

# BIO-GENE TECHNOLOGY LIMITED

[ABN 32 071 735 950]

("the Company")

## PROSPECTUS

For a bonus issue of options (**Loyalty Options**) each with exercise price of \$0.20 (20 cents), expiry date of 4 December 2018 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company (**Share**) to shareholders with registered addresses in Australia or New Zealand (**Eligible Shareholder**) on the basis of one (1) Loyalty Option for every five (5) Shares held on 7 March 2018 (**Record Date**)

The above being referred to herein as the **Offer**.

Loyalty Options are to be issued for no consideration and therefore no funds will be raised under the Offer. Eligible Shareholders receiving this Prospectus do not need to do anything to be issued Loyalty Options under the Offer.

**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

If you do not understand its contents, you should consult your stockbroker, accountant or other professional adviser without delay.

**The securities offered under this Prospectus are considered speculative.**

**CORPORATE DIRECTORY**

**BIO-GENE TECHNOLOGY LIMITED (ABN 32 071 735 950)**

**Directors**

Mr Donald Charles Brumley (Chairman)  
Mr Richard Andrew Jagger (Managing Director, CEO)  
Mr Robert John Klupacs (Non-Executive Director)  
Mr Peter Donald May (Executive Director, Research and Development)  
Mr Kevin Nolan Rumble (Non-Executive Director)

**Company Secretary**

Mr Roger John McPherson

**Registered Office**

Suite 1, Level 6, 50 Queen Street, Melbourne, Victoria, 3000  
Telephone: +61 3 9628 4178

**Share Registry**

Automic Registry Services  
Suite 310, Level 3, 50 Holt Street, Surry Hills, New South Wales, 2010  
Telephone: +61 2 9698 5414

**ASX Code**

BGT

**Website**

[www.bio-gene.com.au](http://www.bio-gene.com.au)

## **IMPORTANT NOTICES**

This prospectus ("**Prospectus**") is dated 1 March 2018. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission ("**ASIC**") on the same date. Neither ASIC nor ASX Limited ("**ASX**") nor their respective officers, take any responsibility as to the contents of this Prospectus.

The Loyalty Options offered under this Prospectus are options to acquire Shares that have been quoted on the Official List of ASX for the 3 months prior to issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules of section 713 of the Corporations Act apply. Further information regarding transaction specific prospectuses is set out in section 5.

This Prospectus incorporates by reference certain information contained in documents lodged with ASIC. A document incorporated in the Prospectus in this manner may be obtained free of charge from the Company during the application period.

Other than information contained in documents lodged with ASIC which are incorporated in this Prospectus by reference, any reference to documents included on the Company's website ([www.biogene.com.au](http://www.biogene.com.au)) are for convenience only. None of the other documents or information available on the Company's website is incorporated in this Prospectus by reference.

In accordance with ASIC Corporations Instrument (Application Form Requirements) Instrument 2017/241, this Prospectus does not include an application form.

The Company will, within 7 days of the date of this Prospectus, apply to ASX for the Loyalty Options offered pursuant to this Prospectus to be admitted to quotation on ASX.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to extend any of the dates set out in the timetable on page 4, or not to proceed with the Offer described in this Prospectus.

No person is authorised to give any information or make any representation in connection with this Prospectus that 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 the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the Offer or the Loyalty Options, or otherwise to permit a public offering of the Loyalty Options, in any jurisdiction outside Australia and New Zealand. The Loyalty Options have not been, and will not be, registered under the United States Securities Act of 1933 and should not be offered or sold within the USA.

No account has been taken of particular objectives, financial situation or needs of recipients of this Prospectus.

All monetary amounts in this Prospectus are in Australian dollars unless otherwise stated.

## PROPOSED TIMETABLE

Lodgement of Prospectus and Appendix 3B	1 March 2018
Record date to identify Shareholders entitled to participate in the Offer (" <b>the Record Date</b> ") (7:00pm Melbourne time)	7 March 2018
Issue of Loyalty Options*	8 March 2018
Dispatch of copy of Prospectus and holding statements*	9 March 2018
Proposed quotation of Loyalty Options*	12 March 2018
Loyalty Options expire	4 December 2018

\* *The above dates should be regarded as **indicative only**. Subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws, the Company reserves the right to change the above dates or not to proceed with the Offer described in this Prospectus.*

*No Loyalty Options will be issued on the basis of this Prospectus after 1 April 2019, being the expiry date of this Prospectus.*

## INDICATIVE CAPITAL STRUCTURE

Type of security	Number
Existing ordinary shares ( <b>Shares</b> )	127,724,471
Existing unlisted options (\$0.20 exercise price, expiring 24 November 2019)	2,000,000
Loyalty Options to be issued under the Offer (maximum)	25,544,895 <sup>1</sup>

1. *assumes no existing options are exercised and all Shares are held by Eligible Shareholders at the Record Date. If all existing options are exercised as at the Record Date an additional 400,000 Loyalty Options will be issued (assuming all the holders of the underlying Shares following exercise of existing options are Eligible Shareholders).*

## CONTENTS

1.	Detail of the Offer .....	8
2.	Purpose of the Offer and use of funds .....	10
3.	Effect of the Offer on Bio-Gene .....	10
4.	Risk Factors .....	13
5.	Continuous Disclosure Obligations .....	24
6.	ASX Announcements .....	25
7.	Terms of Securities Offered .....	27
8.	Directors' Interests .....	29
9.	Interests of experts and advisers .....	31
10.	Holding Statements .....	31
11.	Taxation .....	31
12.	Privacy .....	32
13.	Electronic Prospectus .....	32
14.	Consents .....	32
15.	Enquiries .....	32

### KEY INVESTMENT RISKS – SUMMARY

Please read and consider this Prospectus in full in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before making any decision regarding the Loyalty Options or making an investment in the Company.

In particular, please consider the risks described in Section 4 which include:

- Risks associated with the Offer including:
  - There being no guarantee the share price will be greater than the exercise price of the Loyalty Options during the period up to expiry of the Loyalty Options.
  - The risk the shareholding in the Company of shareholders who are not eligible to receive Loyalty Options or who do not exercise or who sell (if admitted to quotation) any Loyalty Options issued pursuant to the Offer will be diluted.
  - The risks the exercise or sale of Loyalty Options may have taxation consequences.
- Risks associated with the Company's business including:
  - Risks relating to the future revenues and profitability of the Company.
  - Risks regarding the ongoing capital requirements of the Company.
  - Risks associated with the research and development of the Company's products.
  - The risk the Company's products may not achieve commercialisation.
  - The risk that various parties with whom the Company and its subsidiaries have contracted with, or will contract with in the future, fail to perform their obligations under existing or future agreements.
  - Risks in respect of the Company's intellectual property.

A more detailed overview of the key risks associated with the Company and its operations are set out in Section 4 of this Prospectus.

**ABOUT THE OFFER – SUMMARY**

The following summary provides only a limited overview of the Offer being made by the Company. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding investing in the Company.

Topic	Summary	For more information see:
What is the Offer?	An offer of Loyalty Options to Eligible Shareholders on the basis of one (1) Loyalty Option for every five (5) Shares held at the Record Date.	Section 1.1
What is the purpose of the Offer?	The Company is undertaking the Offer to reward Eligible Shareholders for continued loyalty to the Company.	Section 2
Are the Loyalty Options free?	Yes, the Loyalty Options are issued for no consideration.	Section 1.1 and 2
What are the terms of the Loyalty Options?	<p>Each Loyalty Option will be exercisable at \$0.20 (20 cents), have an expiry date of 4 December 2018 and will, upon exercise, entitle the holder to one Share in the Company.</p> <p>The Company will, within 7 days of this Prospectus, apply to ASX for quotation of the Loyalty Options. Issue of the Loyalty Options is not conditional upon quotation of Loyalty Options.</p> <p>If quotation is not granted on terms satisfactory to the Company, the Loyalty Options will be issued but you will not be able to trade them on the ASX.</p>	Sections 1.1 and 1.2
How much will be raised by the Offer?	<p>Loyalty Options are to be issued for no consideration and therefore no funds will be raised under the Offer.</p> <p>If the maximum number of Loyalty Options are issued and subsequently exercised the Company will receive approximately \$5,188,978. Funds raised upon exercise of any Loyalty Options are intended to be applied to meeting the Company’s working capital requirements and expanding/accelerating the Company’s activities at the time of exercise.</p>	Section 2
Is there a minimum subscription?	As the Offer is a bonus issue, no application for the Loyalty Options is required by shareholders and no payment is required to be issued with a Loyalty Option. Accordingly, there is no minimum subscription.	Section 1.1
Am I eligible to receive Loyalty Options?	You will only be eligible to receive Loyalty Options under the Offer if you are an Eligible Shareholder at the Record Date. Only shareholders with registered addresses in Australia or New Zealand as at the Record Date will be eligible to receive Loyalty Options.	Section 1.3

Topic	Summary	For more information see:
Can I sell my entitlement?	<p>No. The offer of bonus Loyalty Options is non-renounceable, meaning entitlements to receive Loyalty Options cannot be transferred.</p> <p>Following issue, Loyalty Options will be freely transferable and recipients may sell their Loyalty Options. The Company will apply to ASX for official quotation (listing) of the Loyalty Options.</p>	Section 1.4
Are there risks associated with investment in the Company?	<p>There are risks associated with investment in the Company. These include risks relating to the Company, risks relating to the Offer and risks associated with financial investment generally.</p> <p>Please carefully consider the risks and other information contained in this Prospectus in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before making any decision regarding an investment in the Company.</p>	Section 4
What will be the effect of the Offer on the control of the Company?	<p>The Offer will not affect the voting power of the Company.</p> <p>A shareholder who does not receive Loyalty Options, exercise Loyalty Options or who sells (if admitted to quotation) Loyalty Options may be diluted.</p>	Section 3.3
What are the taxation implications of the Offer?	<p>Taxation implications of the Loyalty Options will vary depending upon the specific circumstances of the recipient of Loyalty Options. You should obtain professional advice as to the taxation treatment applicable to you.</p>	Section 11
How and when will I know if I have received Loyalty Options?	<p>Holding statements confirming any issue of Loyalty Options are anticipated to be dispatched on, or about, 9 March 2018.</p> <p>Anyone who trades Loyalty Options before receiving a holding statement does so at their own risk.</p>	Section 10
Where can I find more information about the Company?	<p>For more information on the Company please see the Company's website (<a href="http://www.bio-gene.com.au">www.bio-gene.com.au</a>) or refer to the Company's ASX announcements (available on the ASX's website <a href="http://www.asx.com.au">www.asx.com.au</a>).</p>	Sections 5 and 6
What if I have questions about the Offer?	<p>You should consult your stockbroker, accountant, solicitor or other professional adviser in relation to the Loyalty Options.</p> <p>Questions concerning the Offer can also be directed to the Company by email at <a href="mailto:bgt.shareholder@bio-gene.com.au">bgt.shareholder@bio-gene.com.au</a>.</p>	Section 15

## **1. Detail of the Offer**

### **1.1 The Offer**

Bio-Gene Technology Limited (“**the Company**” or “**Bio-Gene**”) offers shareholders with registered addresses in Australia or New Zealand as recorded on the share registry records on the Record Date (“**Eligible Shareholders**”), one (1) Loyalty Option for every five (5) existing shares held at the Record Date for nil consideration. Each Loyalty Option will be exercisable at \$0.20 (20 cents), have an expiry date of 4 December 2018 and will, upon exercise, entitle the holder to one Share.

Fractional entitlements to Loyalty Options will be rounded up.

Based on the capital structure of the Company as at the date of this Prospectus, and the number of shareholders with a registered address in Australia and New Zealand to whom the Offer is made as at 28 February 2018, approximately 25,056,688 Loyalty Options will be issued pursuant to the Offer. Further details in respect of ineligible overseas shareholders are set out in section 1.3.

As the Offer is a bonus issue, no application or payment is required for the issue of Loyalty Options. Accordingly, there is no minimum subscription and no subscription sum required and no funds will be raised under the Offer. Details in respect of the Company’s proposed use of funds following exercise of Loyalty Options (if any) are set out in Section 2.

### **1.2 ASX Listing**

The Company will apply for quotation of the Loyalty Options offered pursuant to this Prospectus. Quotation of the Loyalty Options is not a condition of the issue of Loyalty Options.

The Loyalty Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however the Loyalty Options will remain unquoted until such time as the Company satisfies the quotation requirements. The quotation requirements will include that:

- there are at least 100,000 Loyalty Options on issue; and
- the Loyalty Options are held by at least 50 holders each with a marketable parcel (being if all Loyalty Options held by a holder are exercised in full, the underlying Shares would be a parcel of not less than \$500 based on the trading price of Shares or the exercise price of Loyalty Options if the underlying Shares are unquoted).

If quotation is not granted, the Loyalty Options will be issued but will not be able to be traded on ASX.

The fact that ASX may grant official quotation to the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Loyalty Options offered under this Prospectus.

### **1.3 Overseas Shareholders**

The Offer does not, and is not intended to, constitute an offer 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.

The Company is of the view that it is unreasonable to make the Offer to shareholders outside of Australia and New Zealand having regard to:

- (a) the number of shareholders registered outside of Australia and New Zealand;



- (b) the number and value of Loyalty Options that would be offered to shareholders registered outside of Australia and New Zealand; and
- (c) the costs of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

Accordingly, the Offer is not being extended and no Loyalty Options will be issued in relation to shares held by shareholders with a registered address which is outside Australia or New Zealand.

As at 28 February 2018, the Company has 8 shareholders with a registered address outside Australia or New Zealand who hold a total of 2,441,030 Shares (which, if these overseas shareholders were Eligible Shareholders, represents entitlement to 488,206 Loyalty Options). These figures may change prior to the Record Date.

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain. The offer of securities to the Bio-Gene shareholders in New Zealand is made in compliance with the relevant Australian laws.

#### **1.4 Non-Renounceable**

Entitlements to receive Loyalty Options are non-renounceable. Accordingly, there will be no trading of rights on ASX and you will be unable to transfer your entitlement to receive Loyalty Options to another party.

Following issue, Loyalty Options will be freely transferable and recipients may sell their Loyalty Options. The Company will apply to ASX for official quotation (listing) of the Loyalty Options.

#### **1.5 Prohibition on Exceeding 20% Voting Threshold**

You must have regard to, and comply with, the takeovers prohibition in section 606 of the Corporations Act (this is, the 20% voting power threshold), when exercising Loyalty Options granted pursuant to this Prospectus.

The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of the exercise of the Loyalty Options and may refuse to exercise Loyalty Options where to do so would constitute a breach of section 606 of the Corporations Act.

If you may be at risk of breaching section 606 as a result of the exercise of Loyalty Options, you have the following choices available to you:

- sell your Loyalty Options, either on market (if the Loyalty Options are admitted to official quotation) or off market;
- sell some or all of your Shares prior to exercising any Loyalty Options held by you; or
- rely on another exemption from the takeovers prohibition in section 611 (such as the 3% creep exemption).

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position above 20% as a result of the acquisition of shares following exercise of Loyalty Options, you should seek professional advice before exercising Loyalty Options.

The details of those persons who hold a substantial interest in 5% or more of the Company’s voting shares as at the date of this Prospectus are set out in section 3.3.

## 2. Purpose of the Offer and use of funds

The purpose of the Offer is to reward shareholders for continued loyalty to the Company.

There will be no funds raised by the Offer as the Loyalty Options are being issued to the Company's existing shareholders for no consideration, however if the maximum number of Loyalty Options are exercised the Company will received approximately \$5,188,978.

Any funds received by the Company as a result of the exercise of any Loyalty Options will be applied to meeting working capital requirements and expanding/accelerating the Company’s activities at the time of exercise of Loyalty Options.

The issue of Loyalty Options pursuant to this Prospectus will result in a decrease in cash reserves of the Company of approximately \$30,000, being the estimated expenses of the Offer as set out below:

Particulars	Amount (\$) (plus GST)
Legal, ASIC and ASX fees	\$22,000
Printing and administrative fees	\$8,000
<b>TOTAL</b>	<b>\$30,000</b>

## 3. Effect of the Offer on Bio-Gene

### 3.1 Capital Structure

The table below sets out the existing issued shares and options of the Company, and the effect on the Company’s capital structure of issuing the Loyalty Options offered under this Prospectus:

SHARES			
Existing ordinary shares	127,724,471		
OPTIONS			
Class	Number of options	Expiry date	Exercise price
Existing options (unlisted)	2,000,000	24 November 2019	\$0.20
Loyalty Options under the Offer	25,544,895	4 December 2018	\$0.20

Notes to table:

- Total number of Loyalty Options offered is subject to rounding, with fractional entitlements rounded up.
- The number of Loyalty Options assumes no existing options are exercised prior to the Record Date and that all Shares are held by Eligible Shareholders at the Record Date. If all existing options are exercised as at the Record

*Date an additional 400,000 Loyalty Options will be issued (assuming all the holders of the underlying Shares following exercise of existing options are Eligible Shareholders).*

- *The Loyalty Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted unless and until the Company satisfies the quotation requirement of the ASX.*

### 3.2 Effect on Financial Position of the Company – Pro forma statement of financial position

Set out below is the pro forma historical statements of financial position of the Company as at 31 December 2017 (which has been extracted from the Company’s reviewed half-year report for the six-months ended 31 December 2017), adjusted for the impact of the issue of the Loyalty Options.

	Note	Statutory Historical 31 December 2017 \$	Pro forma Adjustments Loyalty Options \$	Pro Forma Historical Loyalty Options \$
<b>Current assets</b>				
Cash and cash equivalents	1	7,687,308	(30,000)	7,657,309
Trade and other receivables		233,450	-	233,450
Other Assets		63,725		63,725
<b>Total current assets</b>		<b>7,984,483</b>	<b>(30,000)</b>	<b>7,954,484</b>
<b>Non-current assets</b>				
Property, plant and equipment		33,372	-	33,372
Intangible assets		443,313	-	443,313
<b>Total non-current assets</b>		<b>476,685</b>	<b>-</b>	<b>476,685</b>
<b>Total assets</b>		<b>8,461,168</b>	<b>(30,000)</b>	<b>8,431,169</b>
<b>Current liabilities</b>				
Trade and other payables		250,737	-	250,737
<b>Total current liabilities</b>		<b>250,737</b>	<b>-</b>	<b>250,737</b>
<b>Non-current liabilities</b>				
Financial liabilities		150,000	-	150,000
<b>Total non-current liabilities</b>		<b>150,000</b>	<b>-</b>	<b>150,000</b>
<b>Total liabilities</b>		<b>400,737</b>	<b>-</b>	<b>400,737</b>
<b>Net assets</b>		<b>8,060,431</b>	<b>(30,000)</b>	<b>8,030,432</b>
<b>Equity</b>				
Issued capital		11,772,251		11,772,251
Reserves		499,490	-	499,490
Accumulated losses	1	(4,211,310)	(30,000)	(4,241,309)
<b>Total equity</b>		<b>8,060,431</b>	<b>(150,000)</b>	<b>8,030,432</b>

1. Estimated costs of the offer of the Loyalty Options including legal fees, ASIC and ASX charges and printing and distribution of the Prospectus as provided for in section 2.

### 3.3 Effect on Control of the Company

As at the date of this Prospectus, the Company has one substantial holder (holding at least 5% of the Company's issued capital), the details of which are as follows:

Name	Number of Shares	% Voting Power
Kevin Nolan Rumble (and Rumble Nominees Pty Ltd)	8,671,373	6.79%

The Offer will not affect the control of the Company however the exercise of Loyalty Options may dilute Eligible Shareholders who fail to exercise or sell (if admitted to quotation on the ASX) their Loyalty Options and Shareholders who are not eligible to receive Loyalty Options. The maximum dilution that may be experienced by a shareholder who fails to exercise its Loyalty Options (or who was ineligible to receive Loyalty Options), will be dependent on the number of shares held by that shareholder and the extent to which other shareholders exercise Loyalty Options.

For illustrative purposes, the below table shows the change in percentage ownership of all shares on issue if a shareholder with the number of shares in the left column does not exercise its Loyalty Options but all other shareholders do exercise their Loyalty Options:

Number of Shares Held by example shareholder	Existing %	Number of Loyalty Options to which example shareholder is entitled to	% if all Loyalty Options (other than those held by the shareholder) are exercised
500,000	0.39%	100,000	0.33%
1,000,000	0.78%	200,000	0.65%
5,000,000	3.91%	1,000,000	3.28%
10,000,000	7.83%	2,000,000	6.61%

The above table assumes no further shares are issued other than upon exercise of Loyalty Options and the example shareholder in each row does not dispose of any shares or exercise any Loyalty Options.

It should be noted Loyalty Options must not be exercised if the effect would be to give the exercising party (or an associates) an interest in more than 20% of the Company in breach of section 606 of the Corporations Act. Further details of this prohibition are contained in section 1.5.

## **4. Risk Factors**

### **4.1 Introduction**

The Loyalty Options offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in the Prospectus.

This section identifies circumstances the Directors regard as the major risks associated with the Offer and an investment in the Company and which may have a material adverse impact on the financial performance of the Company, if they were to arise.

Specifically:

- there are risks associated with the Offer and the Loyalty Options (refer section 4.2);
- the business, assets and operations of Bio-Gene are subject to certain commercial, operation and financial risk factors that have the potential to influence the operations and financial performance of the Company in the future (Section 4.3); and
- there are general investment risks, many of which are largely beyond the control of the Company and are difficult to predict or anticipate (Section 4.4).

Where possible, the Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, as noted above, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which it can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is, or will be, exposed. In addition, this Section has been prepared without taking into account individual financial objective, financial situation and particular needs. You should seek professional advice if you have any queries in relation to making an investment in the Company.

### **4.2 Risks Associated with the Offer**

#### **(a) Exercise price of Loyalty Options**

No guarantee can be given that the share price will be greater than the exercise price of the Loyalty Options during the period up to expiry of the Loyalty Options on 4 December 2018. Accordingly, there is a risk that the Loyalty Options will be out of the money during the exercise period, which would affect the value of the Loyalty Options.

#### **(b) Value of securities and share market conditions**

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular. Market conditions may affect the value of the Company's securities regardless of the Company's performance. Lack of liquidity may also affect the value of the Company's securities.

The trading price of both the Loyalty Options (if admitted to official quotation on ASX) and the underlying Shares, may fall as well as rise.

There can be no guarantee an active market in Loyalty Options will develop or that the price of Loyalty Options will increase or have any recognised value. There may be relatively few potential buyers and/or sellers of Loyalty Options at any time, which may increase the volatility of the market price of Loyalty Options.

**(c) Dilution**

If you do not exercise the Loyalty Options, because either you sell those Loyalty Options on market (if admitted to quotation) or you allow those Loyalty Options to expire without being exercised, and other investors exercise the Loyalty Options, your shareholding will be diluted. The example potential dilutive effect upon exercise of Loyalty Options is set out in section 3.3.

**(d) Taxation consequences**

The exercise or sale of a Loyalty Option may have taxation consequences, depending on your particular circumstances. You should seek your own taxation advice before exercising or selling a Loyalty Option.

**4.3 Company Specific Risks**

**(a) Revenues and profitability**

Since incorporation, the Company's operations have been limited to the identification, research and development of its products. The Company has only incurred losses whilst undertaking research and development on its products and expects to incur net losses for the foreseeable future. The Company's ability to generate revenue and achieve profitability in the future is dependent on, amongst other things, the Company's ability to successfully complete the development of its products, obtain all relevant regulatory approvals and commercialise its products. The Company may not generate revenues and/or achieve profitability in the future.

Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. The Company expects its operating results will vary significantly from quarter-to-quarter and year-to-year as a result of the initiation and success or failure of proof-of-concept, pilot or safety and efficacy studies, the timing of the formulation and manufacture of the Company's products or other development related factors. If the Company fails to achieve and/or to maintain profitability, it could adversely affect the value of the ordinary shares of the Company.

The Company receives a portion of its income through governmental research and development income grants including the R&D Tax Incentive. The grants and R&D Tax Incentive received may not continue in future years if the Company no longer meets the eligibility requirements for grants under the R&D Tax Incentive or if the incentive program is modified or terminated.

**(b) Ongoing need for capital**

The Company is currently advancing its products through testing. The development of novel insecticides is expensive, and the Company expects its research and development expenses to increase in connection with its ongoing activities, particularly as the Company advances the development of its products. The Company's proposed expenditure over the two years following admission to the Official List of ASX was set out in the Company's prospectus dated 5 October 2017 which can be provided upon request.

The Company may in future require additional capital for the advancement of its business activities, or to expand its business (although there are no current plans to expand its business). Additional capital may also be required to meet regulatory requirements and achieve commercialisation of its products (if any). There is a risk additional capital may not be available or may only be available on terms that are prohibitive to the Company. If the Company is unable to obtain additional capital in a timely manner it may delay the obtaining of required regulatory approvals and/or the commercialisation of the Company's product/s (if any).

**(c) Research and development and product risk**

The Company's products are currently in the early research and development phase. It is the Company's intention to pursue evaluation and subsequent development of one or more of its products through a rigorous testing regime, including mammalian, aquatic, avian and plant safety, efficacy testing at laboratory, preliminary field trials and larger field testing. The results of these studies may not generate sufficient evidence of efficacy to justify ongoing development or a sufficient level of safety of the Company's products. There is also a risk the laboratory studies will not demonstrate appropriate insecticidal activity against test insects, and/or that the Company's products will be shown not to have a satisfactory safety profile to justify ongoing development.

*Novel product*

The Company's products are based on novel technology which make it difficult to predict the time and costs of development and obtaining required regulatory approvals. There is a risk that the Company's products will not obtain required regulatory approval or achieve commercialisation within a specific period of time, if at all. There is a risk that, due to the novel technology underpinning the Company's products, the Company may experience delays or unexpected costs.

*Research and development*

There is the risk that the results from completed preliminary studies may not be predictive of results the Company may obtain in subsequent safety and efficacy studies. This could result in the Company pursuing further costly and time-consuming studies on a product or multiple products that may not ultimately be as effective as initially indicated in preliminary studies or may not meet the regulatory standards required for commercialisation and public sale. The Company has not at this stage of its development sought or received regulatory approval for commercialisation and public sale of any of its products.

The results of the Company's research and development activities may not support or justify the continued development of its current products. The Company may also not receive regulatory approval for commercialisation and public sale of its products. Failure of the Company to advance the development of one or more of its products will have an adverse effect on the Company's business.

*Resistance*

Insect resistance to insecticides is a key issue in insect control worldwide. The insecticides and insect control market is dynamic and requires innovation as insect populations may develop resistance to new technologies over time. The Company's primary products, Flavocide™ and

Qcide™, are intended to address the issue of resistance in insect populations, however, Flavocide™ and Qcide™ are yet to be extensively field tested.

Although not a short-term risk, there is a risk that in the future following commercialisation of one or more of the Company's products (if any), over time, insect populations will develop a resistance to the Company's products, including Flavocide™. There is also a risk that any future Company products developed to address resistance will not be as effective, both for purpose and cost, as prior products developed by the Company or products developed by competitors.

There is a risk that the Company's competitors will develop and commercialise products with similar compounds to those contained in the Company's products. These similar products may increase resistances in the insect population to those compounds shared with the Company's products, reducing or potentially nullifying the effectiveness of the Company's products as insecticides and insect control tools.

#### *Area and range of use*

The Company intends to develop and manufacture its products for a wide range of commercial uses, including public health, animal health, crop protection, grain storage and horticultural and general insecticide usage. The Company also intends for its products to be able to be used effectively for purpose in a wide range of environments and conditions.

There is a risk the Company's product will be limited to use in specific circumstances or for specific purposes, if any, or that regulatory approval will not be obtained for public sale or commercial use. There is also a risk that, despite testing, the effectiveness of the Company's product may diminish depending on the proposed purpose or area of use, or the environmental conditions at the time of use.

#### *Toxicity*

There is a risk the Company's products, although effective as an insecticide and for insect control, must be administered at such high dosages that result in human, off-target and environmental toxicity concerns including consequences for the flora and fauna of a particular environment. There is also a risk the long-term exposure to the Company's product may result in unforeseen issues, including human & animal health issues and environmental contamination, resulting in the Company being required to make good any damage and a loss of the Company's reputation.

#### *Regulatory pathway to commercialisation*

The Company currently has no products approved for commercial distribution and is focused primarily on the development of its products. The success of the Company's business ultimately depends upon the Company's ability to advance the development of its products from laboratory-based proof of concept studies, through to safety and efficacy studies, in a manner that meets the extensive regulatory requirements of products in the insecticide and insect control industry.

The Company's products must satisfy stringent regulatory standards of purity, safety, potency and efficacy before advancing from development to commercialisation. To satisfy required regulatory standards the Company will need to complete proof-of-concept studies, safety and efficacy studies and develop acceptable and cost-effective manufacturing processes. There is a risk the Company will not satisfy regulatory standards or that the cost of satisfying such



regulatory standards is prohibitive to the Company proceeding with commercialisation of one or more of its products.

Even should data collected from studies, including safety and efficacy studies, demonstrate that the Company's products have a satisfactory safety and efficacy profile, there is a risk such results may not be sufficient to obtain regulatory approvals required for the Company to market and sell its products to the public.

#### *Public sentiment*

Public sentiment may be influenced by claims and/or events adverse to the insecticide industry. Such claims and/or event may result in more restrictive government regulations or negative public opinion, which may have a negative effect on the Company's business and may delay or impair the development and commercialisation of the Company's products and subsequent demand following commercialisation.

#### *Manufacturing/production*

As noted above, the Company must satisfy required manufacturing standards in connection with commercialisation of its products. There is a risk the Company may not be able to satisfy the necessary manufacturing standards for commercialisation and public sale. The Company may not be able to source a third-party manufacturer to produce the Company's product on reasonable and sustainable commercial terms. There is a risk that the cost of reaching and maintaining manufacturing standards will be prohibitive to the Company proceeding with commercialisation of its products.

The Company has successfully manufactured product at a scale sufficient to supply product to conduct the studies that it has undertaken to date. The Company is currently working on improving its manufacturing processes. While results to date have been positive, the ultimate process may not generate sufficient yields of finished products at scale or at an appropriate price point. The Company's existing and potential production technologies have not been tested at a scale sufficient to make commercial quantities of a product that, in the event that it proves successful, can be brought to market. The Company's ability to produce its products is therefore subject to risks of failure and/or high costs.

#### **(d) Product liability**

As with all new insecticide and public health products, even should the Company obtain regulatory approval, there is no assurance unforeseen adverse events or manufacturing defects will not arise. Adverse events could expose the Company to product liability claims in litigation, potentially resulting in any regulatory approval (when/if obtained) being removed and damages being awarded against the Company. In such event, the Company's liability may exceed its insurance coverage (if any).

#### **(e) Environmental, health or safety laws and regulations**

The Company's business involves the controlled use of hazardous materials and chemicals and is subject to numerous environmental, health and/or safety laws and regulations. There is a risk the Company will not comply with these laws and regulations and could be exposed to liability for contamination caused by its products. In addition to payment of remediation costs, the Company may also be liable for fines, penalties and natural resource damages.

The costs of compliance with environmental, health and/or safety laws and regulations are significant. Any violations, even if inadvertent or accidental, of environmental, health or safety laws and/or regulations, and any cost of compliance with any resulting order or finding and any liability imposed could adversely affect the Company's business, reputation, financial conditions, cash flows and results of operations.

**(f) Competition risk**

The insecticide and insect control industry is highly competitive and is categorised by rapid technological advancement. The Company's current products are still in the early research and development phase, however in the event a product of the Company is commercialised it will be in direct competition for market share with other companies in the industry.

There is a risk competitors may develop similar products to those the Company currently has under development, or consumers prefer the products of the Company's competitors, or that a competitor's product may cause the Company's product to become obsolete. There is also a risk the Company's competitors have, or may attain, more resources than the Company, including financial, technical and sales resources. This would allow these competitors to aggressively pursue strategies to capture greater levels of market share than the Company.

The Company does not have prior experience in marketing its products. Following commercialisation of its product/s (if any), the Company will need to develop this capacity internally or engage third-parties to assist with advertising and marketing. In the event the Company is unable to generate sufficient marketing of its products, there is a risk that the Company will not receive sufficient revenue to sustain its business.

The timing of market introduction of the Company's products or of competitor's products may be an important competitive factor, particularly if consumer demand changes. Accordingly, the Company considers efficient development of its products, completion of safety and efficacy studies and approval processes (which are outside of the Company's control) and the manufacture and supply of commercial quantities of its product to the market to be important competitive factors.

**(g) Future market acceptance**

Ultimately the Company's products need to find acceptance in a competitive market. Market acceptance depends on many factors, including obtaining access to relevant markets, convincing potential consumers and partners of the attractiveness of the Company's products and the ability to manufacture products to a sufficient quality and quantity at an acceptable cost. These and other factors may cause the Company's products to not gain market acceptance and will negatively affect the profitability of the Company.

**(h) Raw material supply**

The Company's product Qcide™ is extracted from the leaves of a rare sub-set of Eucalyptus trees. As such there are a number of agricultural related risks that could affect the supply of the raw material from which Qcide™ is sourced. These include weather related factors and variation in yields. The inability to obtain sufficient raw material whether due to adverse weather conditions or other issues could impact on the Company's ability to supply Qcide™ which would impact Bio-Gen's operations, financial performance and future prospects.

**(i) Absence of dividends**

The ability of the Company to pay dividends in the future is dependent on many factors including the results of the Company's research and its ability to commercialise and/or licence its products. Where the Company is in a position to pay dividends, the amount, timing and payment of future dividends is dependent on a range of factors including future capital and R&D requirements, as well as the overall financial position of the Company. There will be factors outside of the control of the Company and its Directors that may affect the ability of the Company to pay dividends. The Directors are unable to give any assurance regarding the payment of dividends in the future.

**(j) Dependence on key personnel**

The Company is dependent on the principal members of its research and development teams, the loss of whose services could materially adversely affect the Company and may impede the achievement of its objectives. Given the nature of the Company's activities, its ability to maintain its program is dependent on its ability to attract and maintain appropriately qualified personnel either within the Company or through contractual arrangements.

There can be no assurance the Company will maintain sufficiently qualified personnel in a timely manner or that it will be able to retain its key personnel. The failure to retain such personnel and develop such expertise may materially adversely affect the Company's ability to meet its objectives.

The Company's current size affects its ability to provide substantial training and development opportunities to its key personnel. Extensive ongoing development opportunities are not feasible for a Company such as Bio-Gene. The Company has sought to address this risk by hiring sufficiently qualified and skilled management staff.

**(k) Reliance on third parties**

The Company has engaged third parties (including in collaboration partnerships) to assist with the research and development of the Company's products. Accordingly, some of the success of the Company may depend on the performance of these third parties which may in turn delay the Company's development of its products. There is also a risk that studies required to obtain regulatory approval will be delayed due to third party performance. The engagement of these third parties will likely involve the payment of fees which may reduce the profit margins of the Company. There is also a risk that the relevant third-parties may terminate their engagement with the Company.

There is a risk the Company's existing or future collaboration partnerships may break down or the Company may become involved in a dispute with one or more of its collaborative partners. This could result in the Company having difficulty in obtaining data from research undertaken under collaboration partnerships. The Company is also dependent, in part, on collaboration partners providing accurate information. There is a risk the Company will determine to pursue or not to pursue a course of action based on inaccurate, incomplete or conflicting information provided by one or more of its collaborative partners.

The Company may in future engage third-parties to manufacture its product. The engagement of third-parties to assist in manufacture, in addition to the collaboration partnerships entered into by the Company, may require the Company to share its proprietary information (including trade secrets) with these third parties. Although these agreements typically contain provisions

restricting the publication of data relating to the Company's proprietary information (and the proprietary information itself), there is a risk the third-party may break confidentiality or may inadvertently publish data or results that contain the Company's proprietary information.

**(I) Intellectual Property**

*Trade secrets*

The Company relies on its trade secrets, including information relating to its product. The protective measures employed by the Company may not provide adequate protection for its trade secrets. This may erode the Company's competitive advantage and materially harm its business. The Company cannot be certain others will not independently develop the same or similar technologies on their own or gain access to trade secrets. The Company may not be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

*Patents*

Obtaining, securing and maintaining the Company's intellectual property rights (in particular, patents) is an integral part of securing potential value arising from conduct of the Company's business. The Company holds a number of patents and has made multiple patent applications in respect of its products. If patents are not able to be maintained if challenged or if patent applications are not granted, or if granted only for limited claims, the Company's intellectual property may not be adequately protected and may be able to be copied or reproduced by third parties. The Company may not be able to achieve its objectives, commercialise its products or generate revenue or other returns.

Competitors may develop technology to avoid those patents or seek to claim an interest in the intellectual property held by the Company with a view of seeking a commercial benefit from the Company. There can also be no assurance employees, consultants or third parties will not breach confidentiality, infringe and/or misappropriate the Company's intellectual property.

The Company seeks to mitigate the risk of unauthorised use of its intellectual property by limiting disclosure of sensitive material to particular employees, consultants and others on a need to know basis. Where appropriate, parties having access to such sensitive information will be required to provide written commitments to confidentiality and ownership of intellectual property.

*Infringement claims*

The Company's success depends, in part, on its ability to enforce and defend its intellectual property against third party challengers. The Company believes the manner in which it proposes to conduct activities will minimise the risk of infringement upon another parties' intellectual property rights, however there can be no assurance another party will not seek to claim the Company is infringing upon their rights.

If a third party accuses the Company of infringing its intellectual property rights or commences litigation against the Company for infringement, the Company may incur significant cost defending such action, whether or not the Company ultimately prevails. Defence against third party infringement action will necessarily divert the time of the Company's Officers' and other key personnel.

If any third-party patents were held to cover aspects of the Company's products, processes of manufacture or methods of use, the third-party holders of such patents may be able to block the Company's ability to develop and/or commercialise its products until such time as the third-party patents expired.

In addition, parties making claims against the Company may obtain injunctive or other relief to prevent the Company from further developing or commercialising its products. In the event a successful claim of infringement is made out against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it may encounter delays and lose substantial resources while seeking to develop alternative products.

Patent litigation is typically expensive. Defence of any litigation commenced against the Company could prevent the Company from commercialising its products and could cause it to incur substantial expenditure.

**(l) Litigation risks**

As part of regular business activities, the Company is, or may become, exposed to possible litigation risks including contractual disputes, employee claims and/or intellectual property disputes.

Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position.

**(m) International agreements**

The Company has entered into contractual relations with parties domiciled in foreign jurisdictions. There is scope for changes in contract law, property law and intellectual property in developing foreign jurisdictions beyond the control of the Company and may affect the Company's ability to carry on its business, including the enforceability of its contractual arrangements.

**(n) Unforeseen expenditure**

The Company has not entered into contracts for a number of the material items anticipated to be desirable for the ongoing development of the Company's products. The Directors of the Company are of the view that the Company will be in a position to negotiate the exact terms for such contracts. The Company does not, however, have indicative quotations for many of the material items. There is a risk the Company may not be able to source these suppliers at a cost acceptable to the Company.

**(o) Liquidity and realisation risk**

As at the date of this Prospectus, 16.94% of the Company's Shares are subject to escrow arrangements (either mandatory ASX imposed escrow or voluntary escrow).

There is a risk that once the shares subject to escrow or trading restrictions are released from the restrictions attaching to them, there may be significant sell down by holders of those shares which may negatively affect the Company's Share price.

An active market in the Shares may also not develop or the price of the Shares may not increase. There may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of Shares.

#### **4.4 General Risks**

##### **(a) Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely affect the Company's activities. Furthermore, share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance.

Share market conditions are affected by many factors such as:

- General economic outlooks;
- Interest rates and inflation rates;
- Currency fluctuations; and
- Changes in investors' sentiment toward a particular market section.

##### **(b) Foreign currency and exchange rate fluctuations**

The Company has entered into contractual relations with entities domiciled in foreign jurisdictions. There is therefore potential the Company's revenue and expenditure may be domiciled in various currencies other than Australian dollars. This may expose the Company to foreign exchange movements, which has the potential to positively and negatively influence the Australian dollar equivalent of such revenue and expenditure. The fluctuations in foreign currency may also result in increased operating expenses and reduced revenues.

##### **(c) Government policy changes**

Any material changes in government policies or relevant legislation of the countries in which the Company may operate have the potential to affect the viability, profitability and progress of the Company's business.

##### **(d) Insurance**

The Company has obtained insurance where it is considered appropriate for its needs. However, the Company would not expect to be insured against all risks, either if appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Accordingly, the Company may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs losses or liabilities for which it is uninsured, the value of the Company's assets may be at risk.

**(e) Taxation**

There may be tax implications arising from applications for New Shares, participation in any on-market buy-back and/or on the future disposal of New Shares. Potential investors should consult their professional tax adviser before deciding whether to apply New Shares pursuant to this Prospectus.

**(f) Unforeseen risks**

There may be other risks which the Directors or management of the Company are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of the Shares.

**(g) Combination of risks**

The Company may be subject to a combination of risks, including any of the risks outlined in section 4.3 and 4.4, which could affect the operations, financial performance and prospects of the Company.

**4.5 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and other not specifically referred to above, may materially affect the future financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the shares received upon exercise of the Loyalty Options issued pursuant to the Offer carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

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

## 5. Continuous Disclosure Obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities (or, in the case of options, the underlying securities) offered under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 12 months before the date of the prospectus.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company, and the rights and liabilities 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. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries 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 12 months before the date 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.

For the purpose of satisfying section 713(5) of the Corporations Act a prospectus must incorporate information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
  - the assets and liabilities, financial position and performance, profit and losses and prospects of the Company; and
  - the rights and liabilities attaching to the securities being offered.

The Prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the Prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

Bio-Gene undertakes various activities at any given time in pursuit of its business objectives. As a disclosing entity under the Corporations Act, Bio-Gene is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to Bio-Gene may be obtained from, or inspected at, an office of ASIC.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents until the issue date of the Loyalty Options under this Prospectus:

- (a) the full year audited accounts of the Company for the year ended 30 June 2017;
- (b) the financial report of the Company for the half year ended 31 December 2017; and



- (c) any continuous disclosure notices given by the Company since admission to the Official List of ASX on 27 November 2017 and before lodgement of this Prospectus. Continuous disclosure notices given by the Company since admission to the Official List of ASX to the date of this Prospectus are listed in Section 6 of this Prospectus.

## 6. ASX Announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since admission to the Official List of ASX on 27 November 2017:

Date	Headline
23/02/2018	Appendix 3B
20/02/2018	LOYALTY OPTIONS UPDATED
14/02/2018	KEY APPOINTMENTS TO ADVISORY & MANAGEMENT TEAM
08/02/2018	Appendix 4D – Half Yearly Report and Accounts – 31/12/17
06/02/2018	UPCOMING RELEASE OF SHARES FROM ESCROW
31/01/2018	Pilot study shows Flavocide active against mosquitos
30/01/2018	Appendix 4C – December 2017
21/12/2017	BIO-GENE 2018 GOALS & OBJECTIVES FOLLOWING SUCCESSFUL IPO
19/12/2017	BIO-GENE ANNOUNCES POSITIVE SAFETY RESULTS
11/12/2017	BIO-GENE REPORTS POSITIVE INITIAL EFFICACY RESULTS
04/12/2017	BIO-GENE APPOINTS MR DOUG RATHBONE AS AN ADVISOR
04/12/2017	Appendix 3B
01/12/2017	BIO-GENE EXTENDS RESEARCH COLLABORATION WITH QDAF
30/11/2017	BIO-GENE EXTENDS RESEARCH COLLABORATION WITH CSIRO
29/11/2017	BIO-GENE COMPLETES \$7.1M IPO TO LIST ON ASX
29/11/2017	Becoming a substantial holder
29/11/2017	Bio-Gene Investor Briefing
29/11/2017	Initial Director's Interest Notice – P May
29/11/2017	Initial Director's Interest Notice – K Rumble
29/11/2017	Initial Director's Interest Notice – R Klupacs
29/11/2017	Initial Director's Interest Notice – R Jagger

29/11/2017	Initial Director's Interest Notice – D Brumley
28/11/2017	Corporate Governance Statement
28/11/2017	Updated Top 20
27/11/2017	Company Pre-Quotation Disclosure
27/11/2017	Securities Trading Policy
27/11/2017	Pro-Forma Statement of Financial Statement
27/11/2017	Loan Share Plan Rules
27/11/2017	Full Year Audited Accounts 30 June 2017
27/11/2017	Full Year Audited Accounts 30 June 2016
27/11/2017	Top 20
27/11/2017	Distribution Schedule
27/11/2017	Constitution
27/11/2017	Prospectus
27/11/2017	Appendix 1A and Information Form and Checklist
27/11/2017	Market Release – PQD
27/11/2017	Market Release – Admission
27/11/2017	ASX Notice – Admission and Quotation

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements until the issue date of the Loyalty Options under this Prospectus.

As noted in section 5, the Company undertakes various activities at any given time in pursuit of its business objective and therefore may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, [www.asx.com.au](http://www.asx.com.au), and will also be made available on the Company's web site, [www.bio-gene.com.au](http://www.bio-gene.com.au). Copies of announcements can also be obtained from the Company upon request. Shareholders are advised to refer to ASX's website or the Company's website for updated releases about events or matters affecting Bio-Gene.

## 7. Terms of Securities Offered

### 7.1 Loyalty Options

The Loyalty Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Loyalty Option gives the holder (Optionholder) the right to subscribe for 1 Share. To obtain the right given by each Loyalty Option, the Optionholder must exercise the Loyalty Options in accordance with these terms and conditions.
- (b) The Loyalty Options will expire on 4 December 2018. Any Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Loyalty Option will be \$0.20 (20 cents) (**Exercise Price**).
- (d) The Loyalty Options may be exercised in whole or in part, and if exercised in part, multiples of 10,000 (representing an aggregate exercise price of \$2,000) must be exercised on each occasion.
- (e) Optionholders may exercise their Loyalty Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Loyalty Options specifying the number of Loyalty Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Loyalty Options being exercised.

**(Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Exercise Notice.
- (h) All shares allotted upon the exercise of Loyalty Options will upon allotment rank pari passu in all respects with other Shares.
- (i) Subject to the Corporations Act, the Listing Rules, the Constitution of the Company the Loyalty Options are freely transferable. The Company intends to make an application to the ASX for Official Quotation of the Loyalty Options however the success of that application is dependent on the Company meeting the ASX conditions for quotation, and the Company provides no guarantee that those conditions will be satisfied at any given time or at all. Quotation of the Loyalty Options is not a condition of the issue of Loyalty Options.
- (j) The Loyalty Options cannot be exercised if, as a result of the exercise, the Optionholder or any of its associates would breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.

- (k) The Company will apply for quotation of all Shares allotted pursuant to the exercise of the Loyalty Options on ASX within 10 Business Days after the allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholders are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Loyalty Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Loyalty Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Loyalty Options, the exercise price of the Loyalty Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Loyalty Options, the number of securities over which a Loyalty Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Loyalty Option had been exercised before the record date for the bonus issue in accordance with the ASX Listing Rules.

## **7.2 Shares**

Shares issued upon the exercise of Loyalty Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as the existing shares of the Company. The rights attaching to the Company's shares are set out in the Company's constitution, the Listing Rules of ASX and the Corporations Act. The Company's constitution has been lodged with ASIC. The constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the Constitution from the date of lodgement of the Prospectus to the issue date of the Loyalty Options, which the Company will provide free of charge.

**8. Directors' Interests**

**8.1 Directors' Interests in securities of the Company**

Existing Interests

As at the date of this Prospectus, the Directors' direct and indirect interests in issued shares and options of Bio-Gene are as follows:

Director/ Shareholder (and/ or associate(s))	Existing Shares		Existing Options
	Number	%	
Donald Charles Brumley	1,200,000	0.94%	Nil
Richard Andrew Jagger	690,000	0.54%	Nil
Robert John Klupacs	3,385,000	2.65%	Nil
Peter Donald May	831,000	0.65%	Nil
Kevin Nolan Rumble	8,671,373	6.79%	Nil
<b>TOTAL:</b>	<b>14,777,373</b>	<b>11.57%</b>	<b>Nil</b>

Participation by Directors in the Offer

The Directors will receive Loyalty Options in accordance with their direct and indirect interests in issued shares of Bio-Gene. The Directors respective direct and indirect interests will increase upon issue of the Loyalty Options as described in the table below:

Director/ Shareholder (and/ or associate(s))	Entitlement to Loyalty Options
Donald Charles Brumley	240,000
Richard Andrew Jagger	138,000
Robert John Klupacs	677,000
Peter Donald May	166,200
Kevin Nolan Rumble	1,734,275
<b>TOTAL:</b>	<b>2,955,475</b>

*Note to table: number of Loyalty Options is subject to rounding, with fractional entitlements rounded up*

Except as disclosed in the Prospectus, no Director has, or has had within two years of lodgement of this Prospectus, any interest in:

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

**8.2 Directors' fees and other remuneration**

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company.

The total amounts paid and/or payable (exclusive of GST) to current Directors as fees and executive service remuneration in 2 year period prior to lodgement of this Prospectus are:

<i>Director</i>	<b>DIRECTOR'S FEES / SALARY / CONSULTING FEES (PER ANNUM) (EX GST)</b>	<b>VALUE OF COMPENSATION UNDER LSP</b>	<b>TOTAL</b>
Donald Charles Brumley	43,958	55,721	99,679
Richard Andrew Jagger	149,276	34,826	184,101
Robert John Klupacs	282,333	38,548	320,882
Peter Donald May	144,158	31,067	175,225
Kevin Nolan Rumble	121,300	34,273	155,573

Notes to table:

- (i) *The terms of the Company's Loan Share Plan (LSP) were released as an announcement to ASX on 27 November 2017.*
- (ii) *As disclosed in the Company's Prospectus of 5 October 2017, on 1 January 2018 Richard Andrew Jagger replaced Robert John Klupacs as Managing Director and CEO, with Robert John Klupacs transitioning to a Non-Executive Director. Richard Andrew Jagger will be paid \$256,000 per annum as Managing Director and CEO. Richard Andrew Jagger may also receive short-term and/or long-term incentives subject to the satisfaction of performance criteria as agreed with the Company.*
- (iii) *As disclosed in the Company's announcement on 14 February 2018, Peter Donald May has been appointed to the role of Executive Director, Research and Development. Peter Donald May's consulting agreement as disclosed in the Company's Prospectus of 5 October 2017 has been replaced with this appointment. Peter Donald May will be paid \$176,000 per annum for acting as Executive Director, Research and Development. Peter Donald May may also receive short-term and/or long-term incentives subject to the satisfaction of performance criteria as agreed with the Company.*
- (iv) *In addition to his engagement as Non-Executive Directors, Kevin Nolan Rumble provides consulting services to the Company. Kevin Nolan Rumble receives \$3,000 per month in connection with the consulting services provided to the Company.*

Except as disclosed in this Prospectus, no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offer.

The Company also pays premiums to insure all Directors against liabilities for costs and expenses incurred by them in defending legal proceeding arising from their conduct whilst acting the capacity as a Director of the Company. The Company has entered into indemnity, insurance and access deeds with each of the Directors. Under those deeds, to the extent permitted by law, the Company agrees to indemnify each of the Directors against certain liabilities incurred by them whilst acting as an officer of the Company, and to insure each Director against certain risks to which they may be exposed as an officer of the Company.

## **9. Interests of experts and advisers**

Other than as detailed 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) promotor 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, with the 2 years preceding lodgement of this Prospectus with 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 Offer; or
- (c) the Offer,

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:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

## **10. Holding Statements**

Holding statements confirming any issue of Loyalty Options are anticipated to be dispatched on, or about, 9 March 2018.

Anyone who trades Loyalty Options before receiving a holding statement does so at their own risk.

As noted in section 1.1, no application or payment is required for the issue of Loyalty Options.

## **11. Taxation**

Recipients of the Offer should seek and obtain their own taxation advice regarding the Loyalty Options so they may satisfy themselves of any taxation implications associated with the Loyalty Options.

## **12. Privacy**

Personal information is collected by the Company and its Share Registrar for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Personal information about recipients may be disclosed to external service providers such as print or mail service providers as required or permitted by law. A recipient who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Share Registrar's Privacy Officer at Automic Registry Services by telephoning 1300 288 664 or by post to the address shown in the Corporate Directory. In accordance with the Corporations Act, recipients may be sent material (including marketing material) in addition to corporate communications. Recipients may elect not to receive marketing material by contacting the Share Registrar's Privacy Officer. Recipients can also request access to, or corrections of, personal information held by the Company by writing to the Company.

## **13. Electronic Prospectus**

This Prospectus is available in electronic format at [www.bio-gene.com.au](http://www.bio-gene.com.au). The Offer constituted by this Prospectus in electronic form (if any) are only available to eligible persons receiving this Prospectus in electronic form within Australia. Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by telephoning Roger John McPherson, Company Secretary of Bio-Gene Technology Limited, on +61 3 9628 4178.

## **14. Consents**

Each of the parties referred to in this section 14:

- (a) has not authorised or caused the issue of this Prospectus and has had no involvement in the preparation of this Prospectus;
- (b) has not made, or purported to make, any statement in this Prospectus, or on which any statement made in this Prospectus is based, other than the statements referred to in this section 14;
- (c) does not assume responsibility for any part of this Prospectus except for the statements referred to in this section 14;
- (d) to the maximum extent permitted by law, disclaim any responsibility or liability for any part of this Prospectus, other than a reference to it or a statement to be included in this Prospectus with their consent as specified in this section 14.

Automic Pty Ltd trading as Automic Registry Services has consented in writing to being named in this Prospectus in the capacity as Share Registrar of the Company in the form and context in which they have been named, and has not withdrawn such consent prior to lodgement of the Prospectus with ASIC.

## **15. Enquiries**

If you have any questions regarding the content of this Prospectus, please contact Roger John McPherson, the Company's Secretary, on +61 3 9628 4178. Alternatively, you should contact your stockbroker, accountant or independent professional financial adviser to advise on the Offer.

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 such information not so contained may not be relied on as having been authorised by Bio-Gene in connection with this Prospectus.



**Directors' Responsibility Statement**

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'Brumley', is written over a faint, light-colored rectangular stamp or watermark.

Donald Charles Brumley  
Chairman