

MEMPHASYS LIMITED
ACN 120 047 556

ENTITLEMENT OFFER PROSPECTUS

For a pro-rata non-renounceable entitlement offer of two (2) Shares for every nine (9) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share, together with one (1) free New Option for every two (2) Shares applied for and issued, to raise up to approximately \$2,132,268 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

This Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234666). Refer to Section 6.4.2 for details regarding the terms of the underwriting.

This Prospectus also contains the Placement Options Offer, which is detailed in Section 2.2.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 4 December 2023 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' 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 the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by 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.

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.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offers do not, and are not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not

be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.9.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is 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.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options issued under this Prospectus. The Company and the Underwriter will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.memphasys.com). By making an application under the Entitlement Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.memphasys.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 2 8415 7300 during office hours or by emailing the Company Secretary, Andrew Metcalfe, at Andrew@accosec.com.

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.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out 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 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.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon 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.

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 the 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.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Eastern Daylight Time, unless stated otherwise.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will

use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call the Company Secretary on +61 2 8415 7300.

CORPORATE DIRECTORY

Directors

Mr Robert Cooke
Non-Executive Chairman

Dr David Ali
CEO and Executive Director

Mr Paul Wright
Non-Executive Director

Company Secretary

Mr Andrew Metcalfe

Registered Office

30 Richmond Road
HOMEBUSH NSW 2140

Telephone: +61 2 8415 7300

Website: www.memphasys.com

Email: info@memphasys.com

Auditor*

Pitcher Partners
Level 16, Tower 2, 201 Sussex Street
SYDNEY NSW 2000

Share Registry*

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone: 1300 737 760 (within Australia)

Telephone: + 61 2 9290 9600 (outside
Australia)

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Lead Manager and Underwriter

Canaccord Genuity (Australia) Limited
Level 23, Exchange Tower
2 The Esplanade
PERTH WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

TABLE OF CONTENTS

1.	KEY OFFER INFORMATION.....	1
2.	DETAILS OF THE OFFERS.....	6
3.	PURPOSE AND EFFECT OF THE OFFERS.....	12
4.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....	16
5.	RISK FACTORS	22
6.	ADDITIONAL INFORMATION	27
7.	DIRECTORS' AUTHORISATION	38
8.	GLOSSARY.....	39

1. KEY OFFER INFORMATION

1.1 Timetable

Event	Date
Lodgement of Prospectus with the ASIC	4 December 2023
Lodgement of Prospectus and Appendix 3B with ASX	4 December 2023
Ex date	7 December 2023
Record Date for determining Entitlements as at 5:00pm AEDT	8 December 2023
Issue Placement Shares and lodge Appendix 2A with ASX applying for quotation of the Placement Shares	11 December 2023
Entitlement Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	13 December 2023
Last day to extend the Closing Date	27 December 2023
Closing Date as at 5:00pm AEDT*	2 January 2024
Shares quoted on a deferred settlement basis	3 January 2024
ASX and Underwriter notified of under subscriptions	5 January 2024
Underwriter subscribes for Shortfall under terms of Underwriting Agreement	9 January 2024
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares (before noon, Sydney time)	9 January 2024
Quotation of Shares issued under the Entitlement Offer*	10 January 2024
General Meeting of the Company	late January 2023
Issue date of New Options under the Placement Options offer	late January 2023

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary.

1.2 Key statistics of the Offers

Shares

	Full Subscription ¹
Entitlement Offer Price per Share	\$0.01
Entitlement Ratio (based on existing Shares)	2:9
Shares currently on issue	959,520,382
Placement Shares to be issued (post Record Date)	210,000,000
Shares to be issued under the Entitlement Offer	213,226,752
Gross proceeds of the issue of Shares under the Entitlement Offer	\$2,132,268
Shares on issue post-Placement Offer and Entitlement Offer	1,382,747,134

Notes:

1. Assuming the full subscription of \$2,132,268 is achieved under the Entitlement Offer.
2. Refer to Section 4.1 for the terms of the Shares.

Options

	Full Subscription ¹
Entitlement Offer Price per New Option	nil
Option Entitlement Ratio (based on Shares subscribed for under the Entitlement Offer)	1:2
Options currently on issue	9,668,800
New Options to be issued under the Entitlement Offer ²	106,613,376
Placement Options to be issued under the Placement Options Offer ²	105,000,000
Gross proceeds of the issue of New Options and Placement Options	\$nil
Options on issue post- Placement Options Offer and Entitlement Offer	221,282,176

Notes:

1. Assuming the full subscription of \$2,132,268 is achieved under the Entitlement Offer.
2. Refer to Section 4.2 for the terms of the New Options.
3. Refer to Section 4.3 for the terms of the Placement Options.

1.3 Background – Placement

As announced on 4 December 2023, the Company has received firm commitments from professional and sophisticated investors for a placement of 210,000,000 Shares at an issue price of \$0.01 per Share (**Placement Shares**) to raise approximately \$2,100,000 (before costs) (**Placement**), including conversion of \$511,747 of working capital loans (plus accrued interest) to equity at the Placement price.

Pursuant to the terms of the Placement, the Company proposes to issue the Placement Shares together with one (1) free attaching option (exercisable at \$0.02 on or before the date which is two (2) years from the date of issue) for every two (2) Placement Shares subscribed for (**Placement Options**).

The Company intends to issue the Placement Shares on 11 December 2023 pursuant to the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

The Placement Options are being issued pursuant to this Prospectus, subject to Shareholder approval sought at the Company's General Meeting, expected to be held in late January 2024.

The Placement Options will be issued on the terms and conditions set out in Section 4.3 of this Prospectus.

Further details in respect of the Placement are set out in the ASX announcement released by the Company on 4 December 2023.

1.4 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

1.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Share Entitlement	New Option Entitlement	\$
David Ali ¹	-	-	-	-	-
Robert Cooke ²	-	2,500,000	-	-	-
Paul Wright	-	-	-	-	-

Notes:

1. The Company is currently proposing to issue Mr Ali up to 8,000,000 Options, subject to Shareholder approval, under the Company's incentive option plan approved by Shareholders at the Company's annual general meeting on 22 November 2023. The terms and conditions of the proposed Options, which have not yet been determined, will be set out in the notice of meeting for the General Meeting.
2. Held directly by Mr Cooke.

1.6 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%	Share Entitlement
Peters Investments Pty Ltd ¹	261,564,791	27.26%	58,125,509
Andrew Goodall ²	171,206,295	17.84%	38,045,843
Alison Cou tts ³	84,963,095	8.85%	18,880,688

Notes:

1. Held directly by Peters Investments Pty Ltd. In addition, Peters Investments Pty Ltd holds 3,000,000 convertible notes in the Company with a face value of \$1 per convertible note. Based on the present conversion price of \$0.008, the convertible notes (together with \$90,000 capitalised facilitation fees and approximately \$797,000 accrued interest) would be convertible into a maximum of 485,875,000 Shares. The Company is seeking shareholder approval at the General Meeting for the increase in voting power (from a starting point above 20%) for the issue of any Shares to Peters Investments Pty Ltd on any future conversion of the convertible notes.

As announced on 30 November 2023, Peters Investments Pty Ltd has also agreed to extend the maturity date for the convertible notes to 15 February 2024. The maturity date shall be further extended to 31 December 2024 upon the Company obtaining Shareholder approval at the General Meeting

2. Refer to Appendix 3Z dated 30 November 2023 for further particulars of this holding.

Mr Goodall (together with his associates) has applied for a total of 37,470,091 Shares under the Placement (which includes conversion of \$224,642 to equity). These Placement Shares, together with the 1:2 free attaching options, will be issued subject to receipt of shareholder approval at the General Meeting.

Mr Goodall has also entered into a sub-underwriting agreement with the Underwriter, pursuant to which he has agreed to sub-underwrite 38,045,843 Shares (\$380,458) under the Entitlement Offer. Mr Goodall's sub-underwriting commitment will be offset and reduced by any Entitlement he takes up under the Entitlement Offer.

3. Refer to Appendix 3Z dated 30 November 2023 for further particulars of this holding.

As the Entitlement Offer is fully underwritten, there is not expected to be any change to the substantial holders on completion of the Entitlement Offer, noting that Peters Investments Pty Ltd may only acquire up to an additional 58,125,509 Shares (i.e. its pro-rata Entitlement) through taking up its Entitlement. A Shareholder that does not take up their full Entitlement is likely to be diluted (refer to Section 1.10 below for further details).

The Company, in consultation with the Underwriter, will ensure that the Entitlement Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the Corporations Act and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

1.7 Lead Manager

The Company engaged Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Canaccord** or the **Underwriter**) to act as lead manager to the Entitlement Offer.

Terms of the lead manager mandate and total fees payable are set out in Section 6.4.1 below.

1.8 Underwriting and sub-underwriting

The Entitlement Offer is fully underwritten by Canaccord. Refer to Section 6.4.2 of this Prospectus for details of the terms of the underwriting.

1.9 Effect on Control

As the Entitlement Offer is fully underwritten, there is not expected to be any change to the substantial holders on completion of the Entitlement Offer.

The Underwriter is presently not a Shareholder and is not a related party of the Company for the purposes of the Corporations Act. The issue of Securities under this Prospectus to the Underwriter (or any sub-underwriter) may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Entitlement Offer or are ineligible to participate in the Entitlement Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will determine the allocation of Shortfall such that neither the Underwriter, the

sub-underwriters nor any other person, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company, in consultation with the Underwriter, will ensure that the Entitlement Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the Corporations Act and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

1.10 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.9, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 18.18% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Entitlement Offer not taken Up	% post Entitlement Offer
Shareholder 1	10,000,000	1.04%	2,222,222	10,000,000	0.72%
Shareholder 2	5,000,000	0.52%	1,111,111	5,000,000	0.36%
Shareholder 3	1,500,000	0.16%	333,333	1,500,000	0.11%
Shareholder 4	400,000	0.04%	88,889	400,000	0.03%
Shareholder 5	50,000	0.01%	11,111	50,000	0.004%

Notes:

1. Based on 959,520,382 Shares on issue as at the date of this Prospectus. Assumes completion of the Entitlement Offer and does not account for Placement Shares, Placement Options or New Options to be issued pursuant to the Placement.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

2. DETAILS OF THE OFFERS

2.1 The Entitlement Offer

The Entitlement Offer is being made as a pro-rata non-renounceable entitlement offer of two (2) Shares for every nine (9) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per Share together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no additional Shares are issued prior to the Record Date) approximately 213,226,752 Shares and 106,613,376 New Options may be issued under the Entitlement Offer to raise up to \$2,132,268. No funds will be raised from the issue of the New Options.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

The New Options will be exercisable at \$0.02 on or before the date which is two (2) years from the date of issue and otherwise on the terms set out in Section 4.2.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 3.

2.2 Placement Options Offer

This Prospectus includes an offer of up to 105,000,000 Placement Options under the Placement Options Offer. As set out in Section 1.3, the Placement Options will be offered free attaching (on a 1 for 2 basis) to Shares issued to participants in the Placement. Accordingly, no funds will be raised from the issue of the Placement Options Offer.

Only participants in the Placement (or their nominees) may apply for the Placement Options under the Placement Options Offer. Application Forms in respect of the Placement Options Offer will only be provided by the Company to these parties.

The issue of the Placement Options under the Placement Options Offer is subject to Shareholder approval at the General Meeting of the Company to be held on or about late January 2023. The Placement Options will be issued on the terms and conditions set out in Section 4.3 of this Prospectus.

The Placement Options Offer will be made under this Prospectus for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of any Shares issued on exercise of the Placement Options issued under the Placement Options Offer.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and

- (b) either:
- (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

2.3 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> • Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. • Payment can be made by the methods set out in Section 2.4. As set out in Section 2.4, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 2.4 and Section 2.5.
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Securities you wish to take up and making payment using the methods set out in Section 2.4 below. As set out in Section 2.4, if you pay by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form. 	Sections 2.4 and 2.5
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> • If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will 	N/A

Option	Key Considerations	For more information
	lapse.	

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

2.4 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEDT) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (EFT) for overseas Eligible Shareholders, please refer to your personalised letter accompanying the prospectus for instructions. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and

- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies.

2.5 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

2.6 Minimum subscription

On the basis that the Entitlement Offer is fully underwritten, the minimum subscription is also the full subscription under the Entitlement Offer.

2.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at Section 1. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

The Company will not apply for Official Quotation of the Placement Options or the New Options issued pursuant to this Prospectus.

2.8 Issue of Securities

Securities issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and the timetable set out at Section 1.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Entitlement Offer will be mailed as soon as practicable after the issue of Securities.

2.9 Overseas shareholders

These Offers do not, and are not intended to, constitute offers in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such offers or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Securities are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have

to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3. PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to \$2,132,268 before costs. In addition, the Company raised a further \$2,100,000 under the Placement (which includes the conversion of \$511,747 of outstanding debt to Shares).

The funds raised from the Entitlement Offer and Placement are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Entitlement Offer and the Placement	Full Subscription (\$)	%
1.	Project development ¹	1,035,000	24
2.	Settlement of debts and creditors ²	988,000	23
3.	Working capital, including salaries, consultancy fees and corporate overheads	1,861,268	44
4.	Expenses of the Placement	174,000	4
5.	Expenses of the Offers ³	174,000	4
	Total	4,232,268	100

Notes:

- Comprising:
 - RoXsta \$524,000;
 - Felix \$450,000; and
 - AI-Port \$61,179.
- Including the repayment of working capital loans (including accrued interest) from former Directors, Mr Andrew Goodall and his associates (\$224,642) and Ms Alison Coutts and her associates (\$25,193). All other creditors are unrelated third parties. Refer to Section 6.4.3 for a summary of the material terms of the Debt Conversion Agreements.
- Refer to Section 6.8 for further details relating to the estimated expenses of the Offers.

On completion of the Entitlement Offer, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Entitlement Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.2 Effect of the Offers and Placement

The principal effect of the Offers and Placement, assuming all Entitlements are accepted, all the Placement Shares are issued, and no other Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$3,372,521 (after deducting the estimated expenses of the Offers and Placement) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 959,520,382 as at the date of this Prospectus to 1,382,747,134 Shares; and
- (c) increase the number of Options on issue from 9,668,800 as at the date of this Prospectus to 221,282,176 Options.

3.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted, and the Placement is completed, is set out below.

Shares

	Number
Shares currently on issue	959,520,382
Placement Shares to be issued	210,000,000
Shares offered under the Entitlement Offer	213,226,752
Total Shares on issue after completion of the Offers	1,382,747,134

Options

	Number
Options currently on issue ¹	9,668,800
New Options to be issued under the Entitlement Offer	106,613,376
Placement Options offered under the Placement Options Offer	105,000,000
Total Options on issue after completion of the Offers²	221,282,176

Notes:

1. Comprising:
 - (a) 3,000,000 exercisable at \$0.06 on or before 31 December 2023;
 - (b) 2,575,800 exercisable at \$0.0965 on or before 30 July 2024;
 - (c) 1,593,000 exercisable at \$0.094 on or before 31 August 2024; and
 - (d) 2,500,000 exercisable at \$0.0237 on or before 5 December 2024.
2. The Company is currently proposing to issue Mr Ali up to 8,000,000 Options, subject to Shareholder approval, under the Company's incentive option plan approved by Shareholders at the Company's annual general meeting on 22 November 2023. The terms and conditions of the proposed Options, which have not yet been determined, will be set out in the notice of meeting for the General Meeting.

In addition, the Company also has 3,000,000 convertible notes on issue with a face value of \$1 per convertible note. Based on the present conversion price of \$0.008, the convertible notes (together with capitalised \$90,000 facilitation fees and \$797,000 accrued interest) would be convertible into a maximum of 485,875,000 Shares. Refer to the Company's notice of general meeting dated 23 July 2021 for the full terms of the convertible notes on issue.

3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2023 and the unaudited pro-forma balance sheet as at 31 October 2023 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, completion of the Placement and no further Securities are issued prior to the Record Date and including expenses of the Offers.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Pro-forma as at 30 October 2023 ¹ \$ NON-AUDITED	As at 30 October 2023 \$ NON-AUDITED	As at 30 June 2023 \$ AUDITED
CURRENT ASSETS			
Cash and cash equivalents	3,886,078	1,810	637,832
Trade receivables	18,000	18,000	-
Inventories	141,037	141,037	130,786
Other current assets	556,432	556,432	1,480,113
TOTAL CURRENT ASSETS	4,601,547	717,279	2,248,731
NON-CURRENT ASSETS			
Financial assets at fair value through OCI	26,000	26,000	26,000
Property, plant and equipment	401,199	401,199	428,140
Intangible assets	10,421,046	10,421,046	10,294,734
Right-of-use asset	1,616,823	1,616,823	1,670,236
TOTAL NON-CURRENT ASSETS	12,465,068	12,465,068	12,419,110
TOTAL ASSETS	17,066,616	13,182,347	14,667,841
CURRENT LIABILITIES			
Trade and other payables	913,343	913,343	555,457
Non-interest-bearing liabilities	3,970,703	3,970,703	4,469,437
Interest-bearing liabilities	38,663	38,663	77,330
Lease liabilities	110,913	110,913	110,913
Other liabilities	20,481	20,481	47,647
Provisions for employee benefits	306,507	306,507	306,507
TOTAL CURRENT LIABILITIES	5,360,610	5,360,610	5,567,291
NON-CURRENT LIABILITIES			
Non-interest-bearing liabilities			-
Lease liabilities	1,680,167	1,680,167	1,714,506
Provisions for employee benefits	1,355	1,355	1,355
TOTAL NON-CURRENT LIABILITIES	1,681,522	1,681,522	1,715,861
TOTAL LIABILITIES	7,042,132	7,042,132	7,283,152
NET ASSETS	10,024,484	6,140,215	7,384,689
EQUITY			
Issued capital	57,650,058	53,417,790	53,417,790
Reserves	322,118	140,129	140,129
Accumulated losses	(47,947,692)	(47,417,701)	(46,173,230)
TOTAL EQUITY	10,024,484	6,140,215	7,384,689

Notes:

1. Adjusted to reflect increase in cash and share capital from completion of the Entitlement Offer and Placement, less costs of the capital raising and cost of the Placement Options and the New Options. The Pro-forma has been prepared to reflect the position of the Company assuming full subscription under the Entitlement Offer, prior to any offset and/or repayment of existing debt via the Placement.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

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

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

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

Subject to any rights or restrictions for the time being attached to any class or classes of shares, 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 each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

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 dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that 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.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(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) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **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 and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the 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 three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms of New Options

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.02 (**Exercise Price**)

(c) **Expiry Date**

Each New Option will expire at 5:00pm (AEDT) on the date which is two (2) years from the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

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

(f) **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 New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) 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 New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

4.3 Terms of Placement Options

(a) **Entitlement**

Each Placement Option entitles the holder to subscribe for one (1) Share upon exercise of the Placement Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Placement Option will be \$0.02 (**Exercise Price**)

(c) **Expiry Date**

Each Placement Option will expire at 5:00pm (AEDT) on the date which is two (2) years from the date of issue (**Expiry Date**). A Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Placement Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

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

(f) **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 Placement Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Placement Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared

in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) 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 Placement Options.

If a notice delivered under (g)(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Placement Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

(a) Going concern risk

The Company's financial report for the year ended 30 June 2023 (**Annual Report**) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the Annual Report, the Directors believe that upon the successful completion of the Entitlement Offer and Placement, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short to medium term working capital requirements.

(b) Additional requirements for capital

The funds raised under the Placement and Entitlement Offer are considered sufficient to meet the immediate objectives of the Company. It is likely that additional funding will be required in the future to effectively implement the Company's business and operations plans, to take advantage of opportunities for acquisitions or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **Potential for significant dilution**

Upon implementation of the Entitlement Offer, the number of Shares and Options on issue in the Company will increase. This means that, post completion of the Entitlement Offer, each Share and Option will represent a significantly lower proportion of the ownership of the Company.

(d) **Commercial success of products being developed**

The Company is in the process of developing and commercialising its products. Inherent uncertainties exist in any commercialisation program for new technologies and products. The Company's products are at varying stages of development, and none of the Company's products are currently at a commercialised stage. There is no assurance that:

- (i) the development and commercialisation of new technologies and products will be successful;
- (ii) all necessary regulatory registrations or approvals for the sale and distribution of the Company's products will be obtained (and on terms acceptable to the Company); or
- (iii) the Company's products will achieve market acceptance.

(e) **Reliance on commercial success of one product initially**

The Company's business is largely presently dependent on the commercial success of the Felix device, its lead program.

(f) **Increase in competition**

The Company's earnings and the market acceptance of the Company's products may be adversely affected by competitor activity, new competitors entering the market, or if competitors release more advanced products that result in reduced market share for the Company's products.

Increased competition and new products may have the effect of rendering the Company's previous developments obsolete, decreasing the financial value of products or intellectual property and reducing pricing and profit margins.

(g) **Reliance on business partners, suppliers and customers**

The Company is reliant on key existing business partners and future proposed suppliers and customers. The Company is reliant on arrangements with third parties (including the University of Newcastle)

and in relation to the further development of intellectual property and the development of some future products.

(h) **Reliance on key personnel**

Strong competition exists in the medical device industry for highly skilled workers due to the limited number of people with the appropriate skill set. The Company currently employs, or engages as consultants, a number of key management personnel and intends to employ more highly skilled people.

The Company has structured incentive programs for its key personnel and it has also established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, there is no guarantee that the Company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.

(i) **Ability to rely on and protect the intellectual property**

The Company's success depends at least in part on its use of its intellectual property, as well as third party intellectual property which is licensed or otherwise granted to the Company.

The intellectual property rights on which the Company is reliant may be subject to claims, including third party infringement claims, which may adversely affect the commercialisation of the Company's products or result in the Company incurring expenses or damages. Defending against allegations and litigation could be expensive, take significant time and divert management's attention.

Similarly, if the Company is not able to adequately protect its know-how, expertise, trade secrets and intellectual property rights, including where the Company cannot obtain patent protection in a timely manner, or if existing patents are inadequate to prevent competitors developing competing products, then the Company's business and financial performance may be adversely affected.

(j) **Diminution in reputation or brand**

The Company is reliant on its reputation and the reputation of its products and brands. Any factors or events that diminish the reputation of the Company, its products, its brands, trademarks or intellectual property may adversely affect the Company.

(k) **Prospective information**

There can be no guarantee that the factors and assumptions on which the Company has assessed the feasibility of its products, potential levels of market acceptance and sales of its products, development and commercialisation strategies of its products, or relevant potential costs and expenses, and any other factors or assumptions upon which the Company bases its various technical or commercial decisions, will ultimately prove to be valid or accurate. The various factors and assumptions may be, or may depend on other factors which are, outside the control of the Company.

(l) **Liquidity and realisation**

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(m) **Litigation**

The Company may be the subject of complaints or litigation by customers, suppliers, employees or officers, Shareholders, government agencies or other third parties. Such matters may have an adverse effect on the Company's reputation, divert its financial and management resources from more beneficial uses, or have a material adverse effect on the Company's future financial performance or position. Currently, the Company is free of any litigation claims.

(n) **Changes in political and regulatory environments**

The Company is subject to various federal and state-based laws and regulations in Australia as well as other jurisdictions in which the Company operates.

The introduction of new laws and regulations (including in relation to medical devices) may result in increased expenses for the Company, as it establishes new compliance procedures, retrains its employees and reviews or redevelops products.

New regulatory environments create risk that the regulations will have unintended consequences, or that interpretations may change over time, which could adversely affect the Company's operations and ability to manufacture, sell or distribute some products.

5.3 General Risks

(a) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(c) **Insurance**

The Company may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in the legitimate claim by the Company under an insurance policy.

(d) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

5.4 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
4 December 2023	Capital raising announcement
4 December 2023	Appendix 3B
30 November 2023	Initial Director's Interest Notice DA

Date	Description of Announcement
30 November 2023	Final Director's Interest Notice AG
30 November 2023	Final Director's Interest Notice AC
30 November 2023	Board and executive transition and capital raise
30 November 2023	Trading Halt
22 November 2023	Results of Meeting
31 October 2023	Quarterly activities/Appendix 4C Cash Flow Report
25 October 2023	R&D refund
20 October 2023	Notice of Annual General Meeting/Proxy Form
21 September 2023	In-Depth Investor Webinar Presentation
18 September 2023	Investor Presentation Sept 23
15 September 2023	Felix System records 10 new live births in India
15 September 2023	Notification of cessation of securities - MEM
30 August 2023	Preliminary Final Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.memphasys.com.

6.3 Market price of Shares

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

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.0155	15 September 2023
Lowest	\$0.009	20 November 2023
Last	\$0.012	29 November 2023

6.4 Material Contracts

6.4.1 Lead Manager Mandate

The Company has signed a mandate letter to engage Canaccord to act as sole lead manager and bookrunner to the Entitlement Offer and Placement (**Lead Manager Mandate**). The material terms and conditions of which are summarised below:

The Company has agreed to pay Canaccord:

- (a) a management fee of 2.0% of the gross proceeds raised under the Entitlement Offer and Placement; and
- (b) a selling/underwriting fee of 4% of the gross proceeds raised from the Entitlement Offer and Placement.

The Company agrees to reimburse Canaccord for all reasonable out-of-pocket expenses incurred by the Lead Manager in connection with the Lead Manager Mandate and the Entitlement Offer, including legal fees up to a maximum of \$20,000. Any individual item (excluding legal fees) over \$2,000 will only be reimbursed if approved in writing by the Company prior to incurring the expense.

In the event that during the period of 12 months starting on the earlier of the completion of the Entitlement Offer and the termination of the engagement by the Company, the Company undertakes any equity or hybrid capital raising (**Subsequent Offer**), the Company agrees to offer Canaccord the opportunity to act as sole and exclusive lead manager and bookrunner to the Subsequent Offer and will pay Canaccord a fee to be agreed between the Company and Canaccord (such agreement not to be unreasonably withheld). The Company must not engage with any other party to manage that capital raising, unless Canaccord has already been offered, and has declined, the opportunity to manage that capital raising.

The engagement may be terminated at any time by Canaccord by giving notice in writing to the Company.

The Company may terminate the engagement at any time where Canaccord has materially breached the engagement. However, such termination will not be effective unless:

- (a) the Company has given Canaccord notice in writing setting out the reasons why Canaccord has materially breached the engagement; and
- (b) Canaccord has not remedied the breach within 14 days of such notice.

The Lead Manager Mandate otherwise contains indemnities, representations and warranties by the Company to Canaccord and other terms and conditions considered standard for an agreement of this nature.

6.4.2 Underwriting Agreement

The Company has entered into an underwriting agreement with Canaccord, pursuant to which Canaccord has been appointed to act as Underwriter to the Entitlement Offer (**Underwriting Agreement**).

Canaccord has agreed to fully underwrite the Entitlement Offer (the **Underwritten Securities**), for an amount of \$2,132,268 (**Underwritten Amount**). The fees to be received by Canaccord for this engagement are set out in the summary of the Lead Manager Mandate at Section 6.4.1 above, which, for the avoidance of doubt, will not be duplicated.

Canaccord has procured sub-underwriters to sub-underwrite the entire Underwritten Amount. It is a condition of the Underwriting Agreement that no sub-underwriter (together with their associates) acquires a relevant interest in more than 19.99% of the issued share capital of the Company.

Mr Andrew Goodall (a related party by virtue of being a director in the past 6 months) has entered into a sub-underwriting agreement with the Underwriter, pursuant to which it has agreed to sub-underwrite 38,045,843 Shares (\$380,458) under the Entitlement Offer. Mr Goodall's sub-underwriting commitment will be offset and reduced by any Entitlement he takes up under the Entitlement Offer. Mr Goodall will receive a fee (payable by Canaccord) equal to \$3,805 under this arrangement.

The obligation of Canaccord to underwrite the Entitlement Offer is subject to certain events of termination. Canaccord may terminate its obligations under the Underwriting Agreement (without cost or liability to it) if:

- (a) **(Indices fall)**: either of the All-Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of this Agreement, at a level that is 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **(Share Price)**: the Shares of the Company close lower than the Entitlement Offer price for three consecutive days;
- (c) **(No Official Quotation)**: Official Quotation has not been applied for in respect of all the Rights Shares by the shortfall notice date, or, having been applied for, is subsequently withdrawn, withheld or qualified;
- (d) **(Supplementary Prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate the Underwriting Agreement, forms the view on reasonable grounds that a supplementary or replacement Prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement Prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by the Corporations Act;
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive (in a material respect), or that there is a material omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive (in any material respect) or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive (in any material respect);
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the Securities the subject of the Entitlement Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;

- (h) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (i) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the date for the Company to notify ASX of under subscriptions (if any) has arrived (**Shortfall Notice Deadline Date**), and that application has not been dismissed or withdrawn;
- (j) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (k) **(Hostilities)**: there is a material outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, France, North Korea, the People's Republic of China, Israel or any member of the European Union;
- (l) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter (acting reasonably);
- (m) **(Indictable offence)**: a director or senior manager of the Company (or a subsidiary of the Company) (a **Relevant Company**) is charged with an indictable offence;
- (n) ***(Default)**: default or breach by the Company under this Underwriting Agreement of any terms, condition, covenant or undertaking which is not remedied by the Company within 5 business days of notification by Canaccord;
- (o) ***(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (p) ***(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (q) ***(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect after the date of this Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in Canaccord's reasonable opinion, unlikely to be met in the projected time;
- (r) ***(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive in a material respect or that there was a material omission from them;

- (s) ***(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (t) ***(Public statements):** without the prior approval of Canaccord a public statement is made by the Company in relation to the Entitlement Offer, the Issue or the Prospectus except where such statement is required by law or the Listing Rules;
- (u) ***(Misleading information):** any information supplied at any time by the Company or any person on its behalf to Canaccord in respect of any aspect of the Entitlement Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (v) ***(Official Quotation qualified):** the Official Quotation is qualified or conditional;
- (w) ***(Change in Act or policy):** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy which if enacted would have a Material Adverse Effect;
- (x) ***(Prescribed Occurrence):** a certain prescribed occurrence occurs;
- (y) ***(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (z) ***(Event of Insolvency):** an event of insolvency occurs in respect of a Relevant Company;
- (aa) ***(Judgment against a Relevant Company):** a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (bb) ***(Litigation):** material litigation, arbitration, administrative or industrial proceedings are after the date of this Underwriting Agreement commenced against any Relevant Company, other than any claims disclosed to Canaccord in writing prior to the date of this Underwriting Agreement or foreshadowed in the Prospectus;
- (cc) ***(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of Canaccord (acting reasonably);
- (dd) ***(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (ee) ***(Timetable):** there is a delay in any specified date in the Entitlement Offer timetable which is greater than 3 business days, without the written consent of the Canaccord (such consent not to be unreasonably withheld or delayed);

- (ff) *(**Force Majeure**): any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (gg) *(**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of Canaccord;
- (hh) *(**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus or Placement except in respect of the exercise of options or conversion of convertible notes on issue at the date of the Underwriting Agreement, or the issue of convertible securities under the Company's employee incentive plan;
- (ii) *(**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (jj) *(**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

No event specified in any paragraph above marked with an asterisk (*) will entitle the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, in the reasonable opinion of the Underwriter the event has or is likely to have, or two events together have or are likely to have:

- (a) a material adverse effect on the outcome of the Entitlement Offer or on the subsequent market for the Shares the subject of the Entitlement Offer (including, without limitation, matters likely to have a material adverse effect on a decision of Shareholder to invest under the Entitlement Offer); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole,

((i) and (ii) above being a **Material Adverse Effect**); or
- (c) could give rise to a liability of Canaccord under the Corporations Act or otherwise.

The Underwriting Agreement otherwise contains indemnities, representations and warranties by the Company to Canaccord and other terms and conditions considered standard for an agreement of this nature.

6.4.3 Debt Conversion Agreements

The Company has previously entered into a number of short-term loan agreements with unrelated third parties and former Directors, Andrew Goodall and Alison Coutts (through her wholly owned entity Alison Coutts Consulting Pty Ltd) (**Short Term Lenders**), for an aggregate of \$513,000 with accruing interest of 12% per annum from the date of receipt of funds by the Company.

The Company has entered into debt conversion agreements with each of the Short-Term Lenders to convert an aggregate of \$511,747 worth of existing debts (and accrued interest) owed into Securities under the Placement (**Debt Conversion Agreements**).

The Securities under the Placement to be issued to former Directors, Adnrew Goodall and Alison Coutts (through her wholly owned entity Alison Coutts Consulting Pty Ltd) will be issued subject to Shareholder approval to be sought at the General Meeting.

The Debt Conversion Agreements otherwise contain terms and conditions considered standard for agreements of their nature.

6.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (i) the Offers.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.5.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$450,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors.

Director	FY ended 30 June 2023	FY ending 30 June 2024
Alison Coutts ⁵	423,920 ¹	155,855 ⁷
Andrew Goodall ⁵	50,000 ²	50,000
Paul Wright	50,227 ³	50,000
Robert Cooke	120,668 ⁴	100,000
David Ali ⁶	Nil	264,367

Notes:

1. Comprising \$359,552 in cash, salary and fees, \$25,292 in superannuation, \$14,738 in long-term benefits and \$24,338 in equity settled options.
2. Comprising \$50,000 in cash, salary and fees.
3. Comprising \$45,454 in cash, salary and fees and \$4,773 in superannuation.
4. Comprising \$90,623 in cash, salary and fees, \$9,515 in superannuation and \$20,530 in equity settled options.
5. Ceased as a Director on 29 November 2023.
6. Appointed as a Director on 29 November 2023.
7. Comprising \$142,725 in salary and \$13,130 in superannuation up to 30 November 2023 (ceased to be a director). Ms Coutts employment contract ceased on 29 November 2023 with a severance payment to be paid of \$171,270 (excluding annual leave, long service leave and notice payments). The Company and Ms Coutts have entered into a 6-month retainer for consulting services, to be billed monthly, from 29 November 2023 to 31 May 2024 with a fee of \$151,200 ex GST.

6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Canaccord has acted as the lead manager and underwriter of the Entitlement Offer. The Company estimates it will pay Canaccord the fees set out in Section 6.4.1 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord has received \$240,000 (excluding GST) for lead manager and underwriter services provided to the Company in connection with its 2022 entitlement offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$139,220 (excluding GST and disbursements) for legal services provided to the Company.

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take 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; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord has given its written consent to being named as the lead manager and underwriter to the Entitlement Offer in this Prospectus.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

Pitcher Partners has given its written consent to being named as the auditors to the Company in this Prospectus and to the use of audited and reviewed financials to prepare the balance sheet set out in Section 3.4 and the statement in Section 5.2(a). Pitcher Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

6.8 Expenses of the Offers

In the event that all Entitlements are accepted, the total expenses of the Offers are estimated to be approximately \$174,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	9,643
Underwriting/Lead Manager fees	127,936
Legal fees	20,000
Share registry & company secretary	10,215
Printing, distribution and other miscellaneous expenses	3,000
Total	174,000

7. DIRECTORS' AUTHORISATION

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means an Entitlement and Acceptance Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

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

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Memphasys Limited (ACN 120 047 556).

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

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

CRN means Customer Reference Number in relation to BPAY®.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Entitlement Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the non-renounceable entitlement offer the subject of this Prospectus.

General Meeting means the general meeting of Shareholders to be held on or about late January 2023.

New Option means an Option offered under the Entitlement Offer on the terms and conditions set out in Section 4.2.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement means the Company's issue of 210,000,000 Shares at \$0.01 per Share (together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued) to sophisticated and professional investors to raise \$2,100,000 (including \$511,747 of debt converted to equity), as detailed in the Company's ASX announcement dated 4 December 2023.

Placement Options means an Option offered under the Placement Options Offer on the terms and conditions set out in Section 4.3.

Placement Options Offer means the offer of up to 105,000,000 Placement Options to the sophisticated and professional investors who participated in the Placement, on the basis of one (1) free New Option for every two (2) Shares subscribed for, under this prospectus.

Placement Shares means 210,000,000 Shares at an issue price of \$0.01 per Share issued under the Placement.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and or Options, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Entitlement Offer (if any).

Shortfall Securities means those Securities not applied for under the Entitlement Offer (if any).

Underwriter means Canaccord Genuity (Australia) Limited (AFSL 234666).