preserve the integrity of the ingredients; and
- (ii) "organic" means produced or involving production without the use of chemical fertilizers, pesticides, or other artificial agents.

The Company's mission is to promote and support organic and natural lifestyles. Following Admission, the Company will provide consumers high quality skin care using all-natural ingredients as an effective alternative to synthetic chemical based products. It aspires to become the number one national and international participant in an increasingly health conscious consumer market.

The Company has a research program to formulate, develop and commercialise a range of skin care products made from organic and natural ingredients.

Over the past 8 years, SE Operations has developed a multifaceted Intellectual Property portfolio of skin care products and has invested over \$8 million on research and development programs. As a result, Soléo Organics has been advanced to a point ready for market launch and commercialisation having been test marketed and having receiving a number of major international awards during its testing phase.

Sales to date from market testing of the natural sunscreen and skincare product range have exceeded 345,000 units over the test marketing stage through distributors in more than 15 countries. During the test marketing period SE Operations has been carrying out selective pre-market sales in different countries during different periods.

Soléo Organics has key regulatory approvals (refer to Section 3.2(b)) in place and has been developed to a stage that is ready for market launch with initial focus on the Australian market, then to be followed by New Zealand, North America, Canada, Japan, Europe and Brazil (application pending). Test marketing of the Elizabeth Jane Natural Cosmetic products has commenced and the Company is planning for further market testing.

The Group has an experienced management and technical team responsible for the development of the Group's product range which will continue to develop the business.

Sales to date from test marketing have been generated through a sales distribution model whereby its revenue is predominantly derived from sales to wholesale distribution agents (who then on-sell direct to retailers such as pharmacies, health stores and other outlets). The Group will continue with this model and also develop its online store for web based sales capacity with plans to create a website and social media base for its customers.

It is anticipated that the majority of the Company's revenue will come from Soléo Organics in the short to mid-term as the Company looks to launch, produce (contract manufacturing), distribute and grow this product range and brand. Following this, the Company aspires to grow as it carries out the further development and test marketing of its EJNC product range and develops further products.

(b)Soléo Organics natural sunscreen

Background

Soléo Organics is an evolutionary sunscreen using only natural and organic ingredients, formulated with plant extracts and naturally occurring minerals. Soléo Organics has won a number of awards including being rated number one by the prestigious Environmental Working Group out of over 1,700 sunscreen brands in North America (2009). It is broad spectrum SPF 30+ and:

- contains all natural ingredients;
- is free from chemical UV-absorbers, titanium dioxide and chemical preservatives;

Technology

SE Operations has been successful at developing its effective sun protection technology (the SE Formula) using only minerals, botanical, plant extracts and antioxidants. SE Operations has been very stringent about avoiding ingredients, such as synthetic chemicals, titanium dioxide, petroleum by-products, artificial flavours and fragrances and animal derived products.

- is water resistant for up to 3 hours;
- provides broad spectrum protection against UV-A and UV-B rays; and
- has a low allergy formula.

Soléo Organics was designed to meet the performance of the current mass market sunscreens while only using plant extracts and naturally occurring minerals. These formulas incorporate advanced micronised active ingredients to achieve broad spectrum UV protection, natural oils to achieve water resistance and moisturise the skin. It also includes natural stabilizers and preservatives to ensure product acceptance by the wider consumer population.

SE Operations has undertaken a ground up research and development program which has seen the completion of three key phases over the research and development period. The first phase involved the completion of research culminating with the development of the Soléo Formula in 2006. Phase two included numerous laboratory trials and testing of manufacturing processes to ensure they would meet the requirements for large scale production. Parallel with these tasks SE Operations applied for and received regulatory approval for the sale of Soléo Organics in various jurisdictions.

SE Operations commenced the test marketing (final phase three) of Soléo Organics after receiving the applicable regulatory approvals. Following completion of this program, the Company plans to market launch this product. The Company plans to review and expand into additional countries with ANVISA (Brazil) approval currently pending.

Soléo Organics Ingredients

(All Organically Sourced)
grapeseed oil, macadamia oil, green tea extract, roman chamomile extract, sunflower oil, capric/caprylic triglycerides (plant oil derived), beeswax, theobroma butter, candelilla wax, lecithin, vegetable oils, cucumber extract, natural vitamin E oil.

Active ingredient:
Zinc oxide (Skin DE) 22.3%

NO Chemical
UV Absorbers

NO Titanium
Dioxide

NO Synthetic
Preservatives

No Synthetic Colours or Fragrances

NO Octyl Methoxycinnamate
NO Oxybenzone
NO Padimate O
NO Benzophenone

NO Butyl Methoxydibenzoyl Methane
NO 4 Methylbenzylidene Camphor
NO Phenylbenzimidazole
Sulfonic Acid

NO Parabens
NO Diazolidinyurea

Development History

SE Operations has created its natural sunscreen and skin care products under a comprehensive and detailed specification using only natural ingredients in all formulations. This is a criteria set by SE Operations to only deliver product that meets this test.

Soléo Organics received regulatory approval from the Therapeutic Goods Administration (TGA) following the formulation being completed for laboratory manufacturing. Focus then shifted to obtaining Food and Drug Administration (FDA) approvals which was achieved in 2009 whilst SE Operations conducted market testing of the product in Australia and New Zealand.

In 2010 SE Operations conducted further market testing in the USA, Japan and Canada, following which was awarded number one sunscreen in three major awards including EWG (Environmental Working Group) who had assessed approximately 1,700 brands, as well as ELLE Magazine and by a division of Washington Post (Sprig.com). During this year, Soléo Organics also received regulatory approvals from the Japanese Ministry of Health and by Health Canada.

2011 saw an increase in international market testing with testing beginning in Singapore, Hong Kong, Indonesia, Portugal and the United Kingdom.

Since 2012, SE Operations has focused on further R&D improvements to the product to increase shelf life, manufacturing process improvements and conducted independent product patch tests. SE Operations, in conjunction with its Brazilian distributor, commenced the Brazilian government market approval process in 2013 and continued targeted pre-release market testing through distributors across Australia and internationally and developed a plan to launch and commercialise Soléo Organics whilst it focuses on further advancing this product range.

Regulation

In Australia, sunscreens are regulated by the TGA to ensure quality, safety and efficacy and have strict controls for independent SPF testing and use of GMP. Similar regulations framework exists in most countries such as the USA with the FDA.

Soléo Organics has been approved for sale by main key regulatory bodies such as the Therapeutic Goods Administration (TGA - Australia/NZ), Food and Drug Administration (FDA -USA), Health Canada (Canada) and Ministry of Health (Japan) and approvals to sell into the United Kingdom and the European Union to allow free sale of the products. SE Operations is currently seeking approvals from ANVISA (Brazil).

Manufacturing

In Australia, sunscreens are required to be manufactured in accordance with the principles of the Good Manufacturing Practices regulations (GMP) which describe a set of principles and procedures which, when followed, help ensure that therapeutic goods are of high quality. Australian based manufacturers of medicines and biologicals are required to hold a licence to manufacture.

Soléo Organics is manufactured by a TGA and GMP accredited laboratory in Victoria, Australia, which is conveniently located for raw ingredient and packaging supply as well as distribution nationally. The manufacturer works on a contract basis in high class, modern production facilities.

The factory has capacity to manufacture cream, lotions and serums and fill tubes, bottles and jars with automated production lines capable of producing approximately 50 million units of sunscreen or other products per year. The current annual full manufacturing and filling capabilities of the factory for all topically applied pharmaceutical, sun care and skin care products total 3,120 batches or 6,739,200 kg and annual filling capacity of 49,985,000 units. The factory presently has significant spare capacity to manufacture the Company's products.

(c) Elizabeth Jane Natural Cosmetics (EJNC)

The EJNC product range has undergone phases one and two of its research and development program and the testing of manufacturing processes to ensure they would meet the requirements of large scale production. The Company is in a position to follow on from the initial test marketing program having taken place so far in the UK, the Middle East and Asia to further test the market with the aim to market launch this product range.

EJNC contains only natural ingredients, plant extracts and vitamins with proven effective results. All EJNC products are ideal for sensitive skin and provide an effective alternative to synthetic chemical-based skin care products.

The EJNC product range includes the following, with plans for further expansion:

- Purifying foam cleanser;
- Daily revival moisturising cream;
- Intensive recovery night cream;
- Snowwhite brightening essence;
- Hydra-fresh revitalising spritzer;
- Gentle micro-dermabrasion facial polish;
- Age-defy renewal cream;
- Ultra c+ serum; and
- Delicate eyes rejuvenation gel

EJNC has been developed with:

- no synthetic chemicals;
- scientifically proven ingredients used in effective doses;
- special combinations of highly active ingredients; and
- suitability for all skin types.

3.3 Business and distribution model

SE Operations has created a flexible production business model that does not weigh the business down with owning and operating a manufacturing base but which instead focuses on the key drivers of sales, namely marketing, brand and product development.

SE Operations key strength is its strong and deep understanding of the complex natural and organic ingredients. SE Operations brings expertise to manufacturing solutions through this knowledge of the ingredients.

Sales to date from test marketing have been generated by adopting a sales distribution model whereby its revenue is predominantly derived through sales to wholesale distribution agents (who then on-sell direct to retailers such as pharmacies, health stores and other outlets). To date, the Group has entered into one exclusive distribution agreement with respect to Brazil, subject to obtaining the necessary regulatory approvals currently pending. Additional distribution agreements are planned to be executed for additional targeted jurisdictions following Admission and the identification of evitable & preferred distributions. The Group will continue using this model and also develop its online store for web based sales capacity with plans to develop its website and social media base for its customers.

It is estimated that the majority of the Group's revenue will come from Soléo Organics in the short to mid-term as the Company looks to market launch, produce (contract manufacturer), distribute and grow this product range and brand. Following this, the Company aspires to grow as it carries out the further development and test marketing of its EJNC product range and develops additional products.

The Company has plans following Admission to employ and expand its internal sales and marketing team and product research and development team that will be responsible for driving sales and product development and growth.

3.4 Business strategy and product development

Given that SE Operations has already been successfully test marketing its sunscreen by selling Soléo Organics sunscreen in its initially defined markets, the Company is uniquely positioned to capture opportunities arising from the skin care industry by the:

- (a) launch, production, marketing and distribution of the Soléo Organics branded natural sunscreen;
- (b) increase of its marketing presence and enhancement of its digital awareness and capability and brand recognition;
- (c) advancement of the development and market testing program of the EJNC; and
- (d) investment in research and development of new products and product innovation, brand development and marketing initiatives.

The proceeds from the Public Offer will also enable the Company to engage additional staff to assist with the research, formulation, development and commercialisation of the science and technology behind the Company's products, as part of the Company's research and development growth strategies.

SE Operations has undertaken initial market testing in Australia and internationally including New Zealand, USA, Canada, Japan and parts of Asia and Europe. Both new media assets and traditional media will be deployed in order to create customers in each of the identified subcategory markets.

SE Operations has identified through market research conducted with Marketforce that one primary target audience for the Company's products is discerning women who care more than the average about skin care, health and the environment and are happy to pay more for these benefits.

Another key target audience for the Company's products is females who have children with allergies which affect the skin. These customers are looking for a suitable sunscreen without synthetic chemical ingredients.

There are many segments of the market that can be targeted for Soléo Organics products including:

- health food store retailers;
- pharmacy retailers;
- supermarket or grocery retailers;
- mining or oil and gas industry companies who supply sunscreen as mandatory safety equipment to their employees;
- the sporting industry, including clubs and events;
- schools or pre-schools which are required provide sunscreen to children under their care;
- fundraising product as an alternative to chocolates, etc;
- general industry and government (outdoor employees in roads/parks, etc);
- mothers with babies/infants; and
- consumer groups for people affected with sensitive skin/allergies.

The Company also has further brand extensions for Soléo Organics products in a product pipeline that will continue to be developed and commercialised to target various market niches and build larger presence in the main sales channels.

3.5 Board and Management

Refer to Sections 8.1 and 8.2 for profiles of the Directors and Company's senior management.

4.1 The need for skin care

The latter half of the 20th Century saw the widespread documentation and acceptance of the relationship between ultraviolet (UV) radiation, the environment and skin damage. Unprotected exposure to sunlight is a major cause of skin cancer, wrinkles, skin blemishes, inflammation and sunburn.

This knowledge has also resulted in a significant increase in the use of sunscreen and sun care products. In Australia the majority of the population regularly use sunscreen, and this trend is being followed in the USA and Europe. These products have traditionally used a range of synthetic chemical combinations to absorb or reflect UV radiation along with chemical preservatives and emulsifiers in the formulation.

4.2 Evolution of natural skin care

There is a fast growing group of consumers now seeking natural and organic skincare products and sunscreen for everyday usage.

The development of Soléo Organics sunscreen formula began with the idea of offering consumers an alternative to synthetic-based sunscreens. The commercial release of this sunscreen – Soléo Organics – is an SPF 30+, 3-hour water resistant broad-spectrum formula. Soléo Organics was invented and is manufactured in Australia.

Soléo Organics uses only organic and natural ingredients such as antioxidants, plant extracts and vitamins which are known to moisturise while providing the broad spectrum sun protection.

SE Operations has since taken the same science and technology and has created a comprehensive line of skin care products under the brand of Elizabeth Jane Natural Cosmetics which includes advanced anti-wrinkle treatments.

4.3 The opportunity

The personal care and beauty products industry worldwide is a growing industry and generated global sales revenues of approximately \$465 billion in CY2014 and grew at a compound annual growth rate (CAGR) of 4.3% in current value terms between CY2009 and CY2014. Euromonitor has projected this market to grow at a CAGR of 2.6% and will generate sales of US\$529 billion in CY2019 globally.

The skin care segment contributed US\$111 billion of the overall revenues generated in the personal care and beauty products industry in CY 2014. Global sales values in skin care are expected to grow at a CAGR of 3.4% and consumers are expected to spend over US\$131 billion in CY2019.

Sun care products are now considered one of the most important factors in safeguarding skin from the hazards of the environment particularly the sun. Protection from the sun's harmful rays is a rapidly growing sector of the personal care industry all over the world.

According to Euromonitor, retail sales of sun care products segment globally contributed US\$9.87 billion of the overall sales generated in the personal care and beauty products industry in CY2014 and grew at a CAGR of 5.3% in current value terms between CY2009 and CY2014. Consumers globally are expected to spend over -US\$10.1 billion in CY2015. Sun care products are forecasted to grow further to -US\$11.3 billion by CY2019 at a CAGR of 2.8%.

The Australasia sun care market experienced a CAGR of 9.1% in current value terms between CY2009 and CY2014. Euromonitor forecasts the Australasia market to continue to grow at 3.4% CAGR over the CY2014 to CY2019 period.

The sun care segment of the beauty and personal care market can be further broken down into the categories of sun protection, aftersun and self tanning products. Sun protection remains the largest category in sun care and is estimated to make up nearly 90% of total sun care market by 2018.

4.4 Market Differentiation

While there are thousands of sunscreens sold internationally, they typically have been based on chemical UV absorber blends and synthetic preservatives. Soléo Organics by comparison is a completely natural and organically sourced alternative which utilizes only micronized zinc oxide.

4.5 Competition

The sunscreen sector is a highly diverse mix of brands with major brands such as Banana Boat, Nivea, Sensense and Hamiltons being common brands known to Australian consumers. For the most part, sunscreens use formulations based on standard chemical UV-absorber combinations, and therefore have to market themselves by high cost branding to consumers. "Green" and "organic" trends are a very powerful growth segment in the marketplace. Soléo's uniqueness of being naturally sourced and free from chemical UV-absorbers has already proven to be a selling differentiator to the major existing industry brands.

While the above competitors have solutions for certain market segments, there is no dominant market leader in any segment. Natural sunscreens are a growing segment in the marketplace, and the Group feels that it has been leading the drive in the development of such products.



Global Sales of Sun Care Products US\$m

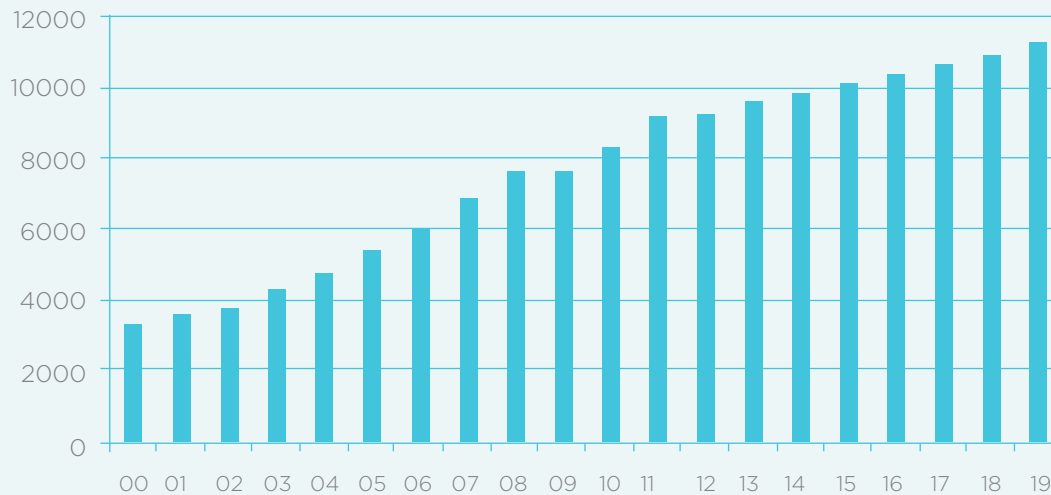


Figure 1: Global Total Retail Value (Retail Sale Prices) and forecasts. Source, Euromonitor International Ltd

Global Sales of Sun Care Products by Region (US \$m) - Year 2014

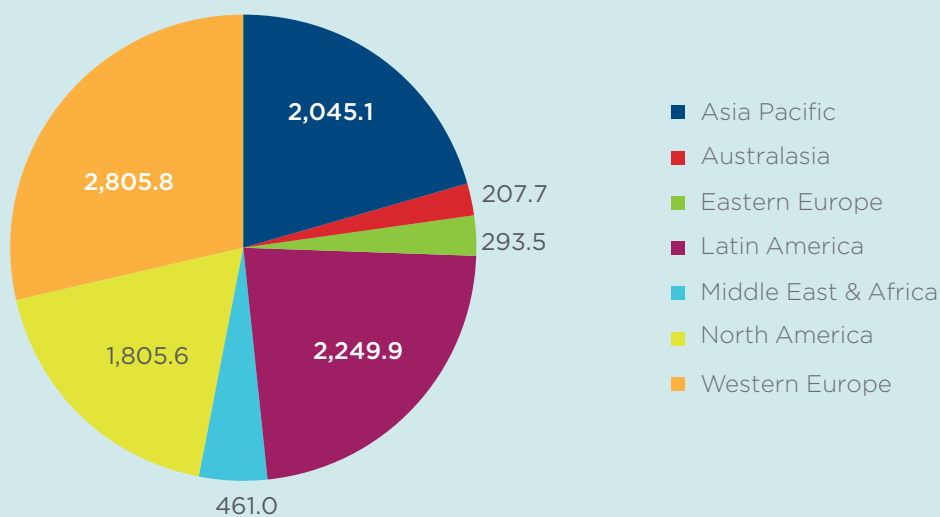


Figure 2: Global Total Retail Value (Retail Sale Prices) by region. Source, Euromonitor International Ltd

Australasian Sales of Sun Care Products US\$m

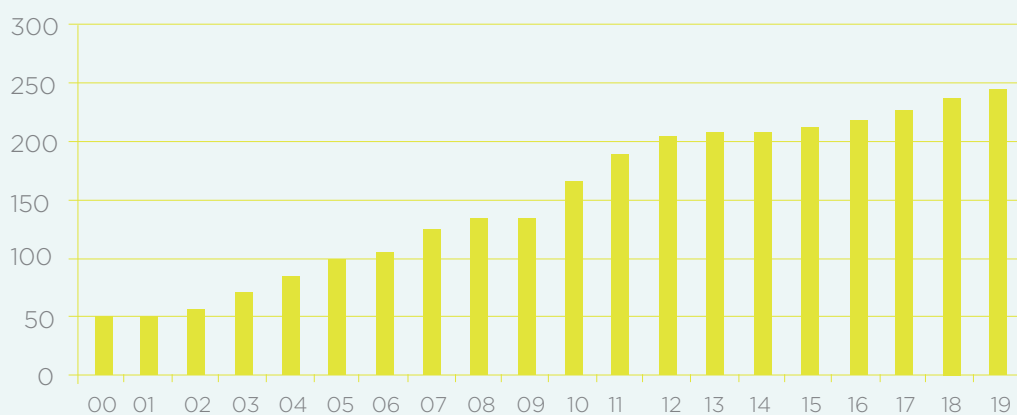


Figure3: Australasia Total Retail Value (Retail Sale Prices) by region and forecast. Source, Euromonitor International Ltd

The Securities are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risks factors described below, together with information contained elsewhere in this Prospectus, and consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

The proposed future activities and financial performance and position of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company and cannot be mitigated.

Investors should be aware that the performance of the Company may be affected and the value of its Securities may rise or fall over any given period and may influence the amount and timing of any future dividends that the Company may pay. Some of the factors which investors should consider before they make a decision whether or not to take up their entitlement include, but are not limited to, the risks in this Section.

5.1 Company Specific Risks and its business

(a) Transition to commercialisation

Over the past 8 years, SE Operations has focused on the research and development of its products, obtaining the necessary regulatory approvals to sell its products in various jurisdictions. To date SE Operations has only conducted test marketing. Following Admission, the Company will focus on the market launch and distribution of Soléo Organics and development of this range and its EJNC products.

There is a risk that the Company will be unable to successfully market launch its existing products or offer a sufficient number of successful new products which could potentially result in reduced or negative growth. There is also a risk that the potential market will not accept these products on a larger scale than as seen via test marketing. As the Company's skin care product formula utilises a number of natural and unique ingredients, consumer sentiment to the use of these products or allergies to ingredients could reduce demand for the Company's products.

There is a risk that the Company's current and any new products launched and developed to the market may be unprofitable because they are not supported by sufficient market interest and purchases or otherwise not adequately marketed and fail to sell. There is also a risk that existing and any new products:

- i. waste operating costs;
- ii. incur operating costs earlier than necessary or greater than forecast; and/or
- iii. impact revenues of existing products to a greater extent than predicted.

Alternatively, the market launch of the Company products may be extremely successful which may result in a sharp increase in demand. Although the Company's existing contract manufacturer has excess capacity, there is a risk that such demand may exceed capacity of the manufacturer, which could lead to delays or distribution of the company's products.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of commercialisation, particularly in the biotechnology sector.

(b) Sunscreen Regulatory Requirements and Government legislation and policy changes

Sunscreens are classified as "therapeutic goods" in Australia to ensure quality, safety and efficacy and have strict controls for independent SPF testing and use of GMP. Similar regulations framework exists in most countries such as USA (Food and Drug Administration - FDA). Soléo Organics has been approved for sale by key regulatory bodies such as the TGA (Australia and New Zealand), the FDA (USA), Health Canada (Canada) and Ministry of Health (Japan) to allow free sale of the products. The Group also has approvals to sell into the United Kingdom and the European Union. The Group is in the process of applying to ANVISA (Brazil) for the necessary regulatory approvals. Changes in relevant laws, regulations and government policies regarding the regulation of sunscreens or skincare products could adversely affect the Group's proposed operations, increase costs, or affect the financial performance or any future revenue of the Company.

(c) Competition Risks

The Company participates in a highly competitive skin care market against materially larger, globally focussed competitors with significantly more access to capital and resources. Should any of the Company's competitors participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on the Company's financial performance and future prospects of the business.

Existing competitors may take steps to complete or hinder the Company's plans to market launch, commercialise and distribute its products and make take steps to cause downward price pressure on unit prices, thus potentially reducing margins and revenues available to the Company.

There is also no guarantee that existing competitors will not release further competitor products to the Company's existing product portfolio which may impact upon demand for the Company's products.

(d) New market entrants providing organic and natural skin care products

While the research and development of all organic and natural skin care products requires considerable time, expertise, skill and process, competition for the Company's products may come from global and local skin care companies entering both the Australian market and international markets identified by the Company that currently do not provide all natural and organic skin care products to their customers. This could reduce the addressable market available to the Company, or increase competition or cause margin reductions available to the Company.

(e) Change in Regulations

There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which the Company's sells, or sources its ingredients or products.

Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial and production effects resulting from changing requirements to:

- i. product packaging or labelling requirements as a requirement of regulatory medicine content disclosures; or
- ii. restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products.

While the Directors are not aware of any current issues, or any impending regulatory change in relevant markets, there is the potential for any such measures to materially reduce the Company's revenues or increase its costs.

(f) Manufacturing Risks and Regulations

The process of manufacturing the Company's products is complex, highly regulated and subject to numerous quality assessments controls and procedures. This process may be subject to several manufacturing risks, including the following:

- a) deviations from normal manufacturing processes and controls could result in reduced production yields, product defects and other supply disruptions;
- b) the manufacturing facilities in which the Company's products are made could be adversely affected by equipment failures, labour shortages, natural disasters, power failures and numerous other factors; the Company and its contract manufacturers must comply with the TGA regulations and guidelines. The Company and its contract manufacturers may encounter difficulties in achieving quality control and quality assurances to the standard required or, changes to the regulations and guidelines may require the Company to seek an alternative manufacturer, increase in costs or reduce volumes. There may be a shortage of persons qualified to administer the regulations and guidelines or may require additional training or qualifications. The Company and its contract manufacturers are subject to inspections by the TGA and comparable agencies in other jurisdictions to confirm compliance with applicable regulatory requirements. Any failure to follow TGA or other regulatory requirements or any delay, interruption or other issues that arise in the manufacture, packaging, or storage of the Company's products as a result of a failure of the Company's facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair the Company's ability to develop and commercialize the Company's products. Significant non-compliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for the Company's products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage the Company's reputation. If the Company is not able to maintain regulatory compliance, the Company may not be permitted to market its products or may be subject to product recalls, seizures, injunctions, or criminal prosecution; and
- c) any adverse developments affecting manufacturing operations for the Company's products may result in shipment delays, inventory shortages, product withdrawals or recalls, or other interruptions in the supply of the Company's products. The Company may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

The Group currently only utilises one TGA approved manufacturer across the product range. Accordingly, there is a concentration of manufacturing with one provider, in relation to production. There are no minimum production commitments in place between the Group and its manufacturer, although the parties have worked together for many years. The manufacturer has advised that they currently have sufficient capacity to manufacture the Company's products in the near future.

There is also a requirement that manufacturers producing the Company's products are TGA approved. There is a risk that for some reason outside the Company's control that its manufacturer(s) could lose their regulatory approvals.

Should there be a disruption with this particular manufacturer or others, or the manufacturer elects not to continue manufacturing the Company's products, then this could have a material adverse impact on the Company's ability to meet consumer demand and may impact the financial performance and future prospects of the business. There are also numerous other TGA approved manufacturing facilities in Australia and overseas.

Following Admission, the Group plans to develop a review process to help manage the above risks. However there is no guarantee that such a review process will mitigate all of the above risks.

(g) Product Concentration

The Company's planned short term product mix and revenues are highly dependent on Soléo Organics and the Soléo formula. Soléo Organics will be the first of the Company's natural skin care products which is planned for market launch, commercialisation and distribution and, as such, is expected to generate most of the Company's revenues in the short term whilst further products are developed, tested and made ready for market launch. A lack of consumer demand for Soléo Organics could have a material adverse impact on the Company's financial performance and future prospects of the business.

(h) Raw Ingredients Supply

The availability of organic and natural materials to meet the growing production plans of the Company's products is a critical part of supply chain management. Should there be interruptions in the Company's ingredient supply chain or economic or environment events impacting the availability of these raw materials then this could have a material adverse impact on the Company's ability to meet consumer demand and impact the financial performance and future prospects of the business.

(i) Distribution

Currently, the Group has one exclusive distribution agreement with regards to Brazil, subject to obtaining the necessary regulatory approvals (currently pending). The Company anticipates distributing its products both locally in Australia and internationally through distributors in these jurisdictions. Should the Company fail to secure suitable formal distribution contracts or fail to engage the suitable distributors, or should engaged contracts default or fail to deliver, the distribution of the Company's products could be limited or restricted which could have a material adverse impact on the Company's financial performance and future prospectus of the business.

(j) Brand and Reputation

The Group's Intellectual Property is a key asset of its business. The reputation and value associated with the Group's brand names and related Intellectual Property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, contamination or recall issues, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of the Company.

Significant erosion in the reputation of, or value associated with the Company's brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for the Company's products.

(k) Unable to adequately prevent disclosure of Intellectual Property

The Group relies on trade secrets to protect its Intellectual Property, especially where the Group does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Group relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect the Intellectual Property. These agreements may not effectively prevent disclosure of confidential information and the Intellectual Property and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or the Intellectual Property. In addition, others may independently discover the Intellectual Property. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Intellectual Property. Failure to obtain or maintain trade secret protection, or failure to adequately protect the Intellectual Property could enable competitors to develop generic products or use the Intellectual Property to develop other products that compete with the Company's products or cause additional, material adverse effects upon the Group's business, results of operations and financial condition.

(l) Claims by third parties that the Group has infringed their proprietary rights

Because patent applications are maintained in secrecy until the application is published, the Group may be unaware of third party patents that may be infringed by commercialization of the Group's product. In addition, identification of third party patent rights that may be relevant to the Company's products and technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Any claims of patent infringement asserted by third parties would be time consuming and could likely:

- a) result in costly litigation;
- b) divert the time and attention of the Group's technical personnel and management;
- c) cause development delays;
- d) prevent the Group from commercializing its products until the asserted patent expires or is held finally invalid or not infringed in a court of law;
- e) require the Group to develop non-infringing products; or
- f) require the Group to enter into royalty or licensing agreements.

Although no third party has asserted a claim of patent infringement against the Group, others may hold proprietary rights that could prevent the Company's products from being marketed. Any patent-related legal action against the Group claiming damages and seeking to enjoin commercial activities relating to the Group's products could subject the Group to potential liability for damages and require the Group to obtain a license to continue to manufacture or market the Group's products. The Company cannot predict whether the Group would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. In addition, the Company cannot be sure that the Group could re-design its products to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent the Company from developing and commercializing its products, which could harm its business, financial condition and operating results.

(m) Loss of key personnel

In the short term until a suitable team is put in place, the Company's success depends to a significant extent on its key personnel, in particular Mr Peter Malone and Mr Leo Fung. Peter and Leo have extensive experience in, and knowledge of, the Company's products and business. The loss of key management personnel, and in particular Peter and Leo, or any delay in their replacement could have a significant adverse effect on the management of the Company, its financial performance and future prospects.

Following Admission, proceeds from the Public Offer will enable the Company to engage additional staff as part of the Company's research and development growth strategies.

(n) Product Contamination and Recall

As a producer of natural skin care products, the Company's is subject to a general risk that any product contamination or product recall issue (however caused) could have a material adverse affect on the Group's brand and thus its financial performance. The Group and its manufacturer employ a number of measures to minimise the risk in this area (such as requiring manufacturers to have current TGA and GMP accreditation and the Group having in place appropriate insurances).

(o) Foreign Exchange

The Group has plans to distribute its products both in Australian and overseas. As distribution grows and further expands into USA, Canada, Japan and others, it is anticipated that more business will be conducted in foreign currencies. Hence, foreign currency risk may become more relevant over time.

(p) Shortage of funding

The funds raised pursuant to the Public Offer will be used to market launch, commercialise and accelerate the Company's business, marketing and growth plans. If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out the full scope of its plans. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.

Any additional financing through share issues may dilute shareholdings. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Group's operations.

(q) Insurance

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be available or of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

(r) Contractual Disputes

As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

(s) Third Party Risk

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

(t) Liquidity Risk and Concentration of Shareholding

The Shares to be issued under the Public Offer will comprise 29% of the Company's issued share capital (assuming the maximum amount of oversubscriptions for the Public Offer is received) on an undiluted basis.

After the Offers are completed, SEO Shareholders will hold approximately 71% of the total Shares on issue (assuming the maximum amount of oversubscriptions for the Public Offer is received and on an undiluted basis) and will continue to exert significant influence over the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders.

In addition to those securities which may be required to be escrowed by the ASX, the Company and the SEO Shareholders have agreed that if required by the Lead Manager, certain Securities issued to SEO Shareholders will be subject to voluntary escrow arrangements. The aggregate number of Shares voluntarily escrowed will not exceed 19.9% of the Company's shares. It is intended the voluntary escrow periods of between 6 and 12 months from Admission will apply and the Company estimates that approximately up to 73% of Shares will either be subject to ASX imposed or voluntary escrow arrangements upon Admission.

There can be no guarantee that an active market in the Securities will develop or that the price of the Securities will increase. There is no guarantee that there will be an on-going liquid market for the Securities. Accordingly, there is a risk that, should the market for the Securities become illiquid, Shareholders will be unable to realise their investments in the Company.

(u) Retail Environment

There may be an economic downturn in Australia or the overseas markets that may cause the retail environment to deteriorate as consumers reduce their retail spending on discretionary items. This may result in reduced turnover in the Company's products in Australia or overseas markets.

5.2 General Risks**(a) Risks relating to the Securities offered****Securities investment risk**

The prices at which the Shares and Options trade may fluctuate in response to a number of factors.

Furthermore, the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that these trading prices will not fluctuate. These factors may materially affect the market price of the Shares and Options regardless of the Company's operational performance.

The Securities issued by the Company carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

The value of the Shares and Options will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the directors and officers of the Company. Such factors include, but are not limited to, the demand for and availability of the Shares or Options, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the Shares and Options may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that an active market in the Shares or Options will develop or that the market price of the Shares will not decline below the issue price.

Dilution

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership Shareholders may be reduced and diluted.

(b) General investment risks

In addition to the above specific risks associated with the Company's proposed operations there are also general risks associated with an investment in the Securities. These include:

Government legislation and policy changes

Changes in relevant laws, regulations and government policies may adversely affect the Company's product approvals, ingredient availability, proposed operations, increase costs, or affect the financial performance or any future revenue of the Company. Such changes are beyond the control of the Company.

Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market 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.

The Securities should be considered speculative due to the nature of the Company's business and the early stage of market development. There is no guarantee as to the payment of dividends, return of capital or the market value of the Securities. The prices at which an investor may be able to trade the Securities may be above or below the price paid by the investor for the Securities.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

Economic risk

The future performance and viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the natural skin care industry including, but not limited to, the following:

- Future demand for natural and organic sunscreen and natural skin care products
- general economic conditions;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the industrial sector;
- movement in, or outlook on, exchange rates, interest rates and inflation rates;
- industrial disputes in Australia and overseas;
- changes in investor sentiment toward particular market sectors;
- financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- natural disasters, social upheaval or war.

Share market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Securities may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

There is also no guarantee that an active market in the Securities will develop or that the price of the Securities will increase. There may be relatively few buyers or sellers of Securities on the ASX at any particular time.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. Legal proceedings brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Macro-economic risks

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- i. uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- ii. increases in expenses (including the cost of goods and services used by the Company);
- iii. new or increased government taxes, duties or changes in taxation laws; and
- iv. fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

Broader general risks

There are also a number of broader general risks which may impact the Company's performance. These include:

- i. abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption;
- ii. higher than budgeted costs associated with the provision of service offerings; and

material litigation – the Group is not currently involved in any material litigation and is not aware of any facts or circumstances that may give rise to any material litigation. However, given the scope of the Company's activities and the wide range of parties with which it is likely to deal, the Company may be exposed to potential litigation from third parties such as clients, regulators, employees and business associates



This Section 6 details the Historical Financial Information and Pro Forma Financial Information of the Company (collectively, the **Financial Information**). The basis for preparation and presentation is detailed in this Section of the Prospectus.

The pro forma historical financial information in Section 6 describe Skin Elements Limited after completion of the Re-organisation and the pro forma historical financial information represents the business operations of Skin Elements Limited after completion of the Re-organisation.

The Financial Information was prepared by management and was adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in this Prospectus.

This section includes a summary of the historical income statements and statement of financial position of the Company's wholly owned subsidiary upon Admission, SE Operations Pty Ltd for the financial years ending 30 June 2013, 2014 and 2015 that the Directors consider relevant to investors. The financial information presented is in abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act.

BDO Corporate Finance (WA) Pty Ltd has prepared an Investigating Accountant's Report in respect of the Financial Information. A copy of the Investigating Accountant's Report, together with an explanation of the scope of the Investigating Accountant's work, is in Section 7.

The Historical Financial Information and Pro Forma Financial Information below is based on past performance, and is not a guide to future performance.

6.1 Historical Financial Information

The Historical Financial Information for the Company and SE Operations detailed in this Section 6 comprises:

- (a) the historical income statement for SE Operations for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- (b) the historical statement of financial position as at 30 June 2015 of the Company;

(hereafter the **Historical Financial Information**).

The historical statement of financial position of the Company as at 30 June 2015 in Section 6.6 has been derived from the audited management accounts, which has been reviewed by the Investigating Accountant.

The historical information is presented in an abbreviated form, in so far as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

6.2 Historical Income Statement

Detailed overleaf is a summary of the audited Historical Income Statement of SE Operations (proposed subsidiary upon Admission) for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015:

Income Statement	30 June 2013	30 June 2014	30 June 2015
	\$	\$	\$
Revenue & Income	76,600	241,078	146,678
Cost of Test Batches	(25,989)	(83,287)	(51,329)
International Marketing	(39,773)	(52,830)	(25,569)
National Marketing	(79,764)	(13,908)	(28,325)
Corporate and Administration	(37,902)	(21,291)	(34,917)
Total Expenditure	(183,428)	(171,316)	(140,140)
Net Profit / (Loss)	(106,828)	69,762	6,535

6.3 Pro forma historical financial information

The pro forma historical financial information set out in this Section has been prepared from the following sources:

- for Skin Elements Limited, figures derived from the unaudited statement of operating results for the period from 4 September 2015 to 30 September 2015; and
- for SE Operations Pty Ltd (formerly Skin Elements Pty Ltd), figures derived from the audited statement of operating results for the twelve month period ended 30 June 2015 which has been audited by K. Westaway & Associates. K. Westaway & Associates issued an unqualified audit opinion in respect of the year ended 30 June 2015 but included an emphasis of matter paragraph in the audit report regarding the going concern assumption and recoverability of the Intellectual Property.

(together the **unaudited pro forma consolidated statement of operating results**), and

- for Skin Elements Limited, figures derived from the unaudited statement of financial position as at 30 September 2015; and
- for SE Operations Pty Ltd, figures derived from the audited statement of financial position as at 30 June 2015 which has been audited by K. Westaway & Associates. K. Westaway & Associates issued an unqualified audit opinion in respect of the year ended 30 June 2015 (refer above); and
- other supplementary information as was considered necessary to reflect the pro forma adjustments (discussed below),

(together the **unaudited pro forma consolidated statement of financial position**), (being collectively, the **pro forma historical financial information**).

The pro forma historical financial information has been reviewed by BDO Corporate Finance (WA) Pty Ltd, whose Investigating Accountant's Report is contained in Section 7. Investors should note the scope and limitations of that report.

6.4 Preparation of Pro forma historical financial information

The pro forma historical financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

As a non-reporting entity, SE Operations has historically prepared a special purpose 'concise annual report' (herein referred to as statutory) for the purposes of satisfying the directors' reporting requirements. As a disclosing entity, the Group is now required to prepare IFRS compliant 'general purpose financial statements' for the first time for the year ended 30 June 2016. In accordance with Australian Accounting Standards Board (AASB) 1 *First time adoption of Australian Accounting Standards*, SE Operations has adopted all relevant IFRS standards with effect from the beginning of the comparative period, 1 July 2013. The adoption of AASB 1 did not result in any changes in recognition or measurement of amounts in the financial statements.

The pro forma historical financial information has been prepared for the purposes of inclusion in this Prospectus, and has been adjusted to eliminate non-recurring items related to the invitation to acquire fully paid ordinary shares (together with free attaching Options) in Skin Elements Limited (ACN 608 047 794) (**the Public Offer**), and to reflect the Group's capital structure that will be in place following completion of the Offers. Refer to Sections 6.6, 6.7 and 6.8 for reconciliations between the pro forma historical financial information and the statutory equivalent information.

Skin Elements Limited will apply to the Australian Securities Exchange for listing and quotation of its shares and options on the ASX within seven days of the date of this Prospectus (Listing). In preparation for Listing, an internal restructure will take place resulting in a newly incorporated company, Skin Elements Limited, becoming the legal parent of the Group subject to the issue of shares under the Offer (**Re-organisation**).

The directors have elected to account for the restructure as a capital re-organisation rather than a business combination. In the directors' judgement, the continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to the initial public offering of shares in Skin Elements Limited (IPO) and most appropriately reflects the substance of the internal restructure.

As such, the historical financial information of Skin Elements Limited will be presented as a continuation of the pre-existing accounting values of assets and

liabilities in the SE Operations Pty Ltd, financial statements with SE Operations Pty Ltd deemed to be the acquirer for accounting purposes.

An International Accounting Standards Board (IASB) project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the pro forma historical financial information.

6.5 Reviewed pro forma consolidated statement of operating results

The reviewed pro forma consolidated statement of operating results is set out below. Skin Elements Limited believes it is presented in a format that is useful for investors to assist their understanding of the Group's pro forma operating results. Consequently, comparative figures have not been presented.

	Skin Elements Limited 4 September - 30 September 2015	SE Operations Pty Ltd 1 July 2014 - 30 June 2015	Pro forma adjustments	Unaudited consolidated pro forma statement of operating results
	\$	\$	\$	\$
Revenues from Soleo Organics test marketing	-	146,675	-	146,675
Cost of sales	-	(51,329)	-	(51,329)
Gross profit	-	95,346	-	95,346
R&D tax concession rebate	-	133,935	-	133,935
Research and Development	-	(110,615)	-	(110,615)
International marketing	-	(25,569)	-	(25,569)
National marketing	-	(28,325)	-	(28,325)
Administration	(813)	(58,237)	-	(59,050)
Transaction costs	-	-	-	-
Pro forma profit after tax	(813)	6,535	-	5,722

The above unaudited pro forma consolidated statement of operating results should be read in conjunction with the accompanying notes.

6.6 Reviewed pro forma consolidated statement of financial position

The reviewed pro forma consolidated statement of financial position is set out below.

		Skin Elements Limited 30 September 2015	SE Operations Pty Ltd 30 June 2015	Reviewed consolidated pro forma statement of financial position	
		\$	\$	Minimum Subscription	Maximum Subscription
				\$	\$
Current assets					
Cash and cash equivalents	(2)	1	19,362	3,459,363	3,928,863
Trade and other receivables		35	157,752	157,787	157,787
Inventories		-	32,165	32,165	32,165
Total current assets		36	209,279	3,649,315	4,118,815
Non-current assets					
Intellectual Property		-	8,480,805	8,480,805	8,480,805
Total non-current assets		-	8,480,805	8,480,805	8,480,805
Total assets		36	8,690,084	12,130,120	12,599,620
Current liabilities					
Trade and other payables		848	57,325	58,173	58,173
Total current liabilities		848	57,325	58,173	58,173
Non-current liabilities					
Trade and other payables		-	50,000	50,000	50,000
Total non-current liabilities		-	50,000	50,000	50,000
Total liabilities		848	107,325	108,173	108,173
Net assets/(liabilities)		(812)	8,582,759	12,021,947	12,491,447
Equity					
Issued capital	(3)	1	9,164,178	12,487,363	12,956,863
Reserves	(4)	-	-	116,816	116,816
Accumulated losses	(5)	(813)	(581,419)	(582,232)	(582,232)
Total equity		(812)	8,582,759	12,021,947	12,491,447

The above unaudited consolidated pro forma statement of financial position should be read in conjunction with the accompanying notes.

6.7 Summary of Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of the pro forma historical financial information are as follows:

a) Basis of Preparation

The pro forma historical financial information has been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

The financial report is presented in Australian dollars, unless otherwise noted.

b) Accounting Estimates and Judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the directors in the application of the accounting policies that have a significant effect on the pro forma historical financial information are as follows:

I. Accounting for the re-organisation (section 6.2)**II. Uncertainty regarding going concern**

The Group's (as defined below) ability to continue as a going concern is dependent on its raising sufficient funding through the Offer to enable it to pay its debts as and when due. The ability of the Group to continue as a going concern and meet its planned product development, trading operation, administration and other commitments is subject to this continued financial support.

In the event that the Group is not successful in raising additional working capital, or the Group does not commence profitable trading operations, the Group may not be able to continue as a going concern, and therefore raise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the pro forma historical financial information.

III. Recoverability of Intellectual Property

Included in the pro forma historical financial information as a non-current asset is the Intellectual Property associated with the Group's natural skincare and suncare products recorded at a carrying value of \$8,480,805. The ultimate recovery of the Group's investment in the Intellectual Property is dependent upon the successful development of its Intellectual Property products and the commencement of profitable trading incorporating the Group's Intellectual Property assets.

c) Principles of Consolidation

The pro forma historical financial information incorporates the assets and liabilities of the subsidiary of Skin Elements Limited as at 30 June 2015 and the results of its subsidiary for the period then ended. Skin Elements Limited and its subsidiary together are referred to as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and potential effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries/assets by the Group.

Intercompany transactions and balances, and unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

d) Revenue recognition***Revenue from sale of goods***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

e) Income tax

The income tax expense (recovery) comprises current income tax expense (recovery) and deferred tax expense (recovery).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (recovery) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax

assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Significant judgement is required when determining the Company's provision for income taxes. The Company estimates its tax liabilities based on the Company's understanding of the tax law.

f) Acquisition of Subsidiaries and Businesses

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 *Business Combinations* are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

g) Determination of Useful Life & Impairment of Assets

Each year the Group undertakes a review of its intellectual property to determine if it is ready for use & its useful life. Assets that have a finite useful life are subject to amortisation on straight line basis over its useful life.

Each year the Group assess whether there is any indication that any asset (including carrying value of intellectual property) maybe impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the unaudited consolidated pro forma statement of financial position.

i) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less impairment.

The effective interest method is a method of calculating the amortised cost of a receivable and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the receivable, or, where appropriate, a shorter period.

j) Intellectual Property

Research costs are expensed as incurred.

Development costs are recognised as an intangible asset when the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. An annual assessment is carried out to determine if it is ready for use and its useful life of the development project. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit on a straight line basis over its useful life an appropriate systematic basis.

k) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unaudited consolidated pro forma statement of operating results during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note [XX]).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the unaudited consolidated pro forma statement of operating results.

l) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 - 45 days. Payables to related parties are carried at amortised cost.

m) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expected liability.

o) Employee Benefits

Wages and salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave due to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of other payables and liabilities for sick leave are included as part of employee benefit provisions.

Annual and long service leave

Liabilities for annual and long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using at a rate set by reference to market yields at the end

of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the unaudited consolidated pro forma statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q) Share Based Payments

Share based payments are provided to directors, employees, consultants and other advisors. The fair value of options granted (determined using the Black Scholes option pricing model) is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

6.8 Pro forma adjustments

The pro forma historical financial information has been included for illustrative purposes to reflect the financial position of Skin Elements Limited as at 30 June 2015 on the assumption that the following transactions had occurred as at that date:

1. Issue of Securities

Prospectus Offering

- I. An offer of 20,000,000 Skin Elements Limited shares at an issue price of \$0.20 per share (Minimum Subscription) with oversubscriptions of up to a further 2,500,000 Skin Elements Limited shares at an issue price of \$0.20 per share (Maximum Subscription);
An entitlement to one Option for every two Shares issued.
A total between \$4,000,000 and \$4,500,000 may be raised under this Prospectus;
- II. An offer of 2,000,000 Options to the Lead Manager and the Corporate Advisor for services provided in relation to the Public Offer (Advisors).

Issuances in connection with the acquisition of SEO

- IV. An offer of the following to SEO Shareholders as consideration for the Company's acquisition of the entire issued share capital of SE Operations;
 - i. 55,000,000 Shares;
 - ii. 27,500,000 Options; and
 - iii. 27,500,000 Unlisted Options

2. Cash and Cash Equivalents

	Minimum Subscription \$	Maximum Subscription \$
Skin Elements Limited cash at bank at 30 September 2015	1	1
<i>Adjustments arising from the acquisition of SE Operations:</i>		
SE Operations cash and cash equivalents at 30 June 2015	19,362	19,362
<i>Adjustments arising from the issue of securities pursuant to this prospectus:</i>		
Proceeds from Public Offer	4,000,000	4,500,000
Share issue costs	(560,000)	(590,500)
Cash and Cash Equivalents after pro forma adjustments	3,459,363	3,928,863

3. Issued Capital

Details	Minimum Subscription \$	Maximum Subscription \$
Skin Elements Limited Opening Balance	1	1
<i>Adjustments arising from the issue of securities pursuant to this prospectus:</i>		
Issue of Skin Element Limited shares pursuant to the Public Offer	4,000,000	4,500,000
Share issue costs	(676,816)	(707,316)
<i>Adjustments arising from the acquisition of SE Operations:</i>		
Issue of shares to SEO Shareholders as non-cash consideration	-	-
SE Operations opening issued capital on 30 June 2015	9,164,178	9,164,178
Issued Capital after pro forma adjustments	12,487,363	12,956,863

Notes:

- a) Up to 22,500,000 Skin Element Limited Shares will be issued at a price of \$0.20, together with one Option exercisable at \$0.20 on or before 31 October 2018 for every two Shares issued.
- A total of up to \$4,500,000 (before costs) may be raised under this Prospectus, and has been allocated to issued capital. \$116,816 has been allocated to the share based payment reserve (Note 4) based on the relative fair value of the options issued to the Advisors, with the residual being allocated to Issued Capital.
- b) 55,000,000 shares will be issued to SEO Shareholders as consideration for Skin Elements Limited acquisition of the entire issued capital of SE Operations. On a continuation accounting consolidated basis, no adjustments are required.

4. Reserves

Share base Payments Reserve	Minimum Subscription \$	Maximum Subscription \$
Skin Elements Limited Opening Balance	-	-
<i>Adjustments arising from the issue of securities pursuant to this prospectus:</i>		
Issue of Options pursuant to the Advisor Offer shares to SEO Shareholders as non-cash consideration (Note 3c)	116,816	116,816
Share Base Payment Reserve after pro forma adjustments	116,816	116,816

5. Accumulated Losses

	Minimum Subscription \$	Maximum Subscription \$
Skin Elements Limited accumulated losses at 30 September 2015	(813)	(813)
<i>Adjustments arising from the acquisition of SE Operations:</i>		
Transfer of SE Operations accumulated losses	(581,419)	(581,419)
Accumulated losses after pro forma adjustments	(582,232)	(582,232)

6. Commitments for Expenditures

At the date of this Prospectus, no material contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

7. Related Parties

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

8. Contingent Liabilities

At the date of this Prospectus, no material contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

9. Subsequent Events

Post 30 June 2015, parties associated with the Officers of SE Operations have entered into arrangement to providing working capital of up to \$200,000 for the company to incur costs of the offers and working capital. in producing stock to be available after Admission and other operating expenses. This financing is to be repaid on listing out of working capital. At the date of this Prospectus, no additional material subsequent events have occurred that we are aware of, other than those disclosed in the Prospectus.

SKIN ELEMENTS LIMITED
Investigating Accountant's Report

15 December 2015

BDO



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

15 December 2015

The Directors
Skin Elements Limited
Office 7 / 36 Ord Street
WEST PERTH WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have been engaged by Skin Elements Limited ('Skin Elements' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical financial information and pro forma historical financial information of Skin Elements for inclusion in a prospectus ('Prospectus') to be issued by the Company in respect of the proposed initial public offering and listing on the Australian Securities Exchange ('ASX').

Broadly, the Prospectus will offer up to 20,000,000 Shares at an issue price of \$0.20 each together with an entitlement to one free attaching Option for every two Shares issued to raise a Minimum Subscription amount of \$4,000,000 (before costs) ('the Public Offer').

Oversubscriptions of up to a further 2,500,000 Shares at an issue price of \$0.20 each together with an entitlement to one free attaching Option for every two Shares issued to raise up to a further amount of \$500,000 (before costs).

The free attaching Options are exercisable at \$0.20 on or before 31 October 2018. The Public Offer is subject to a minimum subscription of \$4,000,000 (before costs).

In preparation for listing on the ASX an internal restructure will take place resulting in the newly incorporated company, being Skin Elements. As such, the historical financial information of Skin Elements will be presented as a continuation of the pre-existing accounting values of SEO Operations Pty Ltd ('SEO Operations'). In order to complete the internal restructure, the Prospectus also includes an offer of 55,000,000 Shares, 27,500,000 Options and 27,500,000 Unlisted Options to SEO Operations Shareholders as consideration for the Company's acquisition of SE Operations ('SEO Offer'). Refer Section 10.2 of the Prospectus for details of the rights and liabilities attaching to Options and Section 10.3 of the Prospectus for details of the rights and liabilities attaching to the Unlisted Options issued under the SEO Offer.

The Prospectus also contains an offer for 2,000,000 Options to the Advisors in consideration for services provided in relation to the Public Offer ('Advisor Offer'). Refer Section 10.2 of the Prospectus for details of the rights and liabilities attaching to Options issued under the Advisor Offer.

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical financial information and pro forma historical financial information described below and disclosed in Section 6 of the Prospectus.

The historical financial information and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested BDO to review the following historical financial information (together the '**Historical Financial Information**') prepared by the Company and included in the Prospectus:

- the historical Statements of Profit or Loss and Other Comprehensive Income of SEO Operations for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the historical Statement of Financial Position of SEO Operations as at 30 June 2015.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information of the Company has been extracted from the financial reports of SEO Operations for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, which was audited K. Westaway & Associates in accordance with Australian Accounting Standards. K. Westaway & Associates issued unmodified audit opinions on the financial reports however included an emphasis of matter paragraph for each financial report in regard to an inherent uncertainty regarding going concern and non-current assets.

For the year ended 30 June 2015, K. Westaway & Associates noted that the Company incurred an operating cash outflow of \$102,708. The Company's ability to continue as a going concern is dependent on it raising sufficient funding to enable it to pay its debts as and when they fall due. The ability of the Company to continue as a going concern and meet its planned product development, trading operation, administration and other commitments is subject to this continued financial support.

Included in the Company's financial report for the year ended 30 June 2015, as a non-current asset, is the intellectual property associated with the Company's Soleo Organics products recorded at a book value of \$8,480,805. The ultimate recovery of the Company's investment in the intellectual property is dependent on the successful development of its intellectual property products, and the commencement of profitable trading incorporating the Company's intellectual property assets. K. Westaway & Associates noted that in the event that the Company is not successful in raising additional working capital, or the Company does not commence profitable

trading operations, the Company may not be able to continue as a going concern, and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial reports.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (together the '**Pro Forma Historical Financial Information**') of the Company included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2015.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of the pro forma adjustments described in Section 6.8 of the Prospectus.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6.8 of the Prospectus on the Company's financial position as at 30 June 2015. As part of this process, information about the Company's financial position has been extracted by the Company from the financial statements for the year ended 30 June 2015.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 6 of the Prospectus, and comprising:

- the historical Statements of Profit or Loss and Other Comprehensive Income of SEO Operations for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the historical Statement of Financial Position of SEO Operations as at 30 June 2015,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 6 of the Prospectus, and comprising:

- the pro forma historical Statement of Financial Position of the Company as at 30 June 2015,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director



8.1 Directors' Profiles

The names and details of the Directors in office at the date of this Prospectus are:



Mr Peter Malone
Executive Chairman

Mr Malone has over 30 years' experience in global financial markets and has been responsible for raising AUD\$100m+ for technology development companies. He has a proven track record in managing technology development programs.

Previously, Mr Malone had developed a wide range of technology programs, from idea stage to reality. Previous CEO to listed companies, he has a Masters degree from UWA and has taught and consulted in Australia, USA, Europe and Asia in business and management.

Mr Malone is responsible for the strategic direction of the Company and will take on the role as Managing Director and Chief Executive Officer of the Company.



Mr Luke Martino
Independent Non-Executive Director

Luke Martino is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors, having worked for over 20 years with major accounting firms, where he held senior leadership positions and Board memberships including Lead Partner of Deloitte's Growth Solutions practice in Perth until 2007 when he left to set up and established boutique corporate advisory and accounting firm, Indian Ocean Advisory Group.

Luke Martino is also a Director of Indian Ocean Corporate Pty Ltd, Non-Executive Director of Pan Asia Corporation Limited (ASX: PZC), as well as the Company Secretary for South East Asia Resources Limited (ASX: SXI). He was also a former Director of NuEnergy Capital Limited, an Australian publicly listed company and South Pacific Resources, a Canadian publicly listed company, Non-Executive Chairman Director of Central Asia Resources Limited (ASX: CVR) and former company secretary of Blackgold International Holdings Limited (ASX: BGG).



Mr Robin Armstrong
Independent Non-Executive Director

Robin is the founder & principal of Sydney based boutique corporate advisory firm Integritas Corporate Pty Ltd. Integritas specialises in advising startups on their corporate strategy that would ultimately see them either subject to a takeover offer or become publicly quoted on a recognised securities exchange e.g. Australian Securities Exchange (ASX). Over the last 5 years it successfully advised Ecopropp Pty Ltd to complete a reverse takeover of Coretrack Limited (ASX: CKK) on the ASX, the company has since changed its name to LWP Technologies Limited (ASX: LWP).

Robin has worked in the financial services industry for over 30 years, 15 of those years as head of corporate finance & director of ASX listed Findlay Securities Ltd where he was responsible for all of their public listing's (IPO's) & secondary capital raising's eg private placements to sophisticated investors. Having served as both an executive & non executive director on numerous Australian & International public companies Robin gained a wealth of knowledge & a broad range of experience in cross border trading, mergers & acquisitions, reconstructions & corporate governance.

Robin has been a long term member of Waverley Action for Youth Services (WAYS) a charity that supports youth education, gainful employment & community involvement.



8.2 Senior Management

Our Company is aware of the need to have sufficient management to properly manage and supervise the development and distribution of its products. The Board will continually monitor the management roles within the Company as its operations expand to ensure proper management of the operations.

The Company has plans post listing to expand its production and sales management teams with the appointment of a Chief Operations Officer following identification of suitable parties; together with the engagement of reputable research and development teams and committees to assist with product development. The Company's current management team consists of the following individuals:



Mr Leo Fung
Chief Technical Advisor

Mr Fung is the founder and developer of the Soléo skin care Intellectual Property and holds an extensive natural products background. Mr Fung has a degree in Naturopathy / Applied Science.

He has 15 years' experience in running successful companies and is highly experienced in managing research and development projects and commercialisation of technologies. He has significant experience successfully dealing with government regulatory bodies such as TGA, FDA and Health Canada.



Mr Craig Piercy
Company Secretary & CFO

Mr Piercy has over 20 years' experience in corporate, accounting and finance. He has worked extensively in development of technology ventures into successful commercial businesses.

Mr Piercy is a member of the Institute of Chartered Accountants with proven experience in corporate structuring, budgeting, accounting systems and reporting, technology protection and valuation, equity raising and structured financing, grant and government assistance programs and he has been previously responsible for listing and ongoing management of public companies in Australia and the USA.

8.3 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests 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 of the Offer; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

8.4 Director Holdings

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors and their related entities will have the following interests in Securities on Admission (pursuant to the SEO Offer):

Director	Shares	Options	Unlisted Options
Peter Malone	11,351,634	5,675,817	5,675,817
Luke Martino	1,250,000	1,625,000*	625,000
Robin Armstrong	600,000	300,000	300,000

*Pursuant to the Advisor Offer, one million Options are to be issued to Indian Ocean Corporate Pty Ltd, of which Mr Martino is a director and shareholder.

8.5 Remuneration of Directors

The Constitution provides the following in relation to the remuneration of Directors:

- (a) Non-Executive Directors are to be paid such aggregate directors' fees as the Company in a general meeting determines, to be divided among them as agreed. The current limit is set at \$500,000.
- (b) If a Non-Executive Director performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.
- (c) Each Executive Director is to be paid an amount of remuneration determined by the Board. The remuneration of executive Directors is determined by the Directors after recommendations are received from the remuneration committee. Under the Listing Rules an Executive Director's remuneration may not be a commission on, or a percentage of, operating revenue.

As at the date of this Prospectus, Directors have received or will be entitled to receive (on an accruals basis) the following remuneration per annum:

	Annual Amount \$
Peter Malone	240,000
Luke Martino	60,000
Robin Armstrong	60,000

8.6 Executive Remuneration

The Company's Executive Chairman, Chief Technical Advisor and Chief Financial Officer and Company Secretary are employed under individual contracts of employment with the Company. These terms and conditions of these contracts are detailed in Sections 9.3, 9.6 and 9.7. The contracts set out the individual's total fixed compensation, notice and termination provisions and employee entitlements including leave.

The Nomination and Remuneration Committee will be responsible for reviewing and reporting to the Board on matters concerning executives' and Directors' remuneration.

8.7 Other information

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

8.8 Governance Council Principles and Recommendations

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members.

The Company is cognisant of the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council and acknowledges that the eight principles detailed therein are fundamental to good corporate governance. The Board will comply with ASX Listing Rule 4.10 which requires the Company to provide a statement in its annual return disclosing the extent to which those best practice recommendations are followed in any reporting period and to identify any recommendations not followed and provide reasons for their not being followed.

The Board believes that the structure of the Company, its management and business practices provide a basis of governance which is reasonable for the Company, having regard to the Company's size, nature and objectives of the Company.

One of the key objectives of the Board is to ensure timely, transparent and accurate communication with all members and compliance with all regulatory requirements. To this effect the Board has established a number of Committees.

The Board has formally adopted a Corporate Governance Policy for the Company which is available on the Company's website. Under this Policy, the Board will establish:

- (a) an Audit and Risk Committee whose primary function will be to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its statutory reporting requirements; and
- (b) a Nomination and Remuneration Committee to review the composition of the Board to ensure that the Board has an appropriate mix of expertise and experience and to assess and review the performance of the directors of the Company. Additionally, the Nomination and Remuneration Committee is responsible for reviewing and reporting to the Board on matters concerning executives' and Directors' remuneration.



The following are summaries of the significant terms of the material agreements which relate to the business of the Company and the Offers.

9.1 Share Sale Agreements

In November 2015, the Company entered into share sale agreements with each of the SEO Shareholders (**Share Sale Agreements**) pursuant to which the Company agreed to acquire the entire issued share capital of SE Operations from the SEO Shareholders. A summary of the key terms of the Share Sale Agreements is detailed below.

Conditions Precedent

Completion of the acquisition of SE Operations is subject to and conditional upon among other things:

- a) the Company receiving in principle approval from ASX for the admission of the Company's securities to the Official List on conditions reasonably acceptable to the Company;
- b) all SEO Shareholders applying for Securities under the SEO Offer;
- c) no SEO Shareholder being in breach of their obligations under their relevant Share Sale Agreement; and
- d) the Companies obtaining all necessary regulatory and shareholder approvals required to complete the Acquisition.

Consideration

The consideration payable by the Company for the acquisition of SE Operations is the issue of:

- a) 55,000,000 Shares;
- b) 27,500,000 Options; and
- c) 27,500,000 Unlisted Options,

to the SE Operations shareholders (**SEO Shareholders**).

All directors or entities associated with the directors, are Vendors and will be receiving a portions of the consideration payable by the Company in respect of the Acquisition and pursuant to the SEO offer. Please refer to Section 8.4 for further details.

Warranties

The Sale Agreements contain representations and warranties provided by the SEO Shareholders which are considered standard for an agreement of this type.

Termination

The Company or the vendors (being those Vendors who in aggregate hold more than 90% of the combined number of shares in SE Operations) may terminate the agreement if:

- a) there is a material breach of any material term or warranty of the Share Sale Agreement; or
- b) a material adverse change occurs in the business, assets of SE Operations or the financial or trading position or prospectus of SE Operations.

9.2 Lead Manager Mandate

The Company has entered into a mandate agreement with Patersons Securities Limited (**Lead Manager**) pursuant to which the Lead Manager has agreed to provide corporate advisory services to the Company and to act as the lead manager to the Public Offer (**Lead Manager Mandate**). The Company has agreed to pay the Lead Manager:

- (a) a lead manager fee of \$100,000 plus GST payable upon completion of the Public Offer;
- (b) a selling / capital raising fee of 6% of the total amount raised in the Public Offer (which the Lead Manager may pass on to other brokers who assist in raising any funds under the Offer);
- (c) subject to the successful completion of the Public Offer, the Company will issue to the Lead Manager (or its nominees) 1,000,000 Options as a capital raising success fee;
- (d) a termination fee of \$40,000 plus GST should the Company terminate the mandate or Lead Manager terminates for cause; and
- (e) additionally, the Company will also pay the Lead Manager for any reasonable expenses and disbursements incurred by the Lead Manager under the Public Offer.

The obligation of the Lead Manager to manage the Public Offer is also subject to certain events of termination. The Lead Manager may terminate its obligations under the mandate if, among other termination events:

- (a) the Australian equity capital market conditions or ASX trading conditions are such that they are not, in the bona fide judgement of the Lead Manager, conducive to the successful completion of the Lead Manager Mandate or other events beyond the control of the Lead Manager are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated herein;
- (b) there is a material adverse effect including any adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly or to the Lead Manager, other than for the costs incurred by the Company in relation to the Public Offer;
- (c) there is a false or misleading statement in the material or information in the Company's prospectus, or as supplied to the Lead Manager or included in the presentation materials or a material omission in the prospectus or material supplied to the Lead Manager or included in the presentation materials;
- (d) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, China, the United Kingdom, the United States of America, Malaysia or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, it is impracticable to market the new issue or to enforce any contract to issue and allot the new shares or that the success of the new issue is likely to be adversely affected;
- (e) there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Australia or any state of Australia, a new law, or the Reserve Bank of Australia, any federal or state authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Lead Manager Mandate), any of which does or is likely to prohibit or regulate financial institutions or credit providers, capital issues or stock markets;
- (f) ASX gives formal or informal notice that the securities of the Company will not be admitted to trading on the Official List of ASX;
- (g) default by the Company of any term of the Lead Manager Mandate;
- (h) any of the warranties or representations by the Company in the Lead Manager Mandate are or become materially untrue;
- (i) a director or proposed director of the Company is charged with an indictable offence or any director or proposed director of the Company is disqualified from managing a corporation under the Corporations Act;
- (j) ASIC issues, or threatens to issue, a proceeding, hearing or investigation in relation to the IPO;
- (k) any government agency (including ASIC) commences any public action, hearing or investigation against the Company or any of its directors in their capacity as a director of the Company or announces that it intends to take such action;
- (l) all of the conditions to the Lead Manager Mandate have not been, or will not in each of the Lead Manager sole and absolute opinion be, satisfied, or waived by the Lead Manager, prior to 31 December 2015 or such later date agreed by the Lead Manager in writing;
- (m) the prospectus is not lodged with ASIC on or before 31 December 2015 in a form approved by the Lead Manager;
- (n) the prospectus does not comply with the Corporations Act, the ASX Listing Rules, or any other applicable law;
- (o) any information supplied at any time by the Company or any person on its behalf in respect to any aspect of the IPO is or becomes misleading, deceptive or likely to mislead or deceive;
- (p) a receiver, administrator, trustee or similar official is appointed over any of the assets or undertaking of the Company, or the Company enters into an arrangement or compromise with its creditors, or becomes unable to pay its debts when they are due;
- (q) a new circumstance occurs in relation to the Company that has arisen since the prospectus was lodged that would have been required to be included in the prospectus if it had arisen before the prospectus was lodged and which is materially adverse from the point of view of an investor within the meaning of section 719;
- (r) without the prior written consent of the Lead Manager, the Company:
 - i. disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the prospectus;
 - ii. ceases or threatens to cease to carry on business;
 - iii. alters its capital structure, other than as contemplated in the prospectus; or
 - iv. amends its constitution or any other constituent document of the Company or the terms of issue of the Securities under the Public Offer; or
- (s) other than as disclosed in the prospectus, the Company charges or agrees to charge, the whole, or a substantial part of its business or property.

The Lead Manager Mandate also contains a number of indemnities, representations and warranties that are considered standard for an agreement of this type.

All other terms of the Lead Manager Mandate are considered standard for an agreement of this nature.

9.3 Consultancy Agreement – Mr Peter Malone

The Company has entered into a consultancy agreement with Sovereign Empire Pty Ltd (Sovereign Empire Consultancy Agreement).

Under the Sovereign Empire Consultancy Agreement, Sovereign Empire Pty Ltd is engaged by the Company to provide services to the Company. Mr Peter Malone will be engaged by Sovereign Empire Pty Ltd to act as the Executive Chairman of the Company. Sovereign Empire Pty Ltd will be paid a consulting fee upon Admission of A\$20,000 (plus GST) per month for at least 100 hours of service per month and will also be reimbursed for reasonable expenses incurred in the performance of its duties.

The Sovereign Empire Consultancy Agreement continues for a period of 2 years, with the option to extend the term by mutual written agreement of the parties. The Sovereign Empire Consultancy Agreement contains standard termination provisions under which the Company must give 3 months' written notice of termination (or shorter period in the event of a material breach) or, alternatively, payment in lieu of service. At the end of that notice period the Company must pay to Sovereign Empire Pty Ltd an amount equal to the consulting fee that would otherwise be payable to Sovereign Empire Pty Ltd over a 3 month period if the engagement had not been terminated.

9.4 Non Executive Director Appointment Letters – Mr Luke Martino

The Company has entered into an agreement with Mr Luke Martino (Martino Agreement).

Under the Martino Agreement, Mr Martino is engaged by the Company to provide non-executive director services to the Company. Mr Luke Martino will be paid a fee of A\$60,000 (plus GST) per annum for at least 40 hours of service per month upon Admission. Mr Martino will also be reimbursed for reasonable expenses incurred in the performance of his duties as a Non-Executive Director of the Company.

9.5 Non Executive Director Appointment Letters – Mr Robin Armstrong

The Company has entered into an agreement with Mr Robin Armstrong (Armstrong Agreement).

Under the Armstrong Agreement, Mr Armstrong is engaged by the Company to provide non-executive director services to the Company. Mr Robin Armstrong will be paid a fee of A\$5,000 (plus GST) per month for at least 40 hours of service per month upon Admission. Mr Armstrong will also be reimbursed for reasonable expenses incurred in the performance of his duties as a Non-Executive Director of the Company.

9.6 Indian Ocean Mandate

The Company has entered into a mandate with Indian Ocean Corporate Pty Ltd (Corporate Advisor) (of which Luke Martino is a Director) pursuant to which the Corporate Advisor will provide corporate advisory services to the Company (Corporate Consultancy Agreement).

Under the Corporate Consultancy Agreement, the Corporate Advisor is engaged by the Company to provide the following services to the Company.

- (a) the Corporate Advisor will provide corporate advisory services with respect to proposed IPO of the Group. The Corporate Advisor will be paid a advisory fee of A\$50,000 (plus GST);
- (b) the Corporate Advisor will provide certain accounting services prior to the planned IPO. The Corporate Advisor will be paid a fee of A\$50,000 (plus GST).
- (c) subject to the successful completion of the Public Offer, the Company will issue the Corporate Advisor (or its nominees) 1,000,000 Options as a success fee. Additionally, the Company shall reimburse the Corporate Advisor for all out of pocket expenses incurred in performing services under the Corporate Consultancy Agreement.

9.7 Consultancy Agreement – Mr Craig Piercy

The Company has entered into a consultancy agreement with Sovereign Equities Pty Ltd which will commence upon Admission (Sovereign Equities Consultancy Agreement).

Under the Sovereign Equities Consultancy Agreement, Sovereign Equities Pty Ltd is engaged by the Company to provide services to the Company. Mr Craig Piercy will be engaged by Sovereign Empire Pty Ltd to act as the Company Secretary of the Company. Sovereign Equities Pty Ltd will be paid a consulting fee of A\$13,000 (plus GST) per month for at least 100 hours of service per month and will also be reimbursed for reasonable expenses incurred in the performance of its duties.

The Sovereign Equities Consultancy Agreement continues for a period of two years, with the option to extend the term by mutual written agreement of the parties. The Sovereign Equities Consultancy Agreement contains standard termination provisions under which the Company must give 3 months' written notice of termination (or shorter period in the event of a material breach) or, alternatively, payment in lieu of service. At the end of that notice period the Company must pay to Sovereign Equities Pty Ltd an amount equal to the consulting fee that would otherwise be payable to Sovereign Equities Pty Ltd over a 3 month period if the engagement had not been terminated.

9.8 Consultancy Agreement – Essential Property Pty Ltd

The Company has entered into a consultancy agreement with Essential Property Pty Ltd (EP) which will commence upon Admission (EP Consultancy Agreement).

Under the EP Consultancy Agreement, Essential Property Pty Ltd is engaged by the Company to provide services to the Company. Mr Leo Fung will be engaged by Essential Property Pty Ltd to act as the Chief Technical Advisor of the Company. Essential Property Pty Ltd will be paid a consulting fee of A\$13,000 (plus GST) per month for at least 100 hours of service per month and will also be reimbursed for reasonable expenses incurred in the performance of its duties.

The EP Consultancy Agreement continues for a period of two years, with the option to extend the term by mutual written agreement of the parties. The EP Consultancy Agreement contains standard termination provisions under which the Company must give 3 months' written notice of termination (or shorter period in the event of a material breach) or, alternatively, payment in lieu of service. At the end of that notice period the Company must pay to Essential Property Pty Ltd an amount equal to the consulting fee that would otherwise be payable to Essential Property Pty Ltd over a 3 month period if the engagement had not been terminated.

9.9 Deeds of Indemnity, Insurance and Access

The Company has entered into a Confidentiality, Indemnity, Insurance and Access Deed with each Director of the Company and will enter into such Deed's with further directors upon their appointment. The Company has also entered into a Confidentiality, Indemnity, Insurance and Access Deed with the Company Secretary and Chief Technical Advisor of the Company.

Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

9.10 Officer Loans

Parties associated with the officers of SE Operations have entered into arrangement to providing working capital of up to \$200,000 for the company to incur costs in producing stock to be available after Admission and other operating expenses. This financing is to be repaid on listing from working capital. These loans are unsecured and interest free.



10 ADDITIONAL INFORMATION

10.1 Rights attaching to Shares

A summary of the rights attaching to Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, financial reports and other documents required to be sent to Shareholders under the Constitution, Corporations Act or Listing Rules. The notice must state the general nature of business and any other matters required by the constitution, Corporations Act or Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

At general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares, shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall (subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all Shares in accordance with the Corporations Act.

Dividends are payable out of the Company's profits and are declared by the Directors. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. The Directors may direct payment of the dividend to be made wholly or in part by the distribution of specific assets. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) Winding up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or Listing Rules.

The Company may decline to register any transfer where permitted to do so by the Listing Rules and must decline to register a transfer of Shares where required by the Listing Rules.

(f) Changes to capital structure

The issue of any Share in the Company is under the control of the Directors. The Directors may issue Shares on such terms and with such rights or restrictions, as they think fit, subject to the Constitution, Corporations Act and Listing Rules.

(g) Variation of rights

At present the Company has ordinary shares on issue. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to a class (unless otherwise provided by terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of 75% of the issued shares of that class, or if authorised by a special resolution at a separate meeting of the holders of the shares of that class.

(h) Constitution

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution). Whilst the Company is listed, at least 28 days' written notice of a meeting to consider a special resolution must be given.

10.2 Terms and Conditions of Options

A summary of the rights attaching to Options is detailed below.

This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Optionholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Optionholder to obtain a definitive assessment of the rights and liabilities which attach to the Options in any specific circumstances, the Optionholder should seek legal advice.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (l), the amount payable upon exercise of each Option will be \$0.20 (Exercise Price).

(c) Expiry Date

The expiry date of the Options is 5.00pm WST on 31 October 2018 (**Expiry Date**).

The Options may be exercised at any time prior to the Expiry Date (**Exercise Period**), in whole or in part, upon payment of the exercise price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

(d) Transferable

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(e) Quotation

The Company will apply for the quotation of the Options on the ASX. Subject to spread requirements being met, the Options will be quoted on ASX.

(f) Notice of Exercise

The Options may be exercised during the Exercise

Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

The Options may be exercised by the Option holder in whole or in part. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing and Issue of Shares on Exercise

Within 15 Business Days after the later of the following:

- a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in paragraph (a) above,

the Company will:

- c) allot and issue the Shares pursuant to the exercise of the Options;
- d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) Shares Issues on exercise

Subject to any ASX ruling regarding Restricted Securities, Shares issued on exercise of the Options rank equally with the then issued shares of the Company

(j) Participating rights

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Reconstructions

The rights of the holders of Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

10.3 Terms and Conditions of Unlisted Options

A summary of the rights attaching to Options is detailed below.

This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Optionholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Optionholder to obtain a definitive assessment of the rights and liabilities which attach to the Options in any specific circumstances, the Optionholder should seek legal advice.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (l), the amount payable upon exercise of each Option will be \$0.30 (Exercise Price).

(c) Expiry Date

The expiry date of the Options is 5.00pm WST on 30 November 2018 (**Expiry Date**).

The Options may be exercised at any time prior to the Expiry Date (**Exercise Period**), in whole or in part, upon payment of the exercise price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

(d) Transferable

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(e) Quotation

The Company will not apply for the quotation of the Options on the ASX.

(f) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

The Options may be exercised by the Option holder in whole or in part. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing and Issue of Shares on Exercise

Within 15 Business Days after the later of the following:

- a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in paragraph (a) above,

the Company will:

- c) allot and issue the Shares pursuant to the exercise of the Options;
- d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) Shares Issues on exercise

Subject to any ASX ruling regarding Restricted Securities, Shares issued on exercise of the Options rank equally with the then issued shares of the Company

(j) Participating rights

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Reconstructions

The rights of the holders of Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

10.4 Employee equity incentive plan

The Company has established an equity incentive plan (Incentive Plan) prior to the date of this Prospectus to assist in the motivation, retention and reward of senior management and other employees. The Incentive Plan is designed to align the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

At the date of this Prospectus, the Company has not issued any equities to senior management or other employees under the Incentive Plan.

Rules of the Incentive Plan

The rules of the Incentive Plan (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

The key features of the Incentive Plan are detailed in the table below.

Term	Description
Eligibility	Offers may be made at the Board's discretion to Directors, employees or contractors of the Company or any member of the Group or any other person that the Board determines to be eligible to receive a grant under the Incentive Plan.
Types of securities	The Plan Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers: • Performance Rights; • Options; and • Restricted Shares. Options are an entitlement to receive a Share upon satisfaction of applicable conditions and payment of an applicable exercise price. Performance Rights and Restricted Shares are an entitlement to receive a Share for no consideration upon satisfaction of applicable conditions. Unless otherwise specified in an offer document, the Board has the discretion to settle Performance Rights or Options with a cash equivalent payment.
Offers under the Plan	The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer Performance Rights, Options and Restricted Shares in individual offer documents. Offers must be accepted by the offeree and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a Performance Right, Option or Restricted Share under the Incentive Plan.
Vesting	Vesting of Performance Rights, options and Restricted Shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Options must be exercised by the offeree and the offeree is required to pay the exercise price to be allocated Shares. Subject to the Plan Rules and the terms of the specific offer document, any Performance Rights, Options or Restricted Shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Number of incentives	Subject to the Incentive Plan, the number of Performance Rights, Options or Restricted Shares (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law and the Listing Rules.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participant ceases employment or engagement with the Company or other member of the Group.

Term	Description
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad "clawback" powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company or its related bodies corporate into disrepute, or there is a material financial misstatement, or the Company is required or entitled under law or Company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's Performance Rights, Options or Restricted Shares will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Plan Rules. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated on a change of control.
Participation in Rights Issues or Bonus Issues and reorganisation	There are no participating rights or entitlements inherent in the Performance Rights or Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the same. If at any time the capital of the Company is reorganised, the terms of the Performance Rights, Options or Restricted Shares will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
Other terms	The Incentive Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Incentive Plan.

10.5 Dividend Policy

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

At the date of issue of this Prospectus, the Company does not intend to declare or pay any dividends in the immediately foreseeable future. However, it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

10.6 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities, pursuant to the Offers, from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

10.7 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before 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 Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offers, except as disclosed in this Prospectus.

10.8 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

10.9 Expenses of Offer

The total expenses of the Offers payable by the Company are as follows:

	Minimum Subscription is received (\$)	Maximum oversubscription is received (\$)
ASIC Lodgement Fee	2,320	2,320
ASX Quotation Fee	70,000	70,500
Legal Fees	50,000	50,000
Investigating Accountant Fee	10,000	10,000
Corporate Advisory Fees	50,000	50,000
Lead Manager Fee	100,000	100,000
Capital Raising ¹ and Marketing Fees	240,000	270,000
Printing, Postage and Administration Fees	20,175	20,175
Miscellaneous	17,505	17,505
TOTAL	560,000	590,500

Note: 1. Refer to Section 2.18.

10.10 Effect of the Offers on control and substantial Shareholders

Based on the information known as at the date of this Prospectus, on Admission, the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares
Sovereign Empire Pty Ltd	11,351,634	14.6%
Lawley Group Pty Ltd	8,510,182	11.0%
Sovereign Empire Pty Ltd	5,051,841	6.5%
Will power Trading Limited	5,000,250	6.4%
Sunadvance Group Limited	5,000,250	6.4%

Note: Assuming the maximum amount of oversubscriptions for the Public Offer is received. Refer to Section 2.1, 2.2 and 2.8 for further details.

10.11 Continuous Disclosure Obligations

Following Admission, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.12 Restricted Securities

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from disposing of those securities or an interest in those securities, or agreeing to dispose of those securities or an interest in those securities, for the relevant restriction periods. The holder is also prohibited from granting a security interest over those securities.

Subject to the Company being admitted to the Official List, certain Shares, Options and Unlisted Options on issue prior to Admission will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation or date of issue (as applicable). In addition, all or part of the Shares, Options and Unlisted Options to be issued to the Vendors (refer to Section 9.1 for further details) as consideration for the Acquisition may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

In addition to those securities which may be required to be escrowed by the ASX, the Company and the SEO Shareholders have agreed that if required by the Lead Manager, certain Securities issued to SEO Shareholders will be subject to voluntary escrow arrangements. The aggregate number of Shares voluntarily escrowed will not exceed 19.9% of the Company's shares. It is intended the voluntary escrow periods of between 6 and 12 months from Admission will apply and the Company estimates that approximately up to 73% of Shares will either be subject to ASX imposed or voluntary escrow arrangements upon Admission.

During the period in which these Shares, Options and Unlisted Options are prohibited from being transferred, trading in Shares and Options may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares or Options in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares, Options and Unlisted Options required to be held in escrow prior to the Shares and Options commencing trading on ASX.

None of the Shares or Options issued pursuant to the Public Offer is expected to be restricted securities.

10.13 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

10.14 Consents

Each of the parties referred to in this Section:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

None of the parties referred to in this Section authorised or caused the issue of this Prospectus or the making of the Offers.

DLA Piper Australia has given its written consent to being named as the Australian Legal advisor to the Company in respect to the Offers. DLA Piper Australia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as the Investigating Accountant to the Company in respect to the Offers. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Link Market Services Ltd has given its written consent to being named as the Share Registry to the Company in respect to the Offers. Link Market Services Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Patersons Securities Limited has given its written consent to being named as the Lead Manager to the Company in respect to the Offers. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Indian Ocean Corporate Pty Ltd has given its written consent to being named as the Corporate Advisor to the Company in respect to the Offers. Indian Ocean Corporate Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

10.15 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

10.16 Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

10.17 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 6, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.



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

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

This Prospectus is signed for and on behalf of the Company by:

Mr Peter Malone
Executive Chairman

Dated: 18 December 2015

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Admission	means admission of the Company to the Official List, following completion of the Public Offer.
Advisor Offer	has the meaning given to that term in Section 2.4.
Advisor Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the Advisor Offer.
Advisors	means the Lead Manager and the Corporate Advisor.
Allotment Date	means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
Application Form	means the Public Offer Application Form, the SEO Offer Application Form or the Advisor Offer Application Form as the context requires.
Applicant	means person who submits an Application Form.
Application	means a valid application for Securities under an Offer made pursuant to an Application Form.
Application Monies	means application monies for Securities under the Public Offer received by the Company.
Auditor	means BDO Audit (WA) Pty Ltd
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).
Board	means the board of Directors as at the date of this Prospectus.
Change of Control	has the meaning given in Section 10.3(g).
CHESS	has the meaning given to that term in Section 2.14.
Closing Date	means the date specified as the closing date of the Offers in the Indicative Timetable.
Company	means Skin Elements Limited ACN 608 047 794.
Constitution	means the constitution of the Company as amended from time to time.
Corporate Advisor	has the meaning given to that term in Section 9.4.
Corporate Advisory Mandate	has the meaning given to that term in Section 9.4.
Corporate Directory	means the corporate directory on the inside cover of this Prospectus.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).

Director	means a director of the Company.
EBIT	means earnings before interest and tax.
EJNC	has the meaning given to that term in Section 3.2.
Eligible Shareholder or Vendor	means an SE Operations Shareholder who entered into a Share Sale Agreements.
Exposure Period	means the exposure period under section 727(3) of the Corporations Act, being the seven days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.
FDA	means the Food and Drug Administration.
Financial Information	has the meaning given to that term in Section 6.
Financial Results	means an annual financial report prepared under Chapter 2M of the Corporations Act.
GMP	means the Good Manufacturing Practices regulations and General Biologics Products Standards promulgated by FDA, as they may be amended from time to time and includes published standards of FDA (or other standards of FDA that are generally recognised within the United States pharmaceutical industry) that relate to the testing, manufacturing, processing, packaging, holding or distribution of drug or biologic drug substances and finished drugs or biologics and similar standards, guidelines and regulations promulgated or otherwise required by the European Commission, and published standards of the European Commission (and other standards of the European Commission that are generally recognized within the European pharmaceutical industry), including the Guide to Good Manufacturing Practices for Medicinal Products as promulgated under European Directive 91/356/EEC, as amended from time to time.
Group	means the Company and its subsidiaries (including SE Operations post completion of the Company's acquisition of the entire issued share capital of SE Operations).
GST	means Goods and Services Tax.
Historical Financial Information	has the meaning given to that term in Section 6.3.
Incentive Plan	has the meaning given to that term in Section 10.4.
Indicative Timetable	means the indicative timetable for the Offers on page 6 of this Prospectus.
Intellectual Property	means any and all of the Group's intellectual and proprietary rights (whether registered or unregistered) including business names, patents, patent applications, drawings, discoveries, inventions, improvements, trade secrets, technical data, formulae, computer programs, databases, know-how, logos, designs, design rights and similar industrial, commercial and intellectual property (and all goodwill associated with any of the foregoing).
Investigating Accountant	means BDO Corporate Finance (WA) Pty Ltd.
Investigating Accountant's Report	means the report included in Section 7.
Lead Manager	has the meaning given to that term in Section 9.2
Lead Manager Mandate	has the meaning given to that term in Section 9.2
Listing Rules	means the official listing rules of ASX.
Minimum Subscription	has the meaning given to that term in Section 2.2.
Offer	means the Public Offer, the SEO Offer or the Advisor Offer as the context requires, and the Offers means all of them.

Official List	means the official list of ASX.
Official Quotation	means Official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date of the Offers in the Indicative Timetable.
Option	means an option to acquire a Share issued on the terms and conditions detailed in Section 10.2.
Participant	means an Eligible Shareholder who holds a Unlisted Option, from time to time.
Plan Rules	has the meaning given to that term in Section 10.4.
Pro Forma Financial Information	means the financial information included in Section 6.
Prospectus	means this prospectus dated 18 December 2015.
Public Offer	has the meaning given to that term in Section 2.1.
Public Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the Public Offer.
SE Formula	means the sunscreen formulation developed by SE Operations.
SE Operations	has the meaning given to that term in Section 3.1.
SEO Offer	has the meaning given to that term in Section 2.3.
SEO Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the SEO Offer.
SEO Shareholders	has the meaning given to that term in Section 9.1.
Section	means a section of this Prospectus.
Share	means a fully paid ordinary share in the capital of the Company.
Security	means a Share, an Option or a Unlisted Option, as applicable.
Security Interest	means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.
Share Registry	means Link Market Services Limited ACN 083 214 537.
Share Sale Agreements	has the meaning given to that term in Section 9.1.
Shareholder	means a registered holder of a Share.
Soléo Formula	means the natural sunscreen formulation developed and owned by SE Operations.
Soléo Organics	has the meaning given to that term in Section 3.2.
SPF	means Sun Protection Factor.
Takeover Bid	has the meaning given to that term in the Corporations Act.
TGA	means the Therapeutic Goods Administration, a Division of the Department of Health and Ageing.

Therapeutic Goods	means goods: (a) that are represented in any way to be, or that are, whether because of the way in which the goods are presented or for any other reason, likely to be taken to be: (i) for therapeutic use; or (ii) for use as an ingredient or component in the manufacture of therapeutic goods; or (iii) for use as a container or part of a container for goods of the kind referred to in subparagraph (i) or (ii); or (b) included in a class of goods the sole or principal use of which is, or ordinarily is, a therapeutic use or a use of a kind referred to in subparagraph (a)(ii) or (iii); and includes biologicals, medical devices and goods declared to be therapeutic goods under an order in force under section 7 of the Therapeutic Goods Act 1898 (TG Act), but does not include: (c) goods declared not to be therapeutic goods under an order in force under section 7 of the TG Act; or (d) goods in respect of which such an order is in force, being an order that declares the goods not to be therapeutic goods when used, advertised, or presented for supply in the way specified in the order where the goods are used, advertised, or presented for supply in that way; or (e) goods (other than goods declared to be therapeutic goods under an order in force under section 7 of the TG Act) for which there is a standard (within the meaning of subsection 4(1) of the Food Standards Australia New Zealand Act 1991); or (f) goods (other than goods declared to be therapeutic goods under an order in force under section 7 of the TG Act) which, in Australia or New Zealand, have a tradition of use as foods for humans in the form in which they are presented; or (g) goods covered by a determination under subsection 7AA(1) of the TG Act (excluded goods); or (h) goods covered by a determination under subsection 7AA(2) of the TG Act (excluded goods), if the goods are used, advertised, or presented for supply in the way specified in the determination.
Unlisted Option	means a unlisted option issued by the Company on the terms and conditions detailed in Section 10.3.
WST	means Western standard time, being the time in Perth, Western Australia.

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares (and attaching Options) to which this Application Form relates are Skin Elements Limited ("Skin Elements") Shares and Options. Further details about the Shares and Options are contained in the Prospectus dated 18 December 2015 issued by Skin Elements. The Prospectus will expire 13 months from issue. While the Prospectus is current, Skin Elements will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares and Options. You should read the Prospectus before applying for Shares (and free attaching Options).

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 500. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares and Options. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Skin Elements will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Skin Elements and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares and Options will be issued to Skin Elements's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to **"Skin Elements Limited"** in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEDT) on 5 February 2016 at:

Mailing Address

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(do not use this address for mailing purposes)**

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.



Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Options to which this Application Form relates are Skin Elements Limited ("Skin Elements") Options. Further details about the Options are contained in the Prospectus dated 18 December 2015 issued by Skin Elements. The Prospectus will expire 13 months from issue. While the Prospectus is current, Skin Elements will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Options. You should read the Prospectus before applying for Options.

- A** Insert the number of Options you wish to apply for. The Application must be for a maximum of 1,000,000 Options.
- B** Insert the relevant amount of Application Monies (if applicable). To calculate your Application Monies, multiply the number of Options applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Options. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Skin Elements will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Skin Elements and the Option Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Options will be issued to Skin Elements's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to **"Skin Elements Limited"** in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEDT) on 5 February 2016 at:

Mailing Address

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
(do not use this address for mailing purposes)

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares, Options and Unlisted Options to which this Application Form relates are Skin Elements Limited ("Skin Elements") Shares, Options and Unlisted Options. Further details about these securities are contained in the Prospectus dated 18 December 2015 issued by Skin Elements. The Prospectus will expire 13 months from issue. While the Prospectus is current, Skin Elements will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares, Options and Unlisted Options. You should read the Prospectus before applying for Shares, Options and Unlisted Options.

- A** Insert the number of Shares you wish to apply for.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares, applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares, Options and Unlisted Options. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Skin Elements will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Skin Elements and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares, Options and Unlisted Options will be issued to Skin Elements's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to **"Skin Elements Limited"** in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEDT) on 5 February 2016 at:

Mailing Address

Skin Elements Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Skin Elements Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(do not use this address for mailing purposes)**

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares, Options and Unlisted Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.



