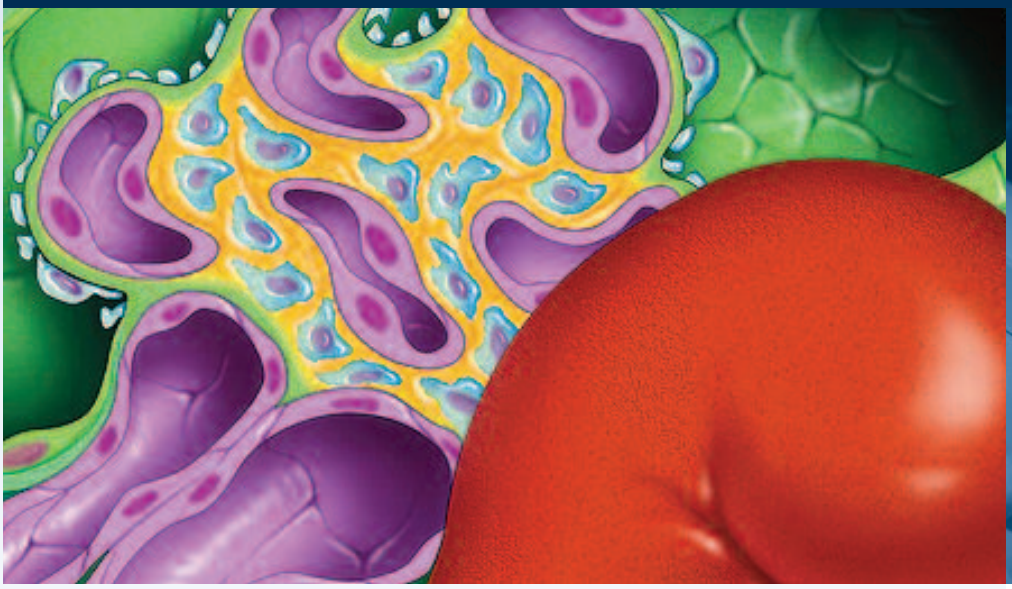
Proteomics International Laboratories Ltd
ACN 169 979 971

Prospectus

For the issue of a minimum of 20,000,000 shares
at an issue price of $0.20 each to raise a minimum of $4,000,000. Oversubscriptions of up to a further 10,000,000 shares at an issue price of $0.20 each to raise a further $2,000,000 may be accepted.



Financial Adviser and Lead Manager

kscapital

K S Capital Pty Limited
ACN 124 761 557
AFSL No. 316880

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU DO NOT UNDERSTAND ITS CONTENTS OR ARE IN DOUBT AS TO THE COURSE YOU SHOULD FOLLOW, YOU SHOULD CONSULT YOUR STOCKBROKER OR PROFESSIONAL ADVISER. INVESTMENT IN THE SHARES OFFERED BY THIS PROSPECTUS SHOULD BE REGARDED AS SPECULATIVE IN NATURE.

Important Notice

Offer
The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Proteomics International Laboratories Ltd.

Lodgement and Listing
This Prospectus is dated 27th of October 2014 and a copy was lodged with the Australian Securities and Investments Commission on that date. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The fact that the Shares may be quoted on the ASX is not to be taken as an indication of the merits of the Company or the Shares. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

If permission is not granted for the Shares to be quoted within 3 months of the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application monies received pursuant to the Prospectus will be refunded in full without interest within the time prescribed by the Corporations Act.

Note to Applicants
The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest. In particular, you should consider the risk factors that could affect the Company's business, financial condition or performance. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your broker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 4. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

No offering where offering would be illegal
This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States of America or who are US Persons. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any State of the United States of America, and may not be offered or sold in the United States of America, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States of America State securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

Defined Terms
Capitalised terms are as defined in Section 9 of this Prospectus. Unless otherwise stated or implied, references to time in this Prospectus are to Western Standard Time as observed in Perth, Western Australia. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Disclaimer
No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Obtaining a copy of this Prospectus

This Prospectus is available to investors in electronic form at **www.proteomicsinternational.com**. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia. It is not available to persons in the United States. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

A paper copy of the Prospectus is available free of charge to any person in Australia by calling Karen Logan, Company Secretary on +61 (0) 8 9389 1992 or emailing a request to: prospectus@proteomicsinternational.com

Applications for Shares may only be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its soft copy form which must be downloaded in its entirety from the Company website. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus is lodged with ASIC. The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period. During the Exposure Period, this Prospectus will be made available to Australian residents at the Company's website.

Diagrams and Photographs

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Photographs used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that assets shown in them are owned by the Company.

Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application form. If you have not, please email the company at prospectus@proteomicsinternational.com and the Company will send you a further electronic copy of the Prospectus. Alternatively you may obtain a copy of the Prospectus from the Company's website at **www.proteomicsinternational.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.

Privacy

The Company collects information in relation to each Applicant as provided on an Application Form ("Information") for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company ("Purposes").

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Key Offer Information

KEY DATES

Lodgement of Prospectus with ASIC	27 October 2014
Opening Date (refer 1 below)	3 November 2014
Closing Date	28 November 2014
Allotment of Shares under Prospectus	5 December 2014
Shares commence trading on ASX	16 December 2014

1. **The Opening Date may be extended by a maximum of 7 days if ASIC extends the exposure period.**
2. **These dates are indicative only and may vary. The Company reserves the right to close the Offer early or extend the Closing Date and accept late Applications without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.**

KEY PRO FORMA OFFER DETAILS

Offer Price	$0.20
Minimum number of Shares available under the Offer	20,000,000
Maximum number of Shares available under the Offer	30,000,000
Maximum total number of Shares on issue after the Offer	65,478,952
Maximum market capitalisation at $0.20 Offer Price	$13.1 million

Chairman's Letter

Dear Investor,

On behalf of the Board I am pleased to introduce this Prospectus to you and to provide you with an opportunity to invest in Proteomics International Laboratories Ltd ("PILL").

Proteomics is a relatively new science: it holds great promise and potential in its ability to identify and characterise compounds (specifically proteins) which can affect and change the health of people, animals and plants.

Over the past 13 years the Company has been at the forefront of this developing science – it was the first proteomics laboratory in the world to gain ISO/IEC 17025 accreditation, an international standard recognising technical competence.

Led by Dr Richard Lipscombe, a team of scientists utilise high-tech equipment to discover compounds which may be used as diagnostic tools for identifying disease, or may be suitable for development into therapeutic drugs. The Company also provides analytical services to both commercial enterprises and academic institutions on a fee-for-service basis.

Having spent over $6.5 million in research and development, the Company has amassed an intelligence base, expertise and a portfolio of intellectual property ("IP") which now allows it to move into a commercialisation phase.

PILL does not intend using internal resources to develop such diagnostic tools or drugs, but plans to licence the discovered IP to major pharma groups, who have the resources to undertake the required development and trials. This business model is a leveraged approach which is intended to reduce the requirement for huge amounts of capital, and can spread risk over multiple compounds and potential revenue streams (however risk can never be completely eliminated, and Investors should carefully read Section 4 of this Prospectus).

The Company has a Board experienced in listed technology companies. It has a clear focus on utilising the funds raised from this Prospectus thoughtfully to commercialise the already-developed IP, and implement a measured programme for further compound discovery, whilst expanding existing revenues to underpin future efforts. With the support of investors, and a successful implementation of business strategies, the Company will aim to create value for all shareholders.

I therefore ask that you carefully read the Prospectus, and I look forward to you joining me as a Shareholder.

Yours faithfully

Terry Sweet
Chairman

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Investment Overview

INTRODUCTION TO PROTEOMICS INTERNATIONAL LABORATORIES

Set out in the table below is a summary of the Company and its subsidiaries. The summary should be read in the light of other information in this Prospectus.

QUESTION	ANSWER	Where to find More Information
What is Proteomics?	Proteomics is the large-scale mapping of the structure and function of proteins. Unlike our genes, the protein make-up in our bodies differs from cell to cell and changes considerably over time. A cancerous cell, for instance, will have significantly different proteins to a healthy cell. Understanding proteomics can speed up diagnosis and the identification of drugs that can be used to treat diseases.	Section 2.5
Who is Proteomics International Laboratories?	Proteomics International Laboratories Ltd (PILL) is an innovative biological research and drug discovery company that is working to make a difference in people's lives through the development of simple diagnostic tests for common diseases and the discovery of new therapeutic drugs to treat pain and infection. The Company, based in Perth, Western Australia, works across three units - diagnostics, therapeutics and analytical services.	Section 2.4
What is the Purpose of the Offer?	The Company now seeks additional funding of $4 million (and up to $6 million including potential oversubscriptions) to expand each business unit and accelerate commercialisation objectives.	Section 1.2
What is the Company's Business Strategy?	The Company creates new intellectual property for itself and its clients by operating in three synergistic business units: 1. ***Analytical services*** - specialist contract research, analytical testing and consultancy 2. ***Diagnostics*** - biomarkers of disease and personalised medicine 3. ***Therapeutics*** - peptide drug discovery from venoms Each unit offers its own potential revenue stream. The synergy between business units arises through PILL's unifying platform technology, which can be applied to each area simultaneously. Importantly, the output from any area can feed development and growth in the others.	Section 2

QUESTION	ANSWER	Where to find More Information
What are the Activities of each Business Unit and how do they contribute to revenues?	**ANALYTICAL SERVICES UNIT** ***PILL provides analytical testing on a fee-for-service basis.*** PILL's diagnostic and drug discovery research is underpinned by a commitment to excellence in fee-for-service analytical work. PILL has a broad range of pharmaceutical, biotechnology and academic clients worldwide, with a particular focus on the Asia-Pacific region. The Company's laboratory was the first facility in the world to receive ISO 17025 laboratory accreditation for proteomics services. This accreditation, which was awarded in 2009, recognises PILL's ability to consistently achieve technically valid results and is the most widely used laboratory standard for US Federal testing laboratories. This elite standard has led to the Company having a reputation for technical excellence and is important to clients working in the area of drug discovery to help ensure they meet regulatory requirements. The Company has offered specialist protein analysis services since 2001, frequently adding new services developed by its research and discovery programmes to its portfolio. These services have broad application, from creating new intellectual property for clients to providing sophisticated quality control and characterisation for protein-based drugs. Between 2013 and 2017 a dozen protein-based drugs (known as biologics) with a combined revenue of $50 billion will come off patent and, as a consequence, many companies are gearing up to manufacture generic versions known as biosimilars. These protein drugs are very large molecules and are much more difficult to copy than traditional medicines like paracetamol and aspirin. The complexity of these molecules and the competition for market share is driving a need for specialist analytical services of the type provided by PILL. The Company's regional network of agencies help it provide the FDA recommended services to the large number of organisations waiting to create these generic drugs.	Sections 2.6, 2.12.1
	DIAGNOSTIC UNIT ***PILL will explore differences between healthy and sick people to find new diagnostic tests.*** PILL is currently commercialising a test for diabetic kidney disease following a two-year $2 million project supported by a competitive federal grant from Commercialisation Australia. It is estimated that there are currently 382 million people living with diabetes worldwide, with approximately 35% of adults having chronic kidney disease. PILL has been contracted by a leading Alzheimer's research centre to develop a set of biomarkers, biological signatures found in the blood that could be used to test for this debilitating disease. In America one in nine people over 65 has Alzheimer's disease, and the cost of caring for Alzheimer's patients is estimated at $220 billion per year.	Sections 2.7, 2.12.2

QUESTION	ANSWER	Where to find More Information
What are the Activities of each Business Unit and how do they contribute to revenues? *(cont.)*	When a new biomarker is discovered the intellectual property created can be used to generate several forms of diagnostic test: a specialist diagnostic test run by approved laboratories; a clinical test for the wholesale and end-user pathology markets; and a test that could be used to monitor a patient's response to a drug therapy. The different types of test each constitute possible unique products and potential revenue streams. The technique that the Company uses is at the forefront of personalising medical diagnostics and it could potentially be harnessed to develop testing procedures for cancer, heart disease or many other conditions. PILL's approach to developing diagnostic tests is not limited to human medicine: the Company also has a research contract with a major US veterinary company to develop a new test for parasites in pets. This versatility means the platform can be used to target a wide range of problems, from people getting sick to why a plant survives better in a particular environment.	**Sections 2.7, 2.12.2**
	THERAPEUTICS UNIT ***PILL will explore venom for new drugs.*** PILL is using venom from Australia's unique wildlife to look for compounds that could become the painkillers and antibiotics of the future. Currently pharmaceutical companies spend an average of $4 billion in research and development money for every new drug approved. The traditional process of random screening is time consuming and highly ineffective, typically yielding only 100 lead molecules from 100,000 starting molecules, and can take between three and six years to find candidates for clinical testing. PILL's exploration approach is markedly different from traditional technology and uses targeted screening and computer modelling designed to reduce the cost and shorten the time of the discovery process. PILL screens for potential drug compounds in venom collected from insects in the Northern Territory and synthesises promising compounds for testing. The Company's drug discovery program will aim to pre-screen 50 venoms a year then select the best three molecules to enter pre-clinical development and commence the path towards clinical testing. In an 18-month pilot study part funded by a competitive grant from AusIndustry, PILL adapted its methods platform and pre-screened 10 venoms using its targeted approach before selectively testing 12 molecules and discovering five with painkilling or antibiotic properties when tested in appropriate model systems.	**Sections 2.8, 2.12.3**

QUESTION	ANSWER	Where to find More Information
	This process uses PILL's protein mapping expertise and a proprietary software algorithm developed over a period of two years by the scientific team. The route to market is then to engage with pharmaceutical companies for licensing the drug candidate. License terms may potentially include upfront payments, research and development support and milestone payments.	
Where are the Company's Facilities?	PILL is located within purpose built laboratories in the recently opened Harry Perkins Institute of Medical Research in Perth (Harry Perkins Institute). This new eight-storey building houses some of Australia's leading medical researchers and several highly regarded organisations including the Harry Perkins Institute, the Lions Eye Institute and the Lung Institute of WA. PILL has a three-way relationship with the Harry Perkins Institute and Bioplatforms Australia, whose role is to manage Commonwealth Government investment in 'omics (including genomics and proteomics) research infrastructure across the country. PILL manages the facility for the benefit of the local academic community and in return PILL has exclusive access to equipment and people to help analyse the data. Included in this facility are powerful mass spectrometers - instrumentation that allows PILL's scientists to identify compounds (proteins) in a sample quickly and with high levels of sensitivity and accuracy. PILL also has agreements with Curtin University and Murdoch University to access additional high-level equipment when extra capacity is required.	**Sections 2.10, 8.4.8, 8.4.9, 8.4.10**
Does the Company collaborate with others?	Yes, PILL announced a co-marketing agreement with inVentiv Health Clinical in February 2014 that will allow clients to transition seamlessly from the analytical work to clinical trials, both needed to bring a new drug to market. US Food and Drug Administration (FDA) regulations specify a range of pre-clinical testing and characterisation work that needs to be done before a biosimilar drug can proceed to human tests. These characterisation services are an area in which PILL has specialised since 2001 and inVentiv Health Clinical sought to partner with PILL to complement its own strength in clinical trials. This mutually beneficial collaboration is designed to help both companies attract new clients by offering a unified pathway through each of the steps required to meet FDA regulations. Over the past six years PILL has also been awarded seven grants in collaboration with research institutions, and in total since its formation has been a partner to $7.5 million of external academic grants. This funding links additional expertise to the Company, provides access to infrastructure and has enabled PILL to initiate research leading to new intellectual property.	**Sections 2.6, 2.10, 2.11, 8.4**

QUESTION	ANSWER	Where to find More Information
What is the Company's IP position?	PILL takes a proactive approach to its intellectual property and, over the last 13 years, has amassed substantial proteomics expertise and developed and optimised a range of proteomics based methodologies that can be applied across its business units. This expertise or "know how" is proprietary to PILL and is carefully managed to ensure it remains a continued source of competitive advantage for the Company. PILL has also used the patent system to protect certain products derived using its platform technology and expertise, which form two key patent families. The first of these patent families is directed to biomarkers for a range of diabetes related conditions. The second patent family consists of granted patents directed to methods for determining the oxidation status of a protein sample and can be used to assess a range of reactive oxygen species (e.g. free radicals) associated pathologies and diseases. For further information see the Patent Attorney's Report.	**Sections 2.11, 7**

Patent	Description	Status
International patent application PCT/AU2011/001212 (Family 1)	Biomarkers for diabetes and a range of diabetes related conditions including diabetic kidney disease (nephropathy)	Pending - Australia, Brazil, Canada, China, Europe, India, Indonesia, Japan, Russian Federation (Russia), Singapore, and the USA.
US 8,043,824 B2 (Family 2)	Method to determine the redox state of proteins ("2-tag")	Granted/USA
AU2006/001757 (Family 2)	Method to determine the redox state of proteins ("2-tag")	Granted/AUS

What are the capabilities of the Board?	Dr Richard Lipscombe is the Managing Director of the Company. Richard is a highly practised business manager and protein chemist expert in analysing bio-molecules using proteomics techniques. He has an extensive expertise in chemistry, immunology, mass spectrometry, peptide synthesis, high performance computing and robotics. Richard has international experience in both science and business gained over a 29 year period in Australia, USA and the UK, including work in hospital and academic laboratories and commercial organisations. Each of the other directors (all non-executive) have significant public company directorship experience over an extended number of years in addition to their respective areas of technical expertise.	**Section 3.1**

QUESTION	ANSWER	Where to find More Information
What is the Company's Dividend Policy?	It is likely that the Company will incur significant expenditure in the short term. Further, investors should note that it is the Directors' intention to utilise retained earnings and free cash flows to fund the ongoing growth of PILL in priority to the payment of dividends over the next two years. Accordingly, the Company does not expect to declare any dividends during that period.	**Section 1.16**
Historical Financial Performance of PILL Group	<table><tr><th></th><th>FY 2014</th><th>FY 2013</th></tr><tr><td>Revenue</td><td>$1,131,317</td><td>$1,321,333</td></tr><tr><td>Operating loss</td><td>$(251,156)</td><td>$(251,319)</td></tr></table>	**Section 5.2**
Consolidated Pro-Forma Financial Position at 30 June 2014 (reviewed)	<table><tr><th>Totals</th><th>Min Subs</th><th>Max Subs</th></tr><tr><td>Assets</td><td>$3,799,882</td><td>$5,217,991</td></tr><tr><td>Liabilities</td><td>$735,586</td><td>$293,695</td></tr><tr><td>Equity</td><td>$3,080,699</td><td>$4,940,699</td></tr></table>	**Section 5.2**
How does the Company Expect to Fund its Operations?	On Completion of the Offer, the Company expects to fund its operations from revenues generated from its business activities in conjunction with the proceeds of the Offer. The Directors are of the opinion that the Company will have sufficient working capital to carry out its stated objectives.	**Sections 2, 5.2**
Are there any Related Party interests?	The Company has entered into agreements with related parties in relation to the employment arrangements of the Directors and the Director Loans.	**Sections 8.4.11 to 8.4.14**
What are the Directors' Shareholdings and will there be any restrictions applying to their sale?	As at the date of Admission, the Directors will have a relevant interest in the Shares contained in the table below based on a minimum subscription. <table><tr><th>Name</th><th>No. of Shares</th><th>% Shareholding</th></tr><tr><td>Terry Sweet</td><td>1,000,000</td><td>1.8%</td></tr><tr><td>Richard Lipscombe</td><td>16,141,280</td><td>29.2%</td></tr><tr><td>John Dunlop</td><td>5,055,188</td><td>9.1%</td></tr><tr><td>Bill Parker</td><td>6,277,594</td><td>11.3%</td></tr></table> Shares held by the Directors will be escrowed for a period of 24 months from the date of Official Quotation on ASX. In addition, Mr Sweet will hold 2.5 million Options and Messrs Lipscombe, Dunlop and Parker will receive 105, 28 and 42 Performance Rights respectively.	**Sections 8.2, 8.3, 8.5.1**

KEY RISKS

This is a summary only. The risks highlighted below together with other risks are described in Section 4. Each of these risks may either individually or in combination, affect the future operating and financial performance of the Company, its prospects, its investment returns and the value of the Shares.

RISK	SUMMARY	Where to find More Information
Commercialisation Risk	The Company is relying on its ability and that of its partners to develop and commercialise its services including the test for diabetic kidney disease. A failure to successfully develop and commercialise these services could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.	Section 4.2.1
Drug Market Risk	The research and development process typically takes from 10 to 15 years from discovery to commercial product launch. This process is conducted in various stages in order to test, along with other features, the effectiveness and safety of a product. There can be no assurance that any of these compounds will be proven safe or effective. Accordingly, there is a risk at each stage of development that the Company will not achieve the goals of safety and/or effectiveness and that the Company will have to abandon a product.	Section 4.2.2
Intellectual Property Risk	The patent protection that the Company may obtain varies from product to product and country to country and may not be sufficient, including to maintain product exclusivity. Patent rights are also limited in time and do not always provide effective protection for products: competitors may successfully avoid patents through design innovation, the Company may not hold sufficient evidence of infringement to bring suit, or the infringement claim may not result in a decision that the rights are valid, enforceable or infringed.	Section 4.2.3
Reliance on Key Personnel	The Company relies on the experience and knowledge of its management team. The Company is also dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left the Company and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.	Section 4.2.4
Regulatory Risk	The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial matters. Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.	Section 4.2.5

RISK	SUMMARY	Where to find More Information
Funding Risk	While the Company believes it will have sufficient funds after completion of the Offer to carry out its stated objectives over the next two years, the Company may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.	Section 4.2.7
Other Risks	There are a range of risks in investing in any share. These are summarised in Section 4.	Sections 4.3, 4.4

KEY STRENGTHS

This is a summary only. Investors should read the Prospectus in its entirety before making a decision to invest.

STRENGTH	SUMMARY	Where to find More Information
Significant Market Opportunities across all 3 Business Units	**Analytics:** PILL provides analytical and consulting services on a contract research basis to a global clientele. The average annual growth in the Company's sales revenue over the last five years has been 34%. The Company focuses its services on the Asian region with long established agencies in India, Malaysia, Singapore and Japan. PILL has also recently extended its agency network to Hong Kong/China, Brazil and Indonesia. Approximately 50% of its sales revenue is from exports and PILL will seek to grow existing revenue through increased market awareness. PILL offers specialist quality control testing services for biosimilars (protein generic drugs). Last year seven of the world's top ten selling drugs were protein therapeutics. Globally, several of these protein drugs have come off patent since 2012 and several more will do so by 2017. All of these form targets for the generic drug industry that manufacture biosimilars, and PILL services the resulting growing market for their analytical testing. PILL has also recently signed a co-marketing agreement with inVentiv Health Clinical, a leading global supplier of drug development services, whereby PILL will provide the product quality control analysis and inVentiv Health Clinical the biologic and biosimilar clinical, commercial and consulting expertise.	**Sections 2.6, 2.12.1, 8.4.2**
	Diagnostics: The global biomarkers market was $17.5 billion in 2013 and is being driven by new technologies and rising demand for personalised medicine. The 'omics technology segment holds the largest share of 75% of the biomarker market, primarily due to the increase in adoption of proteomics and genomics technologies globally. The Company has a test for diabetic kidney disease in late stage development. Over 5% of the world's adult population has diabetes, which is the most common cause of kidney failure. The Company's strategy is to engage with major diagnostic and pharmaceutical companies to seek to license or sell different forms of its diagnostic test. If successful, each license could generate upfront and milestones payments, and in turn, also represents a potential royalty stream.	**Sections 2.7, 2.12.2**
	Therapeutics: The global peptide therapeutics market is currently $17 billion, driven by genomics and a rising popularity and awareness among patients about better safety levels than for traditional small molecule drugs. The Company will seek to use its discovery platform to produce several lead peptide molecules per year, which will then be refined by stringent testing to select the best three molecules to enter pre-clinical development. If these molecules progress through into clinical trials the Company intends to engage with pharmaceutical companies on potential license arrangements.	**Sections 2.8, 2.12.3**

STRENGTH	SUMMARY	Where to find More Information
Strong IP protection	The Company has amassed, and has proprietary rights to, substantial proteomics expertise over the last 13 years and developed and optimised a range of proteomics based methodologies that can be applied for analytical purposes and/or to develop diagnostics and therapeutics.	**Sections 2.11, 7**
World Class Facilities	PILL is located in purpose built, state-of-the-art laboratories at the Harry Perkins Institute of Medical Research in Perth, Western Australia. It was the first organisation in the world to receive ISO 17025 laboratory accreditation for proteomics services.	**Section 2.10**
Existing Global Customer Base for Analytical Services	PILL is positioned as a leading provider of contract research analytical services. The Company boasts a broad range of blue chip pharmaceutical, biotechnology and academic clients worldwide, with a particular focus on the Asia-Pacific region.	**Section 2.6**
Highly Experienced Board and Scientific Team	The Board are highly experienced in: • Technical disciplines such as chemistry, immunology, mass spectrometry, peptide synthesis, microbiology, and high performance computing; • Public company directorships and corporate governance; and • Business management and commercialisation of technologies.	**Section 3**
Significant Management Ownership	Richard Lipscombe, Managing Director, will control up to approximately 29.2% of the Company following Official Quotation of the Company's securities should only the minimum subscription be reached.	**Section 8.5.1**

ABOUT THE OFFER

QUESTION	ANSWER	Where to find More Information
Who is Issuing this Prospectus?	Proteomics International Laboratories Ltd ACN 169 979 971.	**Section 1.1**
What is the Offer?	The Company is inviting subscriptions for up to 30,000,000 Shares. The Shares are being offered at an issue price of $0.20 per Share. Each Share issued under the Offer will rank equally with all other Shares on issue. A summary of the rights attaching to Shares is set out in Section 8.1 of this Prospectus.	**Section 1.1**
What is the Minimum Subscription?	The minimum subscription to be raised under the Offer is $4,000,000. If the minimum subscription has not been raised within four months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.	**Section 1.1**
Will Oversubscriptions be accepted?	The Company will accept Applications over the amount of the minimum subscriptions **("Oversubscriptions")**. The Company will limit Oversubscriptions to an amount equal to $2,000,000.	**Section 1.1**
What is the Minimum Application under the Offer?	Applications must be for a minimum of 10,000 Shares ($2,000)	**Section 1.1**
How are the Proceeds of the Offer to be applied?	The proceeds raised from the Offer are expected to be applied as follows:	**Section 1.2**
Will the Shares be Quoted on the ASX?	Within 7 days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be admitted to Quotation. If approval for admission to Quotation is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares. In that circumstance, all Applications will be dealt with in accordance with the Corporations Act. If approval for admission to Quotation is granted, Shares will trade on ASX under the ticker "PIQ".	**Section 1.12**

Use of Funds	Min $000	Max $000
Drug and biomarker discovery expenses	1,000	1,500
Technical staff costs	1,000	1,500
Marketing sales	500	750
Managerial and facilities expenses	500	600
Expenses of the Offer	600	740
Additional working capital	400	468
Repayment of debt	0	442
Total	**4,000**	**6,000**

QUESTION	ANSWER	Where to find More Information
Is the Offer underwritten?	No, the Offer will not be underwritten.	**Section 1.5**
What will be the Capital Structure of the Company on Quotation?	Following Completion of the Offer the Company will have a maximum of 65,478,952 Shares on issue. This includes the Shares issued: • under the Offer; and • as part of the consideration package to the Lead Manager and/or its nominees under the Lead Manager Agreement. In addition, the Company will have a maximum of 3,700,000 Options and 175 Performance Rights on issue.	**Section 1.3**
How do I apply for Shares?	Applications for Shares under the Offer by must be made using the Application Form attached to this Prospectus. Payment for the Shares must be made in full at the issue price of $0.20 per Share. Completed application forms and accompanying cheques must be mailed or delivered to: **Proteomics International Laboratories Ltd** c/- Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 PO Box 535 Applecross WA 6953 **or** c/- K S Capital Pty Limited Level 2, 22 Pitt Street Sydney NSW 2000 GPO Box 5485 Sydney NSW 2001 Cheques should be made payable to **"Proteomics International Laboratories Ltd – Share Offer Account"** and crossed "Not Negotiable". Completed application forms must reach the above addressees by no later than the Closing Date. The Company reserves the right to close the Offer early.	**Section 1.9**
When will I know if my application has been successful?	A holding statement confirming your allocation under the Offer will be sent to you if your application is successful.	**Section 1.13**
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the Closing Date of the Offer. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any refunded Application Monies.	**Section 1.11**
How can further information be obtained?	Please contact Greg Wood, Managing Director of K S Capital on +61 (0) 416 076 377 **or** Karen Logan, Company Secretary, on +61 (0) 8 9389 1992. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.	**Section 1.19**

1.Details of the Offer

1.1 SHARES OFFERED FOR SUBSCRIPTION

The Company is offering Shares for subscription at an Offer Price of $0.20 per Share. The minimum subscription for this offer is 20,000,000 Shares raising a minimum of $4,000,000. The Company reserves the right to accept Oversubscriptions of up to $2,000,000 from the issue of a further 10,000,000 Shares. The maximum amount which may be raised under this Prospectus is $6,000,000 from the issue of 30,000,000 Shares.

Applications must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($200), and can only be made by completing the Application Form attached to this Prospectus.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for. The allocation of the Shares under the Offer will be at the discretion of the Company in consultation with the Lead Manager.

1.2 PURPOSE OF THE OFFER

The funds raised from the Offer are expected to be applied as follows:

USE OF FUNDS	MINIMUM SUBSCRIPTION $000	MAXIMUM SUBSCRIPTION $000
Total funds raised pursuant to the Offer	**4,000**	**6,000**
Application of funds:		
Drug and biomarker discovery expenses	1,000	1,500
Technical staff costs	1,000	1,500
Marketing and sales	500	750
Managerial and facilities expenses	500	600
Expenses of the Offer	600	740
Additional working capital	400	468
Repayment of debt	0	442
Total Funds Applied	**4,000**	**6,000**

Investors should appreciate that all budgets are subject to change and are highly dependent on the results achieved. As at the date of this Prospectus the budget and the programs planned are considered by the Directors to be reasonably stated and a fair estimate. Following the completion of the Offer, the Company will have sufficient working capital to carry out its objectives over the next two years.

Should the Company accept subscriptions in excess of the minimum subscriptions, but less than the maximum subscriptions, then these additional funds (after fundraising costs) will be allocated on a pro rata basis according to the above table.

1.3 PROFORMA CAPITAL STRUCTURE

The proforma capital structure of the Company is summarised below.

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Shares		
Shares on issue at date of Prospectus[1]	29,578,952	29,578,952
Shares to be issued to seed investors on conversion of converting notes[2]	5,600,000	5,600,000
Number of Offer Shares available	20,000,000	30,000,000
Shares to be issued to Lead Manager (refer Section 8.5.15)	200,000	300,000
Total number of Shares on issue	55,378,952	65,478,952
Market capitalisation at $0.20 Offer Price	**$11,075,790**	**$13,095,790**
Options[3]		
Options to be issued to seed investors on conversion of convertible Option notes	2,500,000	2,500,000
Options to be issued to Lead Manager (refer Section 8.5.15)	800,000	1,200,000
Total number of Options on issue	3,300,000	3,700,000

1. *The rights attaching to Shares are summarised in Section 8.1 of this Prospectus.*
2. *These convertible notes have a zero coupon rate and convert into Shares at $0.10 each. Holders include Terry Sweet, Richard Lipscombe and John Dunlop.*
3. *The terms and conditions of all Options on issue are summarised in Section 8.2. For further details on the convertible Option notes see Section 8.5.1.*

A Loyalty Option entitlement issue is also proposed. See Sections 1.15 and 8.2 for further information.

The Company also has 175 Performance Rights on issue which may vest into a total of 10,000,000 Shares upon the satisfaction of certain milestones. These Performance Rights are held by Richard Lipscombe, John Dunlop and Bill Parker. See Section 8.3 for these terms and conditions.

1.4 ESCROW PROVISIONS

Securities on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. These agreements will be entered into in accordance with the Listing Rules.

1.5 UNDERWRITING

The Offer is not underwritten.

1.6 RISKS

An investment in the Company is speculative in nature. Risks associated with investments in early stage companies such as the Company are generally considered high. Investors are directed to Section 4 of this Prospectus which sets out certain key risks associated with making an investment in the Company.

1.7 INDICATIVE TIMETABLE

The Offer Opening Date is 3rd of November 2014. The Offer Closing Date is 28th of November 2014.

1.8 EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus is lodged with ASIC. The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

1.9 HOW TO APPLY

To have your Application considered as part of the Offer, you should lodge your completed Offer Application Form and Application Money (in full) by no later than 5.00pm WST on Friday 28th of November 2014 (Offer Closing Date). You should note however the Company reserves the right to close the Offer at any time prior to the Offer Closing Date, without notice.

Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of each Application Form.

Completed Application Forms and accompanying cheques should be sent to:

Proteomics International Laboratories Ltd
C/- K S Capital Pty Limited
Level 2, 22 Pitt Street, Sydney NSW 2000
(GPO Box 5485, Sydney NSW 2001)

OR

Proteomics International Laboratories Ltd
C/- Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
(PO Box 535, Applecross WA 6953)

Cheques must be made payable to "Proteomics International Laboratories Ltd – Share Offer Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares ($2,000) at the issue price of $0.20 per Share. Applications for more than 10,000 Shares must be in multiples of 1,000 Shares ($200).

1.10 ELECTRONIC PROSPECTUS

This Prospectus is available on-line at **www.proteomicsinternational.com** or at **www.kscapital.com.au**

1.11 ALLOTMENT AND ALLOCATION OF SHARES

Subject to ASX granting approval for the Company to be admitted to Quotation on the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offers are closed following which allotment statements will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Directors, in consultation with the Lead Manager, have the right to allocate Shares under the Offer. The Company may reject any Application or allocate any Applicant fewer Shares than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

In accordance with the Corporations Act, no Shares will be allotted by the Company until the minimum subscription has been received. If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all Application Monies will be dealt with in accordance with the Corporations Act.

1.12 ASX LISTING

Within 7 days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be admitted to Quotation. If approval for admission to Quotation is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares. In that circumstance, all Applications will be dealt with in accordance with the Corporations Act.

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

1.13 CHESS AND ISSUER SPONSORED HOLDINGS

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS), in accordance with the Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with an allotment statement (which is similar to a broker's contract note) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time however a charge may be incurred for additional statements.

1.14 BROKERAGE AND HANDLING FEES

K S Capital Pty Limited has agreed to act as Financial Adviser and Lead Manager. Full details of the agreement entered into by the Company with K S Capital are set out in Section 8.4.15 of this Prospectus. Brokerage and/or handling fees on applications for Shares will be payable to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and accepted by the Company. Any such brokerage or handling fees will be paid by K S Capital out of its brokerage fee in accordance with the provisions of the Corporations Act.

1.15 OPTIONS TO BE OFFERED UNDER NON-RENOUNCEABLE RIGHTS ISSUE

It is proposed that all Shareholders registered on the share register of the Company at a date approximately 4 months after the Company's Shares are granted Quotation will be entitled to participate in a non-renounceable rights issue of options on the basis of 1 option for every 4 Shares held. The proposed entitlement options are to be issued at one (1) cent each with an exercise price of 20 cents and expiring 31 March 2018. Application will be made for the options to be granted Official Quotation. A summary of the terms and conditions of the options to be issued under the non-renounceable rights issue of options is set out in Section 8.2 of this Prospectus.

1.16 DIVIDEND POLICY

It is likely that the Company will incur significant expenditure in the short term. These activities will be continuing and are expected to dominate the two year period following the date of this Prospectus with the Directors' intention to utilise retained earnings and free cash flows to fund the ongoing growth of the Company in priority to the payment of dividends in the short term. Accordingly, the Company does not expect to declare any dividends during that period. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

1.17 PROSPECTIVE FINANCIAL INFORMATION

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 Company is in the early stages of commercialising its technologies. Accordingly, any forecast or prospective financial 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.

1.18 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

1.19 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in the Company, and should be read in its entirety.

If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Additional copies of the Prospectus or further advice on how to complete the Application Form can be obtained by contacting or visiting:

K S Capital Pty Limited
Level 2, 22 Pitt Street
Sydney NSW 2000

Contact: Greg Wood
Tel: 0416 076 377
Email: g.wood@kscapital.com.au

OR

Proteomics International Laboratories Ltd
QE II Medical Centre, QQ Block
6 Verdun Street
Nedlands WA 6009

Contact: Karen Logan
Tel: 08 9389 1992
Email: k.logan@proteomicsinternational.com

2.Business Overview

2.1 INTRODUCTION

PILL is a specialist technology-driven life science company based in Perth, Australia. PILL owns all of the issued shares in Proteomics International Pty Ltd (PIPL). The Company was established with the vision of offering its expertise to the global biopharmaceutical industry and using the cash flow from this operation to finance research, discovery and product commercialisation internally.

Since this time, the model has successfully created new intellectual property and generated gross income of $7.5 million to date. PILL Group operates in three key synergistic business units:

1. ANALYTICAL SERVICES

2. DIAGNOSTICS

3. THERAPEUTICS

Each area shares a unifying technology that can be applied to each business unit simultaneously. This maximises the opportunity for the Company to use its resources to generate revenue and create new intellectual property, which in turn can be sold, licensed or retained to generate future growth.

The Company now seeks additional funding of $4 million (and up to $6 million including potential oversubscriptions) to expand each business unit and accelerate commercialisation.

2.2 CORPORATE BACKGROUND AND HISTORY

The business was formed in 2001 with the incorporation of Proteomics International Pty Ltd, which remains the sole operating entity within the PILL Group.

On 9 June 2014, Proteomics International Laboratories Ltd was incorporated and subsequently acquired all of the issued shares in PIPL. Upon completion of this Offer and satisfaction of ASX Listing Rules, shares in PILL will be quoted on ASX (ASX code PIQ).

2.3 PILL GROUP OPERATING STRUCTURE

The operating structure of PILL Group is illustrated below.

What is proteomics? *These two organisms have exactly the same genome. Cells use the instructions in our genes to make proteins. Proteins are the operational molecules of life and carry out the functions of living organisms. As different proteins are made biological systems can change remarkably, as highlighted by the transformation of the caterpillar into the butterfly.*

2.4 ABOUT THE PILL GROUP

The PILL Group is an innovative biological research and drug discovery company that is working to make a difference in people's lives through the development of simple diagnostic tests for common diseases and the discovery of new therapeutic drugs to treat pain and infection. PILL works across three units - diagnostics, therapeutics and analytical services - which share a unifying technology in order to minimise financial exposure and maximise discovery opportunities.

The diagnostic unit is commercialising a blood test for diabetic kidney disease, a condition that leads to dialysis, kidney transplant or death in approximately 20% of affected adults. It is estimated there are 382 million people worldwide living with diabetes today. PILL also has a contract with a leading Alzheimer's research organisation to discover diagnostic molecules for the debilitating disease, a project that could lead to early detection and treatment of the condition before significant brain degeneration occurs.

COMPANY BACKGROUND

Proteomics International founders Dr Richard Lipscombe and Dr Bill Parker were working in protein analysis at the University of Western Australia and watching the mapping of the human genome unfold when they realised that the science of proteomics would be the next area of exploration and commercialisation. The pair planned their start-up to take advantage of this new biological prospecting to target venom for drug discovery and, in 2001, the business was born.

Since inception PILL has invested $6.5 million to develop its unique drug discovery, diagnostic and analytical capabilities. To date, all discoveries have been funded through contract work, supplemented by the federal R&D tax rebate and competitive industry grants.

Both of these projects make use of a proprietary methods platform for developing diagnostic tests refined over a number of years. The sensitivity and specificity of the approach is opening the door to personalised medicine, where treatments are tailored to the individual. Many types of disease can be explored with this platform technology and it could potentially be used to develop tests for conditions such as cancer and heart disease. The technique works on human, animal and plant tissue, meaning it can also be applied to veterinary diseases or the agricultural industry, as well as human medicine.

The therapeutics unit is using venom from Australia's unique wildlife to look for compounds that could become the painkillers and antibiotics of the future. Current industry approaches cost billions of dollars and take several years trying to develop new drugs [Source: Pharmaceutical Research and Manufacturers of America]. PILL aims to use its proprietary platform technology to discover potential drugs in a cost and time effective manner and has already discovered several promising compounds with analgesic and antibiotic properties.

Image courtesy of Hames Sharley Architects

FACILITIES

PILL's purpose built, state-of-the-art laboratories are located alongside some of Australia's leading scientists at the Harry Perkins Institute of Medical Research in Perth, Western Australia. This new eight-storey building was opened by Prime Minister Tony Abbott in March 2014 and houses several highly regarded research organisations including the Lions Eye Institute, the Heart Research Institute and the Lung Institute of WA.

The therapeutics unit screens for potential drug compounds in venom collected from insects in the Northern Territory and synthesises promising compounds for testing. It aims to pre-screen 50 venoms a year, from which it will select the best three molecules to enter pre-clinical development and commence the path towards clinical testing.

Diagnostic and therapeutic discovery are underpinned by PILL's position as a global provider of contract research analytical services, boasting an array of pharmaceutical, biotechnology and academic clients worldwide, with a particular focus on the Asia-Pacific region. It was the first facility in the world to receive ISO 17025 laboratory accreditation for proteomics services.

What is proteomics? *Proteomics is the large scale study of proteins. Genomes are static - the genes we are born with are the genes we die with, but the protein make-up in our bodies differs from cell to cell and changes considerably over time.*

2.5 SCIENCE

PILL's scientists use state-of-the-art technology to tackle some of the most exciting challenges in medical research today. The team works to create new intellectual property by asking questions about proteins that would not be possible to answer without the advancements in genetics, computing and scientific tools over the last ten years.

What is proteomics?

Proteomics is the large-scale mapping of the structure and function of proteins. Unlike our genes, the protein make-up in our bodies differs from cell to cell and changes considerably over time. A cancerous cell, for instance, will have significantly different proteins to a healthy cell. Understanding proteomics can speed up diagnosis and the identification of drugs that can be used to treat diseases.

How does PILL develop tests for diseases?

PILL develops diagnostic tests by looking for biological differences between sick people and healthy people. Researchers collect blood samples from volunteers with and without a particular disease, comparing them to produce a set of "biomarkers" - molecules in tissue, blood or other bodily fluids that are different in the two sets of people. PILL works closely with clinical groups which provide access to highly curated patient samples. A test may then be developed for use by pathology laboratories to look for these biomarkers and tell a doctor if their patient has a particular disease.

What diagnostics are being researched at the moment?

PILL is currently commercialising a blood test for diabetic kidney disease and has a contract to find molecules for use in a test for Alzheimer's disease. The Company's approach to developing diagnostic tests is extremely versatile and could be applied to many other diseases in the future.

What is a mass spectrometer?

An important tool in proteomics is the mass spectrometer, used for analysis of complex mixtures found in human, animal and plant tissues. It enables the analysis of samples at the molecular level. Mass spectrometers work by producing charged particles from the compound to be analysed and then applying electric fields to those charged particles in order to calculate the size and structure of the molecule.

How does PILL discover new drugs?

PILL screens venom collected from insects, including spiders and scorpions, in Australia's Northern Territory for peptides, naturally occurring compounds with the potential to become therapeutic drugs in the future. Once candidates have been identified, the compounds are synthesised and prepared for testing to confirm their therapeutic potential. Studying venom is a targeted approach to drug discovery and there are already several commercial peptide drugs on the market developed from animal venom, including medications to treat heart attacks, high blood pressure and diabetes.

What is a peptide?

A peptide is a small protein, built from a string of amino acids - one of the building blocks of life. They occur naturally in the body and can be produced by cellular mechanisms chopping up a large protein or are synthesised by cells in their own right. Due to their small size, peptides were largely overlooked by science until the growth of proteomics. Their role in the complexity of life's processes is still to be fully appreciated, but it is thought they act as miniature keys to unlock, block or trigger biological pathways.

What compounds have been found so far?

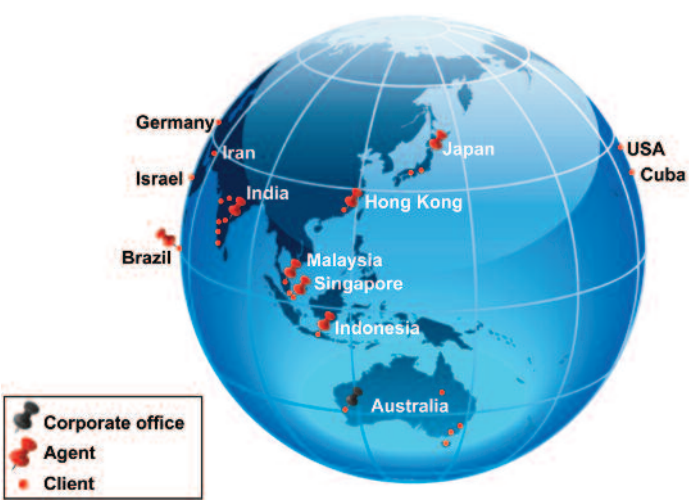
PILL has isolated five peptides from the venom of spiders and scorpions that have the potential to be used as therapeutic drugs. Of these, four are classified as analgesics, or painkillers, and the fifth has antimicrobial properties, meaning it could be used to develop antibiotics. These candidates have been tested in model systems to confirm their therapeutic potential.

2.6 ANALYTICAL SERVICES

PILL provides analytical testing on a fee-for-service basis.

PILL's diagnostic and drug discovery research is underpinned by a commitment to excellence in fee-for-service analytical work alongside world first ISO 17025 accreditation. PILL has a broad range of blue chip pharmaceutical, biotechnology and academic clients worldwide, with a particular focus on the Asia-Pacific region.

PILL has offered specialist protein analysis services since 2001, frequently adding new services developed by its research and discovery programmes to its portfolio. These services have broad application, from creating new intellectual property for clients to providing sophisticated quality control and characterisation for protein-based drugs.



Clients and agencies. *PILL has clients around the globe with a focus on the Asia-Pacific region. The Company has formal agencies in India, Malaysia, Singapore, Indonesia, Japan, Hong Kong/China and Brazil.*

ISO ACCREDITATION

PILL's laboratory was the first facility in the world to receive ISO 17025 laboratory accreditation for proteomics services. This accreditation, formally known as ISO/IEC 17025:2005, is assessed in Australia by NATA (the National Association of Testing Authorities) and recognises PILL's ability to consistently achieve technically valid results.

ISO 17025 certification was awarded to PILL in 2009 and is the most widely used laboratory standard for US Federal testing laboratories [Source: FDA Guidance for Industry - Submission of Laboratory Packages By Accredited Laboratories]. This elite standard has led to PILL having a reputation for technical excellence and is important to clients working in the area of drug discovery to help ensure they meet regulatory requirements.

PILL has offered specialist protein analysis services since 2001

Following the technical success of its diagnostic discovery platform PILL is now also rolling out this technique on a fee-for-service basis. This new service takes clinical samples provided by clients and uses them to develop a set of biomarkers, or biological signatures that can be used to test for a particular disease.

Since its foundation PILL has been developing innovative methods to improve its analytical platform, with one example being the "2-tag" patent, a test to measure subtle changes in protein structure, with application to both biosimilars analysis and future diagnostic discovery programmes.

OXIDATIVE STRESS TEST: "2-TAG"

At the same time as conducting clinical studies such as the diabetic kidney disease test, PILL is developing what could become the next generation of medical diagnostics. The Company is currently working to commercialise a unique test that measures the effect of reactive oxygen species on the body's antioxidant defences. This patented test, called "2-tag", builds on PILL's existing technology platform to zoom even further into the molecular landscape to examine not only the number and type of proteins in a sample but subtle "decorations" on the proteins themselves.

Reactive oxygen species (e.g. free radicals) can have a range of harmful effects including damage to DNA and proteins. Antioxidants, such as those commonly found in green tea, chocolate and red wine, help to counter them. When this ratio becomes out of balance it is known as oxidative stress.

Every person has a base level of oxidative stress at all times–our bodies require oxidative stress to function. But very high levels of oxidative stress can be dangerous and have been linked to a wide range of chronic diseases including Parkinson's, Alzheimer's and muscular dystrophy.

Oxidative stress initially causes reversible changes to protein function but later damages the proteins themselves. The kit developed by PILL's researchers is able to measure these reversible changes before damage occurs, allowing for early detection and treatment of oxidative stress. The test can also be adapted to assist in the detailed characterisation of the structure of protein-based drugs (biosimilars).

PILL has been granted patents in both Australia and the US relating to its unique method of assessing a protein's exposure to reactive oxygen species.

Biosimilars (protein-based generic drugs) and Biologics (protein-based original drugs)

Between 2013 and 2017 a dozen blockbuster protein-based drugs (known as biologics) will come off patent. The current combined revenue of these drugs is over $50 billion [Sources: Decision Resources and Allied Market Research] and, as a consequence, many companies are gearing up to manufacture generic versions, called biosimilars.

These protein drugs are very large molecules and are much more difficult to copy than traditional medicines like paracetamol and aspirin. The complexity of these molecules and the competition for market share is driving a need for specialist analytical services of the type provided by PILL.

INVENTIV HEALTH CLINICAL COLLABORATION

In February 2014 PILL announced a co-marketing agreement with inVentiv Health Clinical, who are a leading provider of global product development services to pharmaceutical, biotechnology, generic drug, and medical device companies, offering therapeutically specialised capabilities for Phase I-IV clinical development, bioanalysis, and clinical staffing. The agreement will allow clients to transition seamlessly from the analytical work to clinical trials, both needed to bring a new biosimilar drug to market.

US Food and Drug Administration (FDA) regulations specify a range of pre-clinical testing and characterisation work that needs to be done before a biosimilar drug can proceed to human tests. These characterisation services are an area in which PILL has specialised since 2001 and inVentiv Health Clinical sought to partner with PILL to complement its own strength in clinical trials.

This mutually beneficial collaboration is designed to help both companies to attract new clients by offering drug developers a broader point of engagement and a unified pathway through each of the steps required to meet FDA regulations.

FEDERAL DRUG ADMINISTRATION (FDA)

The latest US Food and Drug Administration (FDA) guidance for biosimilars (released May 2014) states that products "with fingerprint-like similarity..... permit a very high level of confidence". This means the closer a company can get to the original, the easier it will be for them to bring a drug to market without exhaustive and expensive clinical trials. To achieve this, the FDA recommends that "extensive and robust comparative structural and functional studies" precede clinical pharmacology studies, and these are the specialist services that PILL has already developed and refined over several years.

PILL is also ideally positioned geographically to take advantage of this so-called patent cliff because the biosimilars market is being led by the emerging markets of India and China in particular, and manufacturers require regional, internationally accredited testing facilities. PILL's regional network of agencies helps the Company provide the FDA recommended services to the large number of organisations waiting to create these generic drugs.

The competition for market share is driving a need for specialist analytical services

2.7 DIAGNOSTICS

PILL will explore differences between healthy and sick people to find new diagnostic tests.

PILL has developed a versatile platform technology for discovering diagnostic tests based on the differences in the protein make-up of people with and without a particular disease. By comparing blood or other samples taken from both sick and healthy people, the Company is able to produce a set of "biomarkers"- biological signatures that can be used to test for a particular condition.

PILL is commercialising a test for diabetic kidney disease following a two-year $2 million study supported by Commercialisation Australia

Diabetes is the most common cause of kidney failure [National Institute of Health, USA] and following a two-year $2 million study supported by a competitive federal grant from Commercialisation Australia PILL has developed and is currently commercialising a test for diabetic kidney disease. PILL also has a contract to find molecules to test for Alzheimer's disease. The technique that the Company uses is at the forefront of personalising medical diagnostics and it could potentially be harnessed to develop a test for cancer, heart disease or many other conditions. The approach also works for animal and plant tissue. This versatility means the platform can be used to target a wide range of problems, from people getting sick to why a plant survives better in a particular environment.

An essential element to developing a new diagnostic test is access to large, highly curated patient samples. In biomarker discovery the presence of one disease has often complicated the search for biomarkers of a co-existing disease. Access to stratified patient samples eliminates potentially confounding variables by using the detailed individual health history data from the participants, and PILL works closely with leading clinical groups to achieve this. The diabetic kidney disease research, for instance, used data from the Busselton Health Study, one of the longest running epidemiological research programs in the world.

There are currently 382 million people living with diabetes worldwide

When a new biomarker is discovered the intellectual property created can be used to generate several forms of diagnostic test, of which there are three key types: Laboratory Developed Test (LDT) - a specialist diagnostic test run by approved laboratories; In Vitro Diagnostic (IVD) - a clinical test for the wholesale and end-user pathology markets; and a Companion Diagnostic Test (CDx) where PILL's test could be used to monitor a patient's response to a drug therapy. The different types of test each constitute possible unique products and licensing opportunities.

SPECIALISED TESTING LABORATORIES

In the USA there are thousands of centres that operate CLIA (Clinical Laboratory Improvement Amendments) certified clinical laboratories that meet federal standards for performing patient testing for the diagnosis, prevention or treatment of disease. When a new diagnostic test is developed, known as a Laboratory Developed Test (LDT), major reference laboratories such as the Mayo Clinic and Quest Diagnostics frequently become first adopters of the cutting-edge technology, and may pay upfront fees, milestones payments (e.g. at first sale) and royalties per test.

DIABETIC KIDNEY DISEASE

Kidney disease (nephropathy) is one of the main complications arising from diabetes. Doctors currently use a urine test to detect diabetic kidney disease, but the results can change because of something as simple as a patient going for a walk around the block beforehand, and the test needs to be performed several times.

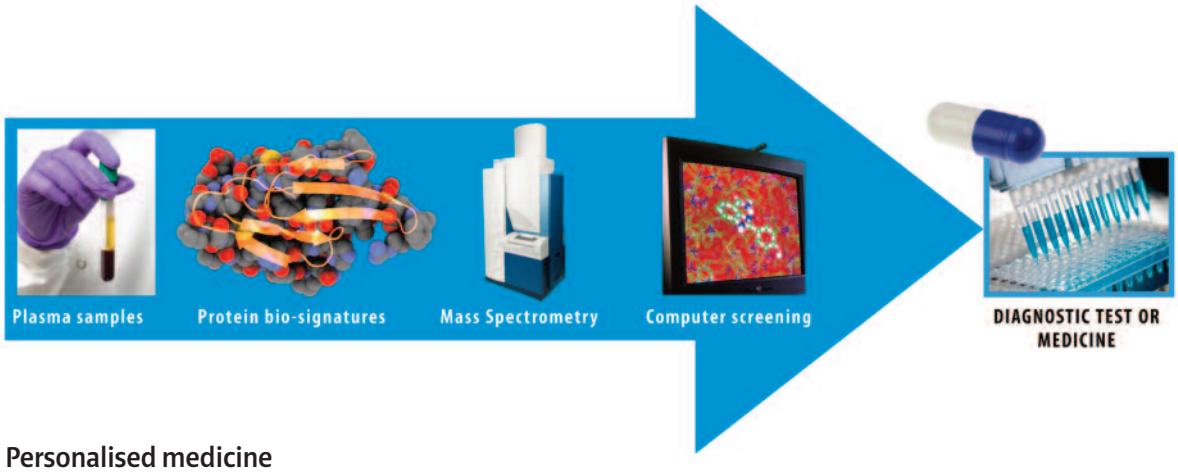
PILL is currently commercialising a simple blood test for diabetic kidney disease that can detect whether a person has the condition before symptoms appear. The test was created by looking at proteins in the blood of people with and without the disease. The research started with just 30 individuals before the study was scaled up to involve more than 500 people, each of whom were tested three times over four years.

PILL also tested the samples in this study with a traditional antibody-based technique broadly accepted by the US Food and Drug Administration (FDA) and found there was an excellent correlation between their new approach and the traditional method. This helps validate the approach taken by PILL, which aims to be more time and cost effective than traditional approaches to creating new diagnostics.

The company is currently engaging with global pharmaceutical and diagnostics companies for the licensing or sale of its test.

The International Diabetes Foundation estimates that there are currently 382 million people living with diabetes worldwide and expect the number to rise to 592 million people, or one in 10 of the world's population, by 2035. According to the US Centre for Disease Control 35% of adults with diabetes have chronic kidney disease and 20% will end up with kidney failure, which can only be treated by dialysis or a kidney transplant.

The commercialisation strategy is to engage with major diagnostic and pharmaceutical companies to license or sell different forms of the diagnostic test for diabetic kidney disease in different countries around the world, and if successful, each test in each jurisdiction could generate upfront and milestones payments, and a potential royalty stream.



Personalised medicine

Imagine a blood test that could tell your doctor which medication will work best for you as an individual and make it possible to assess whether the drug is working before any noticeable change in your condition. PILL's researchers are working on this frontier of biomedical science, known as personalised medicine.

Personalised medicine is about moving away from a one-size-fits-all approach to treatment.

Just as some people get cancer and others do not, different people react differently to the same treatment. A drug that is extremely effective in one patient might make no difference in another patient. Personalised medicine is about moving away from a one-size-fits-all approach to treatment and instead matching patients to the best medication for them as individuals.

This requires a new type of diagnostic test. Unlike examining a person's genes, which essentially stay the same from the day they are born to the day they die, investigating the make-up of proteins in a patient's blood provides a snapshot of what is happening in their body at a particular time.

ANIMAL AND PLANT DISEASES

PILL's approach to developing diagnostic tests is not limited to human medicine. PILL has a research contract with a major US veterinary company to develop a new test for parasites in pets, using the same process employed to develop diagnostic tests for humans. PILL has already had success in finding biomarkers in samples taken from animals with the infection, which could be used as a diagnostic tool in the future. PILL receives both a service fee for the contract, and will receive a royalty on any sales of the final product.

PILL's diagnostic platform can also be used to study plant tissues. PILL has worked with the Grains Research & Development Corporation looking at lupin, to help understand the make-up of the plant as a potential new food crop. A further project is studying different varieties of wheat and how they respond to stress.

The biomarker discovery technique used by PILL, targeted proteomics, was named Method of the Year in 2012 by the prestigious journal Nature Methods.

One of the most exciting aspects of personalised medicine is when the test is paired with a new drug, known as a Companion Diagnostic test (CDx). Currently, if clinical trials of a new medication show 40% are non-responders and 1% of patients suffer a bad reaction then the drug might never make it to pharmacy shelves.

Diagnostics such as PILL's kidney disease test could be used to determine not only whether a person has a particular condition but whether the drug is working at the molecular level before a patient notices changes in their symptoms. If a test can predict which patients are responders or at risk of adverse side effects, then the drug could still enter the market as a highly effective treatment for the majority of people.

Alzheimer's disease

According to the Alzheimer's Association one in nine Americans over 65 has Alzheimer's disease, and over age 85 one third are afflicted. The cost of caring for these patients is estimated at $220 billion per year, and 15 million people are involved in that care. On average, families notice symptoms of dementia three years before a firm diagnosis is made.

PILL has been contracted by a leading Alzheimer's research centre to develop a set of biomarkers that could be used to test for the disease. This venture combines PILL's unique platform with highly stratified clinical samples provided by the research centre.

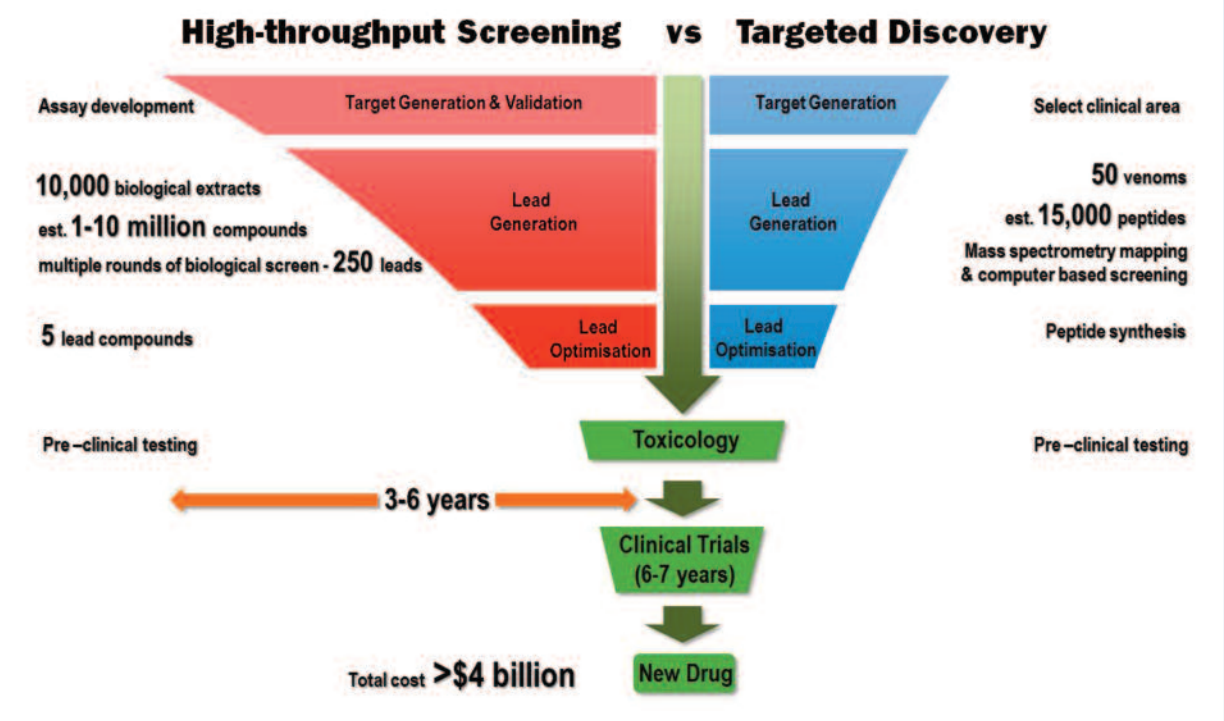
The project is in its infancy but already a number of candidate biomarkers have been identified that, with further statistical analysis and testing, have the potential to be used to detect Alzheimer's disease in the future. If the condition can be detected early enough it may be possible to treat the disease before significant cognitive decline occurs. Biomarkers also help us understand how the disease damages the brain and can hint at new targets for drug therapies to fight it.

2.8 THERAPEUTICS

PILL will explore venom for new drugs.

Large pharmaceutical companies have an intense demand for compounds with the potential to treat diseases and are estimated to spend an average of $4 billion in research and development money for every new drug approved[1]. They generally use a "needle in a haystack" approach to discovering new drugs, screening literally millions of compounds extracted from plants to see if any have therapeutic effects. The process of random screening is time consuming and highly ineffective, typically yielding only 100 lead molecules from 100,000 starting molecules, and can take between three and six years to find pre-clinical candidates. This paradigm is encouraging pharmaceutical companies to shift their investment from direct screening towards the acquisition of new compounds already pre-screened by smaller drug discovery companies.

PILL has developed a proprietary targeted approach to drug discovery that uses venom collected from Australia's unique wildlife. Unlike randomly screened plants, venom is already known to contain a number of active molecules called peptides that have evolved over millions of years to kill or disable prey. PILL's exploration approach is markedly different from traditional technology and uses targeted screening and computer modelling designed to reduce the cost and shorten the time of the discovery process. PILL's targeted approach will be applied to find lead molecules which show promise in combating pain or infection. The latter is an area of particular interest as the world faces increasing problems with antibiotic resistant bacteria such as golden staph *(staphylococcus aureus)*.



Approaches to drug discovery. *Traditional high-throughput screening is estimated to cost >$4 billion per new drug approved, and requires testing of hundreds of thousands of compounds [Source: FDA Center for Drug Evaluation and Research]. PILL has developed a targeted discovery approach which aims to be more cost and time effective. This process is designed to take months as compared to years, and in a pilot study was able to generate leads ready for pre-clinical testing in 12 months.*

DRUG DISCOVERY

How are new drugs discovered?

Traditional drug discovery involves screening natural molecules, such as those found in plants, against model laboratory systems designed to mimic human diseases to find "hits" termed lead compounds.

What is a lead compound?

A lead compound in drug discovery is a chemical compound that has pharmacological or biological activity likely to be therapeutically useful, but that may still require optimisation. Optimisation involves modifying the the compound's chemical structure to improve its performance.

What is a pre-clinical lead compound?

After initial activity is detected in the first screen the lead compound is tested comprehensively in further laboratory assays and in animal models to confirm its biological activity. This includes assessing the compound's potency.

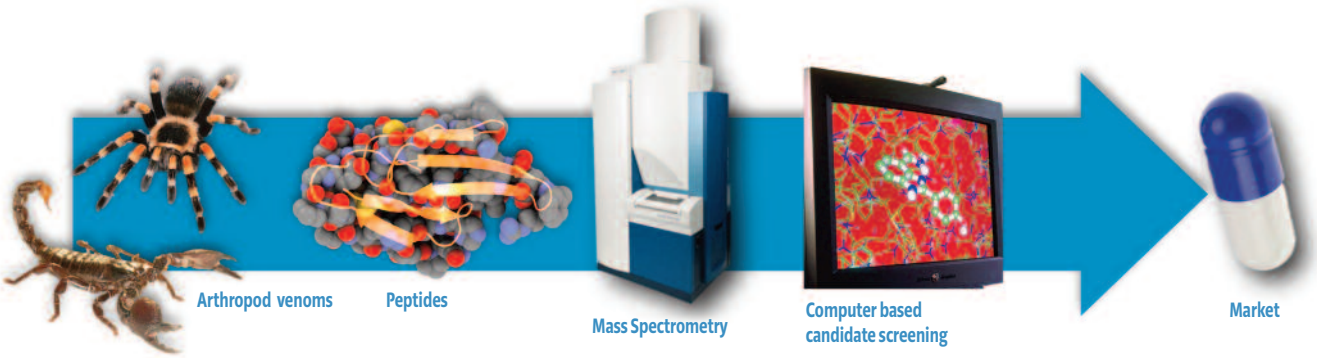
If these tests are positive then the compound enters more exhaustive pre-clinical development to assess toxicology and stability.

What is an investigational new drug?

A new drug candidate is registered as an investigational new drug (IND) following successful animal pharmacology and toxicology studies and before it enters clinical trials. The FDA reviews the IND application for safety to assure that research subjects will not be subjected to unreasonable risk. If the application is cleared, then the candidate drug usually enters a Phase 1 clinical trial.

1) http://www.forbes.com/sites/matthewherper/2012/02/10/the-truly-staggering-cost-of-inventing-new-drugs/

The Company's drug discovery program will aim to pre-screen 50 venoms a year. Extrapolating from its pilot study this is estimated to result in the discovery of several lead molecules, which will be refined to select the most active candidates by stringent testing using a combination of lab assays conducted on living cell cultures, and studies in animal models . PILL will then select the best three molecules to enter pre-clinical development and commence the path towards an investigational new drug.



Drugs from venom

Animal toxins such as venom have long been considered a potential source of new drugs. Millions of years of evolution mean they contain molecules with the ability to kill predators and prey, and what can kill in a very large dose might paralyse in a lower dose or provide effective pain relief in very small quantities. A number of commercial drugs have already been synthesised from snake venom including the high blood pressure and heart failure medication Captopril, which has been on the market for several years and was originally derived from the venom of a Brazilian pit viper.

Australia is a biodiversity hotspot, which makes it one of the best places in the world to explore animal toxins, and PILL has a licence to collect venom from insects in the Northern Territory. PILL's scientists screen venom extracted from spiders, scorpions and ants and look for active components, separating them out and deciphering their structure. PILL has developed computer-based tools to predict what each of the components will do, using clues from published information such as the Human Genome Project. This targeted approach narrows down thousands of molecules to a small number of promising compounds that can be synthesised and tested in model systems.

Where random testing of plants could involve the screening of hundreds of thousands of molecules to find any with therapeutic activity, PILL's targeted screening process aims to be less wasteful of time and resources. Drug compounds synthesised from venom also have several advantages over fabricated molecules. Scientists know molecules derived from venom are stable, because they already exist in nature, and they are also biodegradable.

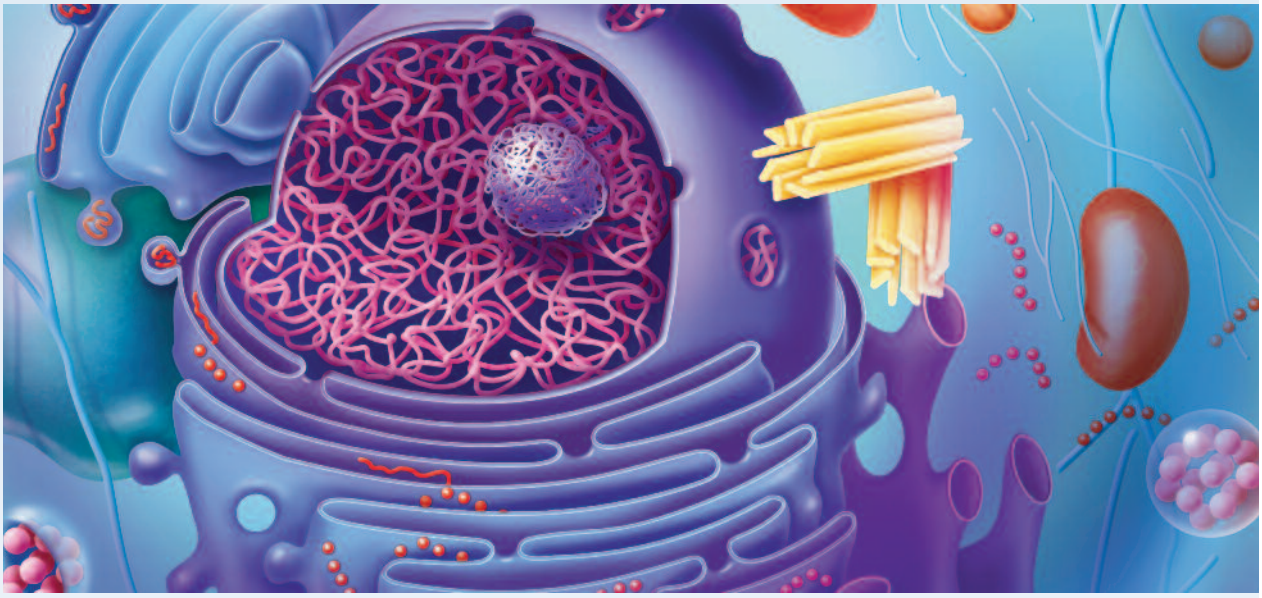
When PILL started working in the field it was thought that the venom cocktail contained about 50 components, but its team was finding up to 300 as more sensitive techniques for exploring it were developed. The insects tested by PILL have evolved over hundreds of millions of years and any molecule in the venom is arguably useful - the biological pressures of life dictate that the insects are unlikely to be synthesising any compound on a random basis and each is active in some way—it is simply a matter of finding out which molecules are going to be most useful for human medicine.

LEAD COMPOUNDS - PILOT STUDY

In an 18-month pilot study part funded by a competitive grant from AusIndustry (Commercial Ready), PILL adapted its methods platform and pre-screened 10 venoms and 2,000 compounds. PILL's targeted approach selectively tested 12 molecules and discovered five peptides (lead compounds) with the potential to become mainstream medicines in the future. Of these, four have significant analgesic (painkilling) properties and have been tested in the mouse "tail flick" test measuring tolerance to heat to confirm their pain reduction qualities.

The fifth compound has antimicrobial properties, meaning it has the potential to be harnessed as an antibiotic. It has been tested on bacterial cultures to confirm its effectiveness in treating infections. This is an area of particular interest to the Company as the world faces increasing problems with antibiotic resistant bacteria.

This process uses PILL's protein mapping expertise and a proprietary software algorithm developed over a period of two years by the scientific team and specialist programmers.



Where do proteins come from? *Cells house our genetic code, or genome, which contains all the information required for life. The information is stored as genes composed of DNA in the cell's nucleus. The molecular machinery of the cell uses the genetic code as a set of instruction to make proteins, for example, enzymes, growth hormones, antibodies, skin and muscle. Each protein is built from a string of amino acids and these proteins form the executive and operational molecules of life. Advances in technology over the last decade now allow the proteins found in cells, tissues or body fluids to be mapped simultaneously providing new insights into how biological systems operate.*

2.9 ADVANCES IN TECHNOLOGY

Twelve to fifteen years ago identifying a single protein in a sample through a process called sequencing took 24 hours, and required comparatively large amounts of highly purified sample. Today, PILL is able to identify a protein in 10 seconds and complex mixtures can be readily analysed. Consequently, the proteins in a sample, such as the blood of a diabetic patient, can be identified in a single day.

Globally, our understanding of genetics has grown remarkably in recent years, thanks to genome sequencing studies such as the Human Genome Project. These genetic maps on which proteomics is based have become faster and easier to create, and genome projects have been completed or are underway for a wide range of other organisms such as cattle, influenza (H1N1 "bird flu") and wheat.

We're gaining the ability to look further into the molecular landscape and study smaller and smaller differences.

These advancements in science have occurred in parallel with an exponential increase in computer processing power, allowing PILL's scientists to analyse enormous data sets. Mass spectrometers - the instruments used for protein analysis - have become orders of magnitude more sensitive in the last ten years and significantly faster. The quantity of a sample needed to do an accurate test is microscopic, such that one hundredth of a drop of blood is sufficient to determine if a person has a disease or not, and to identify proteins, some of which might be present at only one part in several billion. To put that into context, finding the molecules in blood that can determine whether a person is sick or healthy is like trying to find one particular person stood amongst the entire population of the planet. Just as telescopes are able to look deeper into space, we're gaining the ability to look further into the molecular landscape and study smaller and smaller differences.

PILL has assembled a team of scientists skilled in biology, chemistry and bioinformatics {the study of biological information} to harness these advances in genome sequencing, computer processing power and mass spectrometry. The experience of the team is further enhanced by its interaction with the Australian proteomics community - the term 'proteome' was first coined in Australia in 1994 and the country remains a world leader in the field of proteomics.

Factors constraining the market and providing a barrier to entry are a global shortage of proteomics scientists along with the high cost of equipment, which is regularly advancing [Source: Markets and Markets]. It would require $1-2 million to set up a basic platform to start researching in this area, however, PILL has already acquired access to a full suite of several instruments by building effective and mutually beneficial relationships with universities and government. Using its state-of-the-art facilities PILL has developed a unique methods platform that is synergistically applied across all areas of the business: analytical services, diagnostics, and therapeutics.

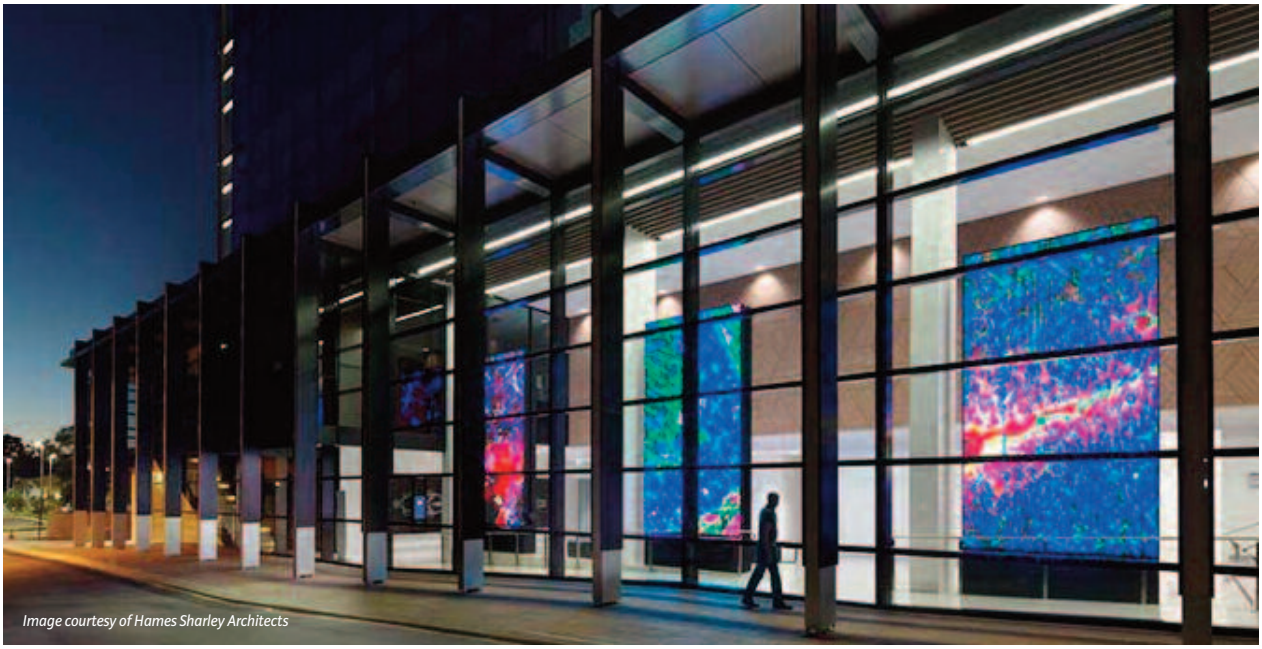


Image courtesy of Hames Sharley Architects

2.10 FACILITIES AND SCIENTIFIC TEAM

PILL has access to highly experienced scientific minds and state-of-the art equipment with which to conduct its research and discovery. The Company has a team of 20 people and has built effective, mutually beneficial partnerships with universities and government that allow PILL to access the skills and high tech facilities it requires.

PILL prides itself on its global standing having achieved world first laboratory accreditation in its field. The Company is located within purpose built laboratories in the recently opened Harry Perkins Institute of Medical Research in Perth. PILL has a three-way relationship with the institute and Bioplatforms Australia, whose role is to manage Commonwealth Government investment in 'omics (genomics, proteomics, metabolomics {the study of metabolites} and bioinformatics) research infrastructure across the country. PILL manages the facility for the benefit of the local academic community and in return PILL has exclusive access to equipment and people to help analyse the data.

Included in this facility are powerful mass spectrometers–the instruments used for protein analysis, alongside chromatography and robotic systems for sample separation. This advanced instrumentation allows PILL's scientists to identify compounds (proteins) in a sample quickly and with high levels of sensitivity and accuracy. PILL also has agreements with Curtin University and Murdoch University to access additional high-level equipment when extra capacity is required - relationships which are important in a field defined by rapid advancements in technology. This level of laboratory capacity is sufficient for current and planned needs and no purchase of capital equipment is anticipated. For further information please see Sections 8.4.8 to 8.4.10.

PILL has been located across several institutional campuses in Western Australia since its inception, allowing it to build close collaborative links with university research groups. PILL also has strong links to institutions outside of Western Australia including the Australian National University, which has collaborated on developing new methods for protein analysis, and the National University of Singapore, which has collaborated with the Company on its therapeutics drug discovery project.

Over the past six years PILL has been awarded seven grants in collaboration with research institutions, and in total since its formation has been a partner to over seven million dollars of external academic grants. This funding links additional expertise to the Company and has enabled PILL to initiate or outsource its more fundamental research projects. These projects can mature into intellectual property, for example, PILL's "2-tag" patent (part of the Company's platform technology) started with a PhD project at the University of Western Australia in 2004. Currently, PILL has four researchers either embedded or working directly with the Company whose salaries are covered by external sources.

2.11 INTELLECTUAL PROPERTY

The Company takes a proactive approach to its intellectual property and reviews its operations and activities on a routine basis to ensure valuable intellectual property is managed efficiently and appropriately. The Company employs a range of strategies to protect its valuable intellectual property. For further information on the Company's intellectual property, please see the Patent Attorney's Report.

Unregistered Intellectual Property

Over the last 13 years, the Company has amassed substantial proteomics expertise and developed and optimised a range of proteomics based methodologies that can be applied for analytical purposes and/or to develop diagnostics and therapeutics. This expertise or "know how" is proprietary to the Company and is carefully managed to ensure it remains a substantial source of competitive advantage for the Company.

The core know-how resides in the Company's proprietary methods platform which acts as a unifying technology across its analytical services, diagnostics and therapeutics business units. The Company has also refined this platform to provide specific methods optimised for each area.

The Company has developed proprietary methods that can be used to analyse client samples, and to look for biomarkers in a wide range of conditions. The Company has also developed unique processes and a proprietary data analysis algorithm that allows it to screen venom for potential new drugs.

The Company has applied this platform in its drug discovery programme to identify five compounds with biological activity that after further analysis could be used in developing new medicines. Of these, four are classified as analgesics, or painkillers, and the fifth has antimicrobial properties, meaning it could be used to develop antibiotics.

Registered Intellectual Property

The Company has used the patent system to protect certain products derived using its platform technology and expertise.

The Company owns (or co-owns) a number of patent applications and patents that form two key patent families. These patent families are discussed in detail in the Patent Attorney Report provided with this Prospectus and in particular, Appendices C and D in the Patent Attorneys Report that identifies the patents and patent applications owned (or co-owned) by the Company.

The first of these patent families is directed to biomarkers for a range of diabetes related conditions specifically including diabetic kidney disease, and consists of pending applications in Australia, Brazil, Canada, China, Europe, India, Indonesia, Japan, Russian Federation (Russia), Singapore and the USA.

The second patent family consists of granted patents in the USA and Australia directed to methods for determining the redox {oxidation} status of a protein sample by using two labels ("2-tag") that attach to proteins in the sample and wherein the ratio of the signals from the labels can be used for clinical and analytical purposes. The method can be applied to assess a range of reactive oxygen species (e.g. free radicals) associated pathologies and diseases including but not limited to stroke, heart attack and age-related degeneration. The method can also be adapted to assist in the detailed characterisation of the structure of protein-based drugs (biosimilars).

Joint Ventures

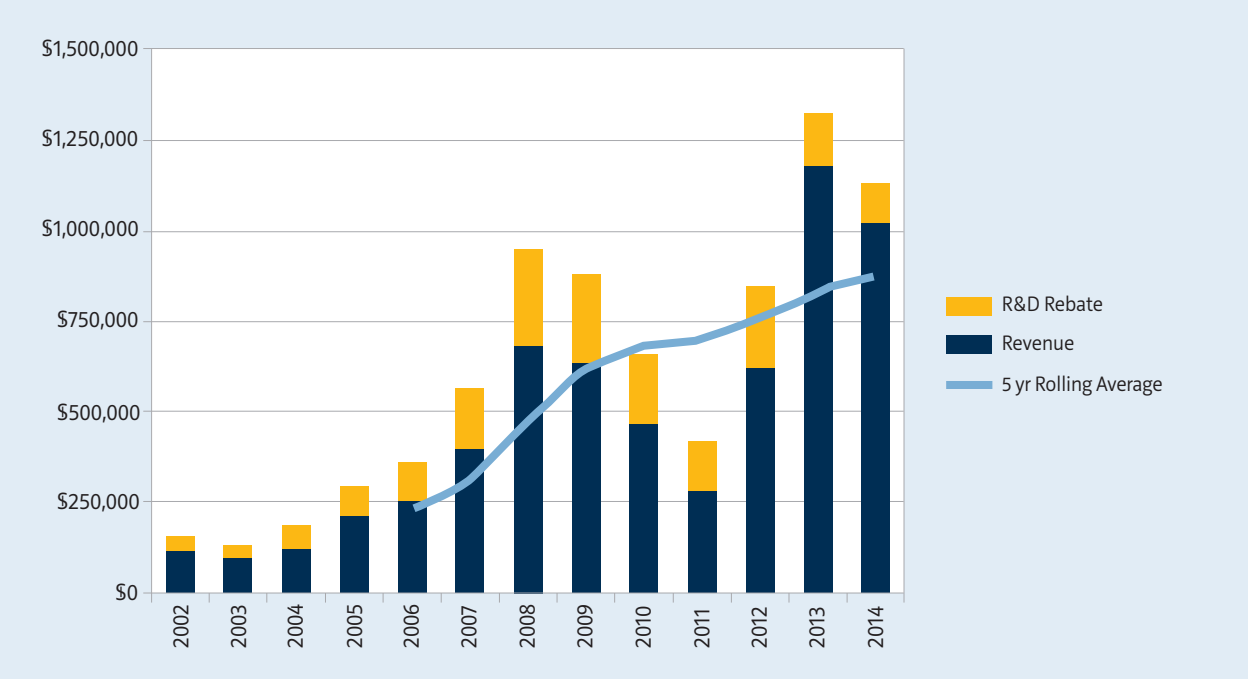
PILL is involved in a number of collaborative projects:

- **Diagnostics** - for detecting diabetes and complications arising from the condition, including kidney disease, PILL has an agreement with the University of Western Australia to access patient samples through clinicians in the University's medical school, see Section 8.4.5. PILL also has an agreement on the same terms with the Western Australian Department of Health to access patient samples through clinicians employed by the State.
- **Diagnostics** - for detecting parasite infections in animals PILL has an agreement with a US veterinary company that includes a royalty stream for any tests that are commercialised, see Section 8.4.6.
- **Diagnostics** - for detecting parasite infections in animals PILL has an agreement with Murdoch University and is a partner on Australian Research Council grant LP100100776, see Section 8.4.3.
- **Technology** - for developing new methodology to detect protein modifications PILL has an agreement with the Australian National University and is a partner on Australian Research Council grant LP110100690, see Section 8.4.4.
- **Technology** - for developing improved methodology for its "2-tag" technology to detect protein modifications PILL has an agreement with the University of Western Australia and is a partner on Australian Research Council grant LP100100793, and is recipient of a Department of Industry, Entrepreneurs' Infrastructure Programme - Researchers in Business project grant, see Section 8.4.1.

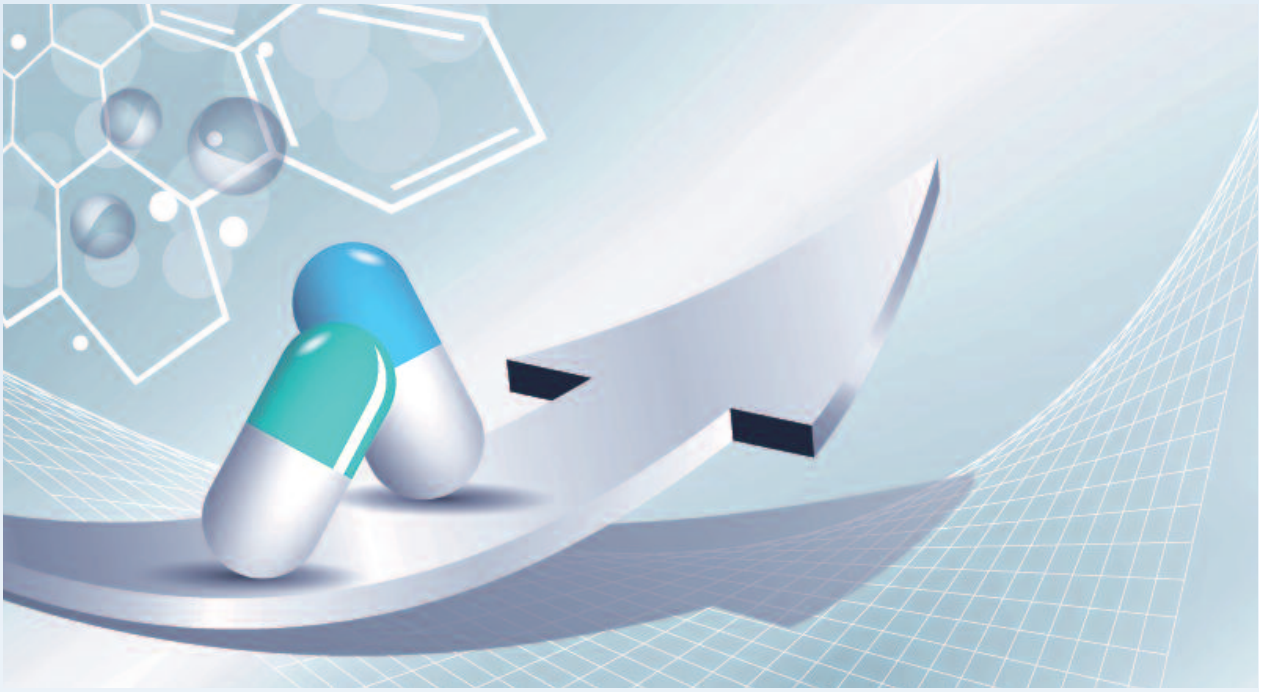
PILL has formal agreements in place in relation to all projects that ensure any resulting intellectual property is captured and managed appropriately.

2.12 REVENUE MODELS

The Company has generated gross income of $7.5 million to date, composed of revenue from service contracts, consultancy, project grants and the R&D Tax offset (paid as a cash rebate). During this time PILL has developed its intellectual property portfolio, both registered and unregistered.



Company revenue. *Since incorporation Company gross income has comprised analytical and consulting services, grants and the R&D tax offset rebate. Past results are not necessarily indicative of future results and the Company makes no representations that the revenue will continue in the future.*



PILL will now seek to derive new revenues by expanding and developing each of its business units.

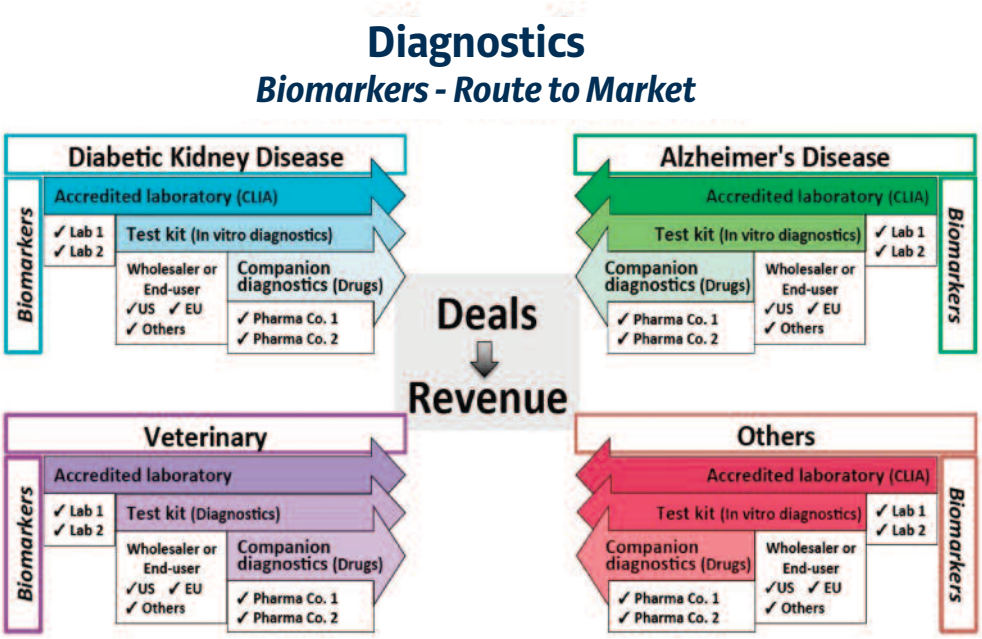
ANALYTICAL SERVICES	DIAGNOSTICS	THERAPEUTICS
Sustained cash flow	New biomarker discovery and personalised medicine for a range of diseases	New molecule discovery
ISO 17025 accredited laboratory services provide revenue	Panel of biomarkers for diabetic kidney disease	Five lead compounds to combat pain and infection
Biosimilars quality control testing	Laboratory developed tests (LDT), in vitro diagnostics (IVD) and companion diagnostics (CDx)	Potential upfront, R&D support and milestones payments
Distributor network	Potential licensing deals	Potential royalties and sale

2.12.1 Analytical Services

- PILL provides analytical and consulting services on a contract research basis to a global clientele. The average annual growth in these sales for the Company over the last five years has been 34%. The Company focuses its services on the Asian region with long established agencies in India, Malaysia, Singapore and Japan. PILL has also recently extended its agency network to Hong Kong/China, Brazil and Indonesia. Approximately 50% of its sales revenue is from exports and PILL will seek to grow this revenue through increased market awareness.
- PILL offers specialist quality control testing services for biosimilars (protein generic drugs). Last year seven of the world's top ten selling drugs were protein therapeutics. In different regions several of these protein drugs have come off patent since 2012 and several more will do so by 2017. All of these form targets for the generic drug industry that manufacture biosimilars, and PILL services the resulting growing market for their analytical testing.PILL recently signed a co-marketing agreement with inVentiv Health Clinical, a leading global supplier of drug development services, where PILL will provide the product quality control analysis and inVentiv Health Clinical the biologic and biosimilar clinical, commercial and consulting expertise. See Section 8.4.2.
- Methodologies developed as part of its research and discovery programmes are proprietary and can be offered as new services to generate additional income, for example, the "2-tag" oxidative stress test, and biomarker discovery know-how from diabetic kidney disease.

2.12.2 Diagnostics

- The global biomarkers market was $17.5 billion in 2013 and trending upwards, driven by new technologies and rising demand for personalised medicine. The 'omics technology segment holds the largest share of 75% of the biomarker discovery market, primarily due to the increase in adoption of proteomics and genomics technologies globally.
- The intellectual property created by a new biomarker discovery may be used to generate several forms of diagnostic test, of which there are three key types: a specialist diagnostic test run by approved laboratories - Laboratory Developed Test (LDT); a clinical test for the wholesale and end-user pathology markets - In Vitro Diagnostic (IVD); and a Companion Diagnostic Test (CDx) which could be used to monitor a patient's response to a drug therapy. The different types of test each constitute possible unique products.
- The immediate commercialisation strategy is to engage with major diagnostic and pharmaceutical companies to license or sell different forms of its diagnostic test for diabetic kidney disease into different countries around the world, and if successful, each test in each jurisdiction could generate upfront and milestones payments, and a potential royalty stream:
  - Over 5% of the world's adult population has diabetes, which is the most common cause of kidney failure. The diagnostic companies want to produce a clinical test to enable doctors to provide their patients with an earlier and more accurate diagnosis. PILL also proposes to engage with accredited clinical laboratories globally to licence its test as a specialist testing service, which if successful would provide a per test income.
  - Pharmaceutical companies are seeking to produce new drugs to improve patient outcomes, and with the growth of personalised medicine it is possible to tailor treatment to individual needs. PILL's diagnostic biomarkers have the potential to provide such a test. All licensing revenue to PILL will be shared with the clinical collaboration partners, who provide the essential resource of patient samples.
- PILL will continue to expand its internal discovery program to produce more biomarkers for other medical conditions.



Diagnostics: Route to Market. *PILL will seek to discover biomarkers in different disease areas, and then to commercialise new diagnostic tests through licensing or sale of its intellectual property to: specialist testing facilities known as CLIA (Clinical Laboratory Improvement Amendments) certified clinical laboratories; manufacturers of in vitro diagnostic (IVD) kits in different global territories; and pharmaceutical companies developing a new drug who wish to monitor a patient's response to the therapy - a companion diagnostic test.*

2.12.3 Therapeutics

- The global peptide therapeutics market is currently $17 billion, driven by genomics and a rising popularity and awareness among patients about better safety levels than for traditional small molecule drugs.
- PILL aims to discover new drugs. The Company has already used its platform technology to discover five molecules with biological activity that after further analysis could be used in developing new medicines for pain and infection. PILL will scale up its discovery process by targeting new sources of venom from one of the world's biodiversity hotspots - Australia's Northern Territory. By exploring large numbers of venom the chances of finding peptide molecules that could become new medicines is increased.
- PILL will use its discovery platform to aim to produce several lead peptide molecules per year, which will then be refined by stringent testing to select the best three molecules to enter pre-clinical development. Based on industry hit-rate precedents, on average two of these molecules would progress through into clinical trials. The route to market is then to engage with pharmaceutical companies for licensing, which may include upfront payments or research and development support, plus milestone payments.
- Therapeutic molecules sourced from fauna (including spiders and scorpions) collected in the Northern Territory are subject to a royalty payment of 5% to the NT Government.

2.12.4 Other Income

PILL has been awarded Federal industry grants to support its research, development and commercialisation programmes. A $1 million (two year) grant was received in 2012 to support the commercialisation of its diagnostic test for diabetic kidney disease, and $250,000 (2008-09) towards developing its predictive high-throughput drug discovery platform.

- The Company enjoys close ties with the university sector and has successfully joined with its institutional partners to secure $7.5 million of external academic grants (2004-2014) which are used to underpin infrastructure and early stage research programs.
- PILL is eligible for the Federal R&D Tax Incentive, operated through AusIndustry, whereby for every dollar spent on eligible R&D the Company receives a 43.5 cent refundable tax offset.

2.12.5 Industry Path to Market

The biotechnology industry's model for growth is for larger pharmaceutical and diagnostic companies to acquire the intellectual property of discovery companies. This intellectual property can take many forms, such as know-how, a diagnostic test or a new drug candidate. Acquisition can also follow many paths, including upfront payments, research and development funding, and milestone payments, through licensing and royalty fees, to buying a company outright.

2.12.6 Competitive Advantages

Technical Advantages:

- Team - PILL has highly skilled and experienced researchers.
- Platform technology - PILL has developed a versatile platform technology that can be shared across its analytical services, diagnostics and therapeutics business units. PILL has also refined this platform to provide specific methods optimised for each area.
- Analytical services technology - PILL has developed unique, proprietary and patented methods that can be applied to client samples.
- Diagnostics technology - PILL has developed proprietary methods that allow it to look for biomarkers in a wide range of samples.
- Therapeutics technology - PILL has developed unique processes and a proprietary data analysis algorithm that allows it to analyse venom more rapidly than traditional high-throughput screening techniques.
- Biological resources - PILL has agreements with clinical teams to provide access to highly curated patient samples, and with the Northern Territory to access insects, including spiders and scorpions.
- Location - PILL is positioned in the high growth Asian time zone and with an established network of distributors.
- Track record - PILL has been operating since 2001 and became the world's first organisation to receive ISO 17025:2005 laboratory accreditation in proteomics services in 2009.

Cost Advantages:

- Cross-unit compatibility reduces costs as compared to any one area operating individually. PILL's scientific team and versatile technology can both operate across all areas of the business.
- Innovation in one area can create cost savings in another, for example, techniques developed in biomarker discovery can be rolled out immediately as an analytical service without the need for further extensive testing and validation.

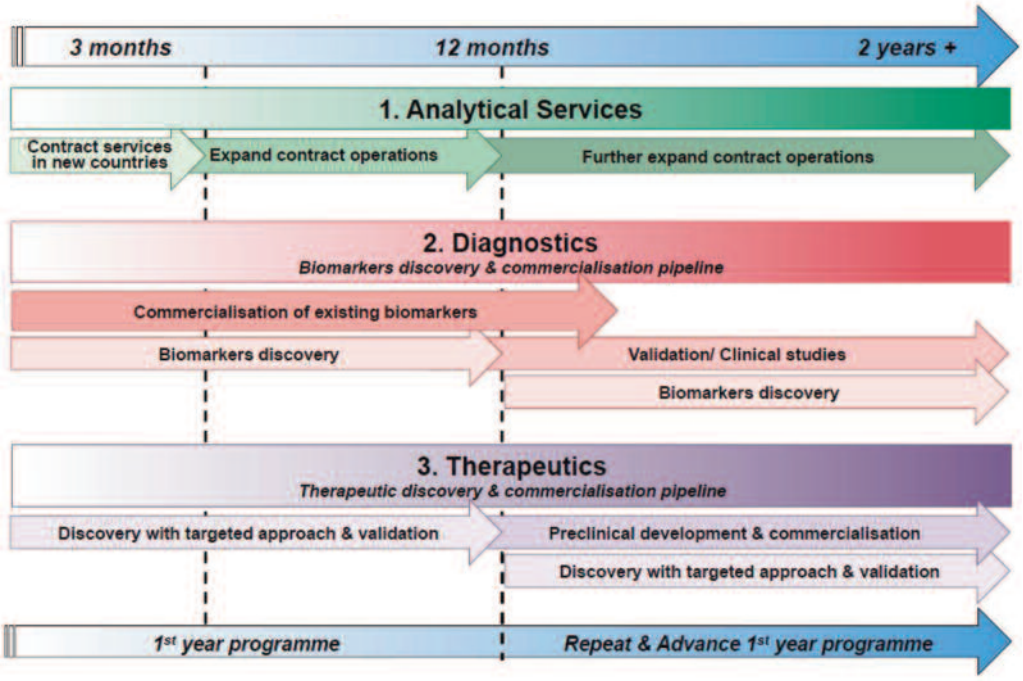
Scalability Advantages:

- Discovery processes are established and proven in multiple studies (both internal research and development and external contract research).
- Instruments have high capacity and can be readily automated; PILL has access to a network of instruments if extra capacity is required.
- The workflow of each unit is highly compatible. This ensures simultaneous operations are possible, or alternatively provides complete flexibility at times of high demand to focus on selected areas, for example, more analytical samples for more revenue, or increased clinical samples to generate more intellectual property.

Brand Advantage:

- Established 13 years.
- Reputation for quality.
- Well known in Asian region.

Target milestones & timeline



Target Milestones & Timeline. *PILL will operate across its three business units to amplify its on-going discovery pipelines in diagnostics and therapeutics, and to expand its analytical services.*

2.12.7 Near-term goals

Over the next 3 months, PILL plans to:

- **Analytical services 1** - Roll out contract research services in six new Asian countries via regional agencies;
- **Analytical services 2** - Expand marketing of biosimilars analysis service (ISO 17025), primarily focused on India and China.
- **Diagnostics** - For PILL's existing panel of biomarkers for diabetic kidney disease, commercialisation on-going with known interest from major pharmaceutical and diagnostic companies.
- **Therapeutics** - Establish full operations of therapeutic discovery pipeline, with preliminary data acquisition in progress.

Over the next 12 months, PILL plans to:

- **Analytical services** - Expand contract service operations using extra capacity of team.
- **Diagnostics 1** - Complete first year programme of biomarker discovery pipeline targeting new diabetes related complications, using highly curated clinical samples:
  - Clinical samples to be analysed and candidate biomarkers identified.
- **Diagnostics 2** - For PILL's existing panel of biomarkers for diabetic kidney disease:
  - Seek to conclude negotiations with a global diagnostic company to roll out a laboratory developed test (LDT) or an in vitro diagnostic test (IVD);
  - Seek to conclude negotiations with a global pharmaceutical company to use its test as a Companion Diagnostic (CDx) to support drug development.
- **Therapeutics** - Complete first year programme of therapeutic discovery pipeline targeting pain and infection:
  - 50 venoms to be collected and pre-screened;
  - Targeted approach used to identify candidates for validation by bioassay and testing in model systems;
  - Three lead molecules to be selected for pre-clinical development and commercialisation.

2.12.8 Medium Term execution plan

In the medium term PILL plans to:

- **Analytical services** - Further expand contract service operations using extra capacity of team and additional skills developed in research, development, and commercialisation programmes of year one.
- **Diagnostics 1** - Repeat first year programme of biomarker discovery pipeline for new diabetes related complications, or alternative disease targets (e.g. Alzheimer's disease):
  - New clinical samples to be collected and analysed, and candidate biomarkers identified.
- **Diagnostics 2** - Advance the biomarker discovery pipeline from the year one programme:
  - Candidate biomarkers to be validated in larger patient groups;
  - Commence commercialisation of this new biomarker panel.
- **Diagnostics 3** - For PILL's existing panel of biomarkers for diabetic kidney disease:
  - Refine the commercial applications of the diagnostic test, for example, by providing new laboratory developed tests using emerging technologies.
- **Therapeutics 1** - Repeat first year programme of therapeutic discovery pipeline for target indications of pain and infection, or to alternative disease areas:
  - 50 new venoms to be collected and pre-screened;
  - Targeted approach used to identify candidates for validation by bioassay and testing in model systems;
  - Three additional lead molecules to be selected for pre-clinical development and commercialisation.
- **Therapeutics 2** - Advance the therapeutic discovery pipeline from the year one programme:
  - Best lead molecules to proceed through pre-clinical development (including toxicology and stability testing) to add further value on the path towards an investigational new drug;
  - Commercialisation of these lead molecules on-going.

Note: Although milestones and timelines are indicative only, they are evidence based, utilising PILL's experience from extensive pilot studies in both therapeutics and biomarker exploration, and as a contract research organisation.

3.Board of Directors and Management Team

3.1 BOARD OF DIRECTORS

Terry Sweet – Non-Executive Chairman
Richard Lipscombe – Managing Director
John Dunlop – Non-Executive
Bill Parker – Non-Executive

MR TERRY SWEET FAICD

Terry has been a Director of several listed companies over the past 30 years in both executive and non-executive capacities. These companies include XRF Scientific Ltd, where he was Managing Director for 4 years, Western Biotechnology Ltd, Heartlink Ltd and Scientific Services Ltd. Originally trained as a chemist, his interests and expertise now lie in the area of development and supervision of a culture of Board integrity, commensurate with technology commercialisation.

DR RICHARD LIPSCOMBE PhD (London), MA (Oxford)

Richard, a co-founder of the Company, is a highly practised business manager and protein chemist expert in analysing bio-molecules using proteomics techniques. He has an extensive expertise in chemistry, immunology, mass spectrometry, peptide synthesis, high performance computing and robotics.

Richard has international experience in both science and business gained over a 29-year period in Australia, USA and the UK, including work in hospital and academic laboratories and commercial organisations. He completed his chemistry degree (MA) at Oxford University, his PhD in immunology at London University and was a Post-Doctoral scientist (molecular immunology) in a large research institution in Australia (Telethon Institute for Child Health Research).

After managing the Protein Analysis Facility at the University of Western Australia, he co-founded Proteomics International Pty Ltd in 2001. Richard is well published in peer review journals, and holder of several patents. *Richard has been with the Company for over 13 years.*

MR JOHN DUNLOP BSc (UWA)

John has been a director of several ASX-Listed companies covering mineral exploration, finance and analytical laboratories including a founding directorship of the beta-carotene producer Western Biotechnology Limited (subsequently acquired by Hoffman-La-Roche) and founding director of Sheen Analytical Services (which listed as Scientific Services Ltd).

A geologist by training, John has been credited with discovering the then oldest fossil stromatolites, pushing back the established age of life on Earth by about 1 billion years, and has also published several papers in peer reviewed journals including Nature and Scientific American (invited). *John has been involved with the Company for 13 years.*

DR BILL PARKER PhD (UWA), BSc (London)

Bill, also a co-founder of the Company, has over 30 years experience in university and commercial laboratories, including establishing and managing a NATA-accredited analytical laboratory.

With a PhD in microbiology, he was also a founder director of the ASX listed Western Biotechnology Ltd. Bill has been a consultant to the WA State Government in technology development, and technology park management. He was also a director of the Australian Solar Council. *Bill has been with the Company for over 13 years.*

3.2 COMPANY SECRETARY

MS KAREN LOGAN BCom, Grad Dip AppCorpGov, ACIS, AGIA, F Fin, GAICD

Karen is a Chartered Secretary with over 10 years experience in assisting small to medium capitalised ASX-listed and unlisted companies with compliance, governance, financial reporting, capital raising, merger and acquisition, and IPO matters. She is presently the principal of a consulting firm and secretary of a number of ASX-listed companies, providing corporate and accounting services to those clients.

3.3 MANAGEMENT TEAM

Scientific team

PILL has established and maintained a highly qualified group of scientists with well balanced commercial and research expertise in the field of protein chemistry and mass spectrometry. ***Importantly, the scientific team model is integrated allowing staff to work on all aspects of the business concurrently on a cost efficient basis.***

The scientific and production team has extensive experience with an array of specialised projects, instrumentation, administrative and research applications from world leading institutions.

Business Development

John C. Morrison has over 36 years' experience in life sciences, biotechnology, and diagnostic industries. John has an undergraduate degree in chemistry and an MBA from Boston University. He has held several management positions while at NEN Life Sciences and DuPont before focusing his last 15 years in Business Development at PerkinElmer. John has successfully executed many licensing deals and several global acquisitions while in this role.

John is based in Massachusetts, USA and joined the Company on a consulting basis in May 2014. Upon successful listing John will head PILL's global business development team.

3.4 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council **(Recommendations)**.

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website .

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

a) maintain and increase Shareholder value;
b) ensure a prudential and ethical basis for the Company's conduct and activities; and
c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

a) developing initiatives for profit and asset growth;
b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
c) acting on behalf of, and being accountable to, the Shareholders; and
d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be 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 $500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

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 Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

3.4.1 Departures from Recommendations

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: A. the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or B. the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	**PARTIALLY**	(a) The Company has adopted a Diversity Policy. (i) Whilst the Diversity Policy provides a framework for the Company to achieve a list of measurable objectives that encompass gender equality, it does not propose to establish measurable gender diversity objectives in the foreseeable future as: • the Company's senior management team are experienced and stable and there is no intention to make changes to the Board or senior management team in the coming year; and • the Company is committed to making all selection decisions on the basis of merit and the setting of specific objectives for the quantum of males/females at any level would potentially influence decision making to the detriment of the business. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on any measurable objectives adopted. (b) The Diversity Policy is available on the Company's website. (c) The Company does not propose to establish measurable gender diversity objectives at this stage. See (a) above.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**YES (when applicable)**	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Corporate Governance Plan requires the Board to conduct annual performance evaluation of senior executives. Schedule 6 "Performance Evaluation" requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report. At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Company has not appointed any senior executives; in the Company's view the experience and skill set of the current Board is sufficient to perform these roles and that its resources would be better utilised in other areas.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	**PARTIALLY**	Due to the size and nature of the existing Board, and the magnitude of the Company's operations, the Company is of the view that it does not need a Nomination Committee and that its resources would be better utilised in other areas. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee under the written charter for that committee and in the Company's view the experience and skill set of the current Board is sufficient to perform these roles. The duties of the Nomination Committee (which are currently carried out by the Board) are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at annual Board meetings to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's Board skills matrix (in accordance with recommendation 2.2) to assess and ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to discharge its duties and responsibilities effectively.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	**NO**	The Board Charter requires that, where practical, the majority of the Board must be independent. At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations only 1 of its directors are independent; however the Company will reconsider its position in relation to any new appointments in the future and make any appointment it deems necessary. Details of each Director's independence are provided in the Annual Reports.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	**YES**	The Board Charter provides that, where practical, the Chairman of the Board should be an independent Director. At this stage, one of the Directors is independent who is also the Chairman. If the Chairman ceases to be independent then the Board will consider appointing an independent Director as Chairman.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**PARTIALLY**	The Company currently does not have an Audit and Risk Committee as it is of the view that its resources would be better utilised in other areas. This is due to the current size of the Company, the magnitude of its operations and the fact that the Board has sufficient skills and expertise to effectively carry out the role of the Audit and Risk Committee. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written charter for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website, which include managing the relationship of the Company with its external auditors. The Board devotes time at annual Board meeting to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**PARTIALLY**	These obligations of a Company's CFO or CEO (if any) are set out in the Company's Corporate Governance Plan. Due to the current size of the Company and the magnitude of its operations and the fact that the Board has sufficient skills and expertise to effectively carry out the role of the CEO and CFO and provide the necessary declaration in relation to the Company's financial records, at this stage the Company has not appointed a CEO or CFO as it is of the view that its resources would be better utilised in other areas.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	**PARTIALLY**	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	**PARTIALLY**	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Under clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 the Company's Corporate Governance Plan available online on the Company's website. The Board will devote time at the annual Board meeting to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

4.Risk Factors

4.1 INTRODUCTION

There are a number of factors, both specific to PILL and of a general nature to the business and economic climate, which may either individually or in combination, affect the future operating and financial performance of the Company, its prospects and the value of the Shares. These risks include, but are not limited to, the risks set out in this Section.

The risks have been separated into Company specific risks , Industry Specific Risks and General Risks . The Company specific risks have been based on an assessment by the Directors of the probability of the risk occurring and the impact of the risk if it did occur. This assessment was based on the knowledge of the Directors as at the date of this Prospectus and there is no guarantee or assurance that the importance of the different risks will not change.

Prospective investors should note that this Section is not an exhaustive list of the risks associated with an investment in the Company. It should be considered in conjunction with other information disclosed in this Prospectus and in light of the individual circumstances of the investor.

4.2 SPECIFIC RISK FACTORS

The Directors believe that there are a number of specific factors that should be taken into account before making an investment in the Company.

4.2.1 Commercialisation risk

The Company is relying on its ability and that of its partners to develop and commercialise its products and services in order to create revenue, including the test for diabetic kidney disease. Any products or services developed by the Company will require extensive clinical testing, regulatory approval and significant marketing efforts before they can be sold and generate revenue. The Company's efforts to generate revenue may not succeed for a number of reasons including issues or delays in the development, testing, regulatory approval or marketing of these products or services.

In addition, developing direct sales, distribution and marketing capabilities will require the devotion of significant resources and require the Company to ensure compliance with all legal and regulatory requirements for sales, marketing and distribution.

A failure to successfully develop and commercialise these products and services could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position. In addition, for those countries where the Company may commercialise its products or services through distributors or other third parties, the Company will rely heavily on the ability of its partners to effectively market and sell its products and services.

Further, even if the Company does achieve market commercialisation of any of its products and services, it may not be able to sustain it or otherwise achieve commercialisation to a degree which would support the ongoing viability of its operations.

4.2.2 Drug market risk

The research and development process typically takes from 10 to 15 years from discovery to commercial product launch. This process is conducted in various stages in order to test, along with other features, the effectiveness and safety of a product. There can be no assurance that any of these products and services will be proven safe or effective.

Accordingly, there is a risk at each stage of development that the Company will not achieve the goals of safety and/or effectiveness and that the Company will have to abandon a product.

4.2.3 Intellectual Property

(a) General

The patent protection that the Company may obtain varies from product to product and country to country and may not be sufficient, including to maintain product exclusivity. Patent rights are also limited in time and do not always provide effective protection for products and services: competitors may successfully avoid patents through design innovation, the Company may not hold sufficient evidence of infringement to bring suit, or the infringement claim may not result in a decision that the rights are valid, enforceable or infringed.

Legislation or regulatory actions subsequent to the filing date of a patent application may affect what an applicant is entitled to claim in a pending application and may also affect whether a granted patent can be enforced in certain circumstances. Laws relating to biotechnology remain the subject of ongoing political controversy in some countries. The risk of changed laws affecting patent rights is generally considered greater for the biotechnology field than in other longer established fields.

(b) Entitlement to Priority

In order for material disclosed in a patent application to be entitled to the priority date of a corresponding earlier filed application (e.g. a provisional application), there must be adequate support or disclosure of such material in the provisional application. Subject matter in a patent application that is not so disclosed in the earlier application is not entitled to the claim to priority, which may affect patentability of the subject invention or the validity of any patent that may be granted.

(c) Securing a Patent

The claims in a pending application cannot be considered predictive of claims in a granted patent. Examination in certain jurisdictions such as the USA and the European Patent Office are often more stringent than other countries and all pending claims may be subject to amendment during the pendency of an application. Thus, during pendency of any patent application, an applicant cannot reliably predict whether any claims will ultimately be granted or what the scope of any granted claims will be. Furthermore, whilst the scope of claims granted in one country may assist, it cannot be relied upon for predicting the scope of claims granted in another country.

All patent searches are dependent on the accuracy and scope of the databases used for the search and, in particular, the manner in which information in the databases is indexed for searching purposes.

Patent applications may have been filed by third parties based on an earlier priority date and the existence of such applications may not be known for up to about 18 months after they were filed. Such earlier-filed applications may constitute prior art that adversely affects patentability or claim scope of a patent matter listed herein. Given the timing of and the approach taken to the examination of patent applications, if any prior art in this 18 month period does exist, it is unlikely that it will be located in searches conducted by official Patent Offices.

Delays may occur during pendency, due to unpredictable events which the application cannot control. The net effect of such delays may be to decrease the time from the date of patent grant to the end of the patent term and thus adversely affect the effective lifetime of enforceability of the patent.

Patents and pending applications can be subject to opposition or other revocation proceedings, which vary from country to country and which cannot be predicted in advance.

4.2.4 Reliance on key personnel

The Company's ability to operate successfully and manage its potential future growth depends significantly upon its ability to attract, retain and motivate highly-skilled and qualified research, technical, clinical, regulatory, sales, marketing, managerial and financial personnel. The competition for qualified employees in the life science industry is intense and there are a limited number of persons with the necessary skills and experience.

The Company's performance is substantially dependent on Dr Lipscombe and the other members of its senior management and key technical staff to continue to develop and manage the Company's operations. The loss of or the inability to recruit and retain high-calibre staff could have a material adverse effect on the Company. The Company also relies on the technical and management abilities of certain key Directors and employees, consultants and scientific advisers. The loss of any of these Directors, employees, consultants or scientific advisers could have an adverse effect on the business and its prospects.

4.2.5 Regulatory risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial matters. Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

4.2.6 Insurance risk

The Company may not be able to maintain insurance for service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims. If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

4.2.7 Funding

While the Company believes it will have sufficient funds after completion of the Offer to carry out its stated objectives over the next two years, the Company may in the future seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources, joint ventures, collaborations with other life science companies, licensing arrangements, production sharing arrangements or other means.

The Company's capital requirements depend on numerous factors and, having regard to the early stage of development and the nature of its products and services, the Company is currently unable to precisely predict if, and what amount of, additional funds may be required. Factors which may influence the Company's possible need for further capital include such matters as:

- the costs and timing of seeking and obtaining regulatory approvals;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the effects of competing product, clinical, technological and market developments; and
- the terms, timing and consideration, if any, of collaborative arrangements or licensing of products and services.

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. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back development and research programmes as the case may be.

4.2.8 Exchange rates

The Company is exposed to movements in foreign exchange rates. The Company does not hedge against movements in the exchange rate. However, significant changes in currencies may impact on the Company's margins and earnings adversely.

4.2.9 Dependence on Key Relationships

The Company currently has strategic business relationships with other organisations which it relies upon for key parts of its business such as obtaining the use of the mass spectrometers, chromatography systems and other equipment vital to the Company's activities. The loss or impairment of any of these relationships could have a material adverse effect on the Company's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

4.2.10 Concentration of Shareholding

Dr Richard Lipscombe (or entities controlled by him) will hold between 24.7% and 29.2% of all Shares upon the Company being admitted to the Official List of the ASX. As a result, Dr Lipscombe will have significant influence over all matters that require approval by Shareholders, including the election and removal of Directors and approval of significant transactions (unless prevented from voting under the Corporations Act or Listing Rules). The ability of other Shareholders to influence corporate decisions of the Company will therefore be reduced.

4.3 INDUSTRY SPECIFIC

4.3.1 Economic factors

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, taxation rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse affect on the financial performance and/or financial position of the Company.

4.3.2 Competition

The Company competes against companies that have longer operating histories, more established or approved products and services and greater resources than the Company, which may prevent the Company from achieving market penetration with its products or services.

There is significant competition in the life science industry generally. There is no assurance that competitors will not succeed in developing products or services that are more effective or economic than the products or services potentially manufactured or developed by the Company, or which would render these products or services obsolete and/or otherwise uncompetitive.

There is also no guarantee that the Company will ever commercialise or produce any products or services. The Company or any marketing partners may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share.

If the Company is successful in producing or otherwise commercialising products or services, which may never occur, such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's potential future business, operating results and financial position.

4.4 GENERAL RISKS

4.4.1 Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programmes, as well as on their ability to fund those activities.

4.4.2 Dependence on Outside Parties

The Company may pursue a strategy that involves forming further strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such organisations, negotiate appropriate terms and conditions with these organisations or that any current or potential agreements with such organisations will be complied with.

4.4.3 Litigation Risks

The Company is exposed to possible litigation risks including, but not limited to, intellectual property and patent claims, occupational health and safety claims and employee claims. 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, financial performance and financial position. The Company is not currently engaged in any litigation.

4.4.4 Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

4.4.5 Market conditions

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- 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, many or all of these influences may be beyond the control of the Company. Additionally, the Shares issued or sold under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX.

4.4.6 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 factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5.Financial Information

5.Financial Information

5.1. FINANCIAL INFORMATION

The Financial Information has been prepared by the Company and includes:

- Historical Financial Information comprising;
  - The Statement of Profit or Loss and Other Comprehensive Income for FY12, FY13 and FY14; and
  - The Statement of Financial Position as at 30 June 2014.
- Pro forma financial information comprising the Pro Forma Statement of Financial Position as at 30 June 2014 taking into account the transactions that will arise pursuant to this Offer and any significant subsequent events.

All amounts disclosed in this Section are presented in Australian dollars unless otherwise noted.

a) Basis of preparation of the Financial Information

The Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. Significant accounting policies of the Company relevant to the Financial Information are included in this Section.

The Financial Information presented has been audited by BDO Audit (WA) Pty Ltd. The Investigating Accountant's Report prepared by BDO Corporate Finance (WA) Pty Ltd is included in Section 6.

b) Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the audited historical financial statements of the Company for FY12, FY13 and FY14 on which unqualified audit opinions were issued by BDO Audit (WA) Pty Ltd.

The Historical Financial Information is intended as a summary only and should be read in conjunction with the detailed discussions of the Financial Information, as well as the risk factors set out in Section 4.

The Historical Financial Information does not include any costs associated with the Company operating as a listed public company.

Investors should note that past results are not a guarantee of future performance.

c) Preparation of the Pro Forma Balance Sheet

The Pro Forma Statement of Financial Position has been prepared by adjusting the 30 June 2014 Statement of Financial Position for the adjustments outlined in this Section.

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation of the Historical Financial Information and Pro forma Statement of Financial Position included in this Report.

Basis of preparation of historical financial information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical Financial Information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

Going concern

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting basis and conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.
The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

b) Trade and other receivables

Trade receivables are recognised as the amount receivable and are due for settlement no more than 90 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of GST.

Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

d) Intangible assets

Research and development

Research costs are expensed in the period they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the Company is able to use or sell the asset, the Company has sufficient resources and intent to complete the development and its costs can be measured reliably.

e) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

f) Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days of recognition.

g) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fes paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contact is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

h) Convertible note liabilities
Convertible notes issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The Company has elected upon initial recognition of the convertible notes to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition, the convertible notes are carried at fair value and will subsequently be measured at fair value at each reporting period or until settlement and fair value movements will be recognised in the profit or loss as a finance cost.

i) Income tax
The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

j) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

k) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

l) Contributed equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

m) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

n) Employee benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

Long Service Leave
Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments transactions
The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the period from grant date to the date on which the relevant employees become fully entitled to the award ('vesting date'). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

o) Accounting estimates and judgements
In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions
The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Options
The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

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

5.2. HISTORICAL RESULTS

a) Historical Statements of Profit or Loss and Other Comprehensive Income

Table 5.2 (a) below, sets out the Historical Statement of Profit or Loss and Other Comprehensive Income for FY12, FY13 and FY14. Additional discussion on the Financial Information provided below is included in Section 5.4.

Table 5.2 (a) Historical Statement of Profit or Loss and Other Comprehensive Income for FY12, FY13 and FY14

	Audited for the year ended 30-Jun-14	Audited for the year ended 30-Jun-13	Audited for the year ended 30-Jun-12
	$	$	$
Revenue from continuing operations	476,093	682,948	592,643
Other income	655,224	638,385	254,432
Expenses:			
Accounting fees	(18,240)	(17,425)	(9,710)
Depreciation	-	(2,591)	(2,976)
Consultants	(84,887)	(82,090)	(10,699)
Interest paid	(34,321)	(29,043)	(36,019)
Salaries and wages	(715,448)	(833,528)	(384,868)
Superannuation	(57,251)	(61,509)	(33,589)
Share based payments	-	-	(77,095)
Rent	(23,764)	(33,361)	(44,174)
Patent fees	(16,151)	(65,793)	(11,242)
User fees	(122,925)	(120,250)	(100,000)
Commissions	(30,247)	(44,735)	(39,177)
Laboratory reagents	(175,843)	(157,071)	(78,652)
Travelling expenses	(23,055)	(38,993)	(9,106)
Other expenses	(80,341)	(76,862)	(82,297)
Loss before income tax expense	**(251,156)**	**(241,918)**	**(72,529)**
Income tax expense	-	(9,401)	(86,663)
Net loss for the year	**(251,156)**	**(251,319)**	**(159,192)**

b) Historical Statement of Financial Position and Pro Forma Statement of Financial Position

Table 5.2 (b) sets out the Historical Statement of Financial Position with the pro forma adjustments to reflect the impact of the Offer and associated costs that will be in place immediately following completion of the Offer as if it had occurred or were in place as at 30 June 2014.

Table 5.2 (b) Historical Statement of Financial Position and Pro Forma Statement of Financial Position

	Notes	Audited as at 30-Jun-14 $	Pro forma adjustments $4 million raising $	Pro forma adjustments $6 million raising $	Pro forma after Offer $4 million raising $	Pro forma after Offer $6 million raising $
CURRENT ASSETS						
Cash and cash equivalents	2	51,006	3,485,952	4,904,061	3,536,958	4,955,067
Trade and other receivables		214,393	-	-	214,393	214,393
Other current assets	3	109,483	(60,952)	(60,952)	48,531	48,531
TOTAL CURRENT ASSETS		374,882	3,425,000	4,843,109	3,799,882	5,217,991
NON CURRENT ASSETS						
Plant and equipment		15,393	-	-	15,393	15,393
Formation expenses		1,010	-	-	1,010	1,010
TOTAL NON CURRENT ASSETS		16,403	-	-	16,403	16,403
TOTAL ASSETS		391,285	3,425,000	4,843,109	3,816,285	5,234,394
CURRENT LIABILITIES						
Bank overdraft		15,035	-	-	15,035	15,035
Trade and other payables		199,434	-	-	199,434	199,434
Provisions		79,226	-	-	79,226	79,226
Loans and borrowings	4	560,000	(560,000)	(560,000)	-	-
TOTAL CURRENT LIABILITES		853,695	(560,000)	(560,000)	293,695	293,695
NON CURRENT LIABILITIES						
Loans and borrowings	5	441,891	-	(441,891)	441,891	-
TOTAL NON CURRENT LIABILITIES		441,891	-	(441,891)	441,891	-
TOTAL LIABILITIES		1,295,586	(560,000)	(1,001,891)	735,586	293,695
NET ASSETS/(LIABILITIES)		**(904,301)**	**3,985,000**	**5,845,000**	**3,080,699**	**4,940,699**
EQUITY						
Contributed equity	6	372,690	4,012,990	5,816,590	4,385,680	6,189,280
Reserves	7	77,095	60,705	117,105	137,800	194,200
Accumulated losses	8	(1,354,086)	(88,695)	(88,695)	(1,442,781)	(1,442,781)
TOTAL EQUITY		**(904,301)**	**3,985,000**	**5,845,000**	**3,080,699**	**4,940,699**

The pro forma adjustments made to the Historical Statement of Financial Position of the Company as at 30 June 2014 (being the most recently audit reviewed date) reflect the following assumptions:

- The issue of 20,000,000 Shares at $0.20 each to raise $4,000,000 before IPO transaction costs based on the minimum subscription, or the issue of 30,000,000 Shares at $0.20 each to raise $6,000,000 before IPO transaction costs based on the maximum subscription;
- Total transaction costs of the Offer incurred by the Company are estimated at $600,000 based on the minimum subscription or $740,000 based on the maximum subscription, which are to be offset against the contributed equity. As at 30 June 2014, $60,952 of these IPO transaction costs had been incurred by the Company. Therefore, the remaining IPO transaction costs of $539,048 based on the minimum subscription and $679,048 based on the maximum subscription are still to be paid by the Company.
- The issue of 5,600,000 Shares upon conversion of a total of $560,000 in convertible notes at a conversion price of $0.10 per Share.
- If the maximum subscription in achieved under the Offer, a total amount of $441,891 in Director Loans will be repaid with funds raised under the Offer. If the minimum subscription is achieved under the Offer there will be no repayment of Director Loans with funds raised under the Offer. The terms of repayment for the Directors Loans are set out in Section 8.4.14 of the Prospectus.
- The issue of 2,500,000 Shares to the Promoters of the Offer. These Shares have an implied issue price of $0.20 each. The issue of these Shares are considered to be costs of the Offer and therefore the value is offset against contributed equity.
- The issue of 828,952 Shares to the existing options holders of the Company.
- The issue of 200,000 Shares based on the minimum subscription, and 300,000 Shares based on the maximum subscription, to the Lead Manager of the Offer. These Shares have an implied issue price of $0.20 each. The issue of these Shares are considered to be costs of the Offer and therefore the value is offset against contributed equity.
- The issue of 800,000 Promoter Options based on the minimum subscription, or the issue of 1,200,000 Promoter Options based on the maximum subscription, to the Lead Manager of the Offer. The terms of the Promoter Options are outlined in Section 8.2 of the Prospectus and have been valued using the Black-Scholes option valuation model at $0.141 per option. The issue of these Promoter Options are considered to be costs of the Offer and therefore the value is offset against contributed equity.
- Subsequent to year end $25,000 was received by way of loan funding as a convertible Option note, which converts to Options upon listing as described in section 8.5.1.
- The Company will also issue 50 Milestone A Performance Rights, 25 Milestone B Performance Rights and 100 Milestone C Performance Rights. Conversion of the Performance Rights is subject to the satisfaction of certain milestones. Refer Section 8.3 for the terms of all Performance Rights to be issued.

5.3. NOTES TO THE PRO FORMA STATEMENT OF FINANCIAL POSITION

NOTE 2. CASH AND CASH EQUIVALENTS	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	Pro forma after Offer $6 million $
Cash and cash equivalents	51,006	3,536,958	4,955,067
Audited balance of the Company at 30 June 2014		51,006	51,006
Pro-forma adjustments:			
Proceeds from shares issued under the Offer		4,000,000	6,000,000
Costs of the Offer		(539,048)	(679,048)
Subsequent loan - converted to Options		25,000	25,000
Repayment of Director Loans		-	(441,891)
		3,485,952	4,904,061
Pro-forma Balance		3,536,958	4,955,067

NOTE 3. OTHER ASSETS	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	Pro forma after Offer $6 million $
Other assets	109,483	48,531	48,531
Audited balance of the Company at 30 June 2014		109,483	109,483
Pro-forma adjustments:			
Prepaid costs of the Offer to be offset against contributed equity		(60,952)	(60,952)
		(60,952)	(60,952)
Pro-forma Balance		48,531	48,531

NOTE 4. CURRENT LOANS AND BORROWINGS	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	Pro forma after Offer $6 million $
Current loans and borrowings	560,000	-	-
Audited balance of the Company at 30 June 2014		560,000	560,000
Pro-forma adjustments:			
Conversion of convertible notes into shares		(560,000)	(560,000)
		(560,000)	(560,000)
Pro-forma Balance		-	-

NOTE 5. NON CURRENT LOANS AND BORROWINGS	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	Pro forma after Offer $6 million $
Non-current loans and borrowings	441,891	441,891	-
Audited balance of the Company at 30 June 2014		441,891	441,891
Pro-forma adjustments:			
Repayment of Director Loans		-	(441,891)
		-	(441,891)
Pro-forma Balance		441,891	-

NOTE 6. CONTRIBUTED EQUITY	Audited 30-Jun-14 $		Pro forma after Offer $4 million $	$6 million $
Contributed equity	372,690		4,385,680	6,189,280
	Number of shares (min)	Number of shares (max)	$	$
Audited balance of the Company at 30 June 2014	26,250,000	26,250,000	372,690	372,690
Pro-forma adjustments:				
Proceeds from shares issued under the Offer	20,000,000	30,000,000	4,000,000	6,000,000
Costs of the Offer	-	-	(600,000)	(740,000)
Conversion of convertible notes into shares	5,600,000	5,600,000	560,000	560,000
Shares issued to Promoters of the Offer	2,500,000	2,500,000	500,000	500,000
Shares issued to Promoters considered costs of the Offer	-	-	(500,000)	(500,000)
Shares issued to existing option holders	828,952	828,952	165,790	165,790
Shares issued to Lead Manager of the Offer	200,000	300,000	40,000	60,000
Shares issued to Lead Manager considered costs of the Offer	-	-	(40,000)	(60,000)
Promoter Options considered costs of the Offer	-	-	(112,800)	(169,200)
	29,128,952	39,228,952	4,012,990	5,816,590
Pro-forma Balance	55,378,952	65,478,952	4,385,680	6,189,280

NOTE 7. RESERVES	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	$6 million $
Reserves	77,095	137,800	194,200
Audited balance of the Company at 30 June 2014		77,095	77,095
Pro-forma adjustments:			
Exchange of all previously issued options for shares		(77,095)	(77,095)
Conversion of subsequent event loan to Options		25,000	25,000
Promoter Options considered costs of the Offer		112,800	169,200
		60,705	117,105
Pro-forma Balance		137,800	194,200

Using the Black-Scholes option valuation methodology and probability assumptions provided by management the fair value of the Promoter Options has been calculated. The following inputs were used for these options issued:

Promoter Options	
Underlying share price	$ 0.20
Exercise price	$ 0.20
Issue date	01-Nov-14
Expiration date	31-Mar-18
Life of the Options	3.41
Volatility	110%
Risk-free rate	2.64%

NOTE 8. ACCUMULATED LOSSES	Audited 30-Jun-14 $	Pro forma after Offer $4 million $	Pro forma after Offer $6 million $
Accumulated losses	(1,354,086)	(1,442,781)	(1,442,781)
Audited balance of the Company at 30 June 2014		(1.354.086)	(1.354.086)
Pro-forma adjustments:			
Exchange of all previously issued options for shares		(88,695)	(88,695)
		(88,695)	(88,695)
Pro-forma Balance		(1,442,781)	(1,442,781)

5.4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL INFORMATION

a) Management discussion – FY13 compared to FY12

- Other income of $0.64 million in FY13 increased from $0.25 million in FY12 due to a significant increase in government grants received for the diagnostics unit (in relation to the project on biomarkers for diabetic kidney disease). Revenue from fees rose as a consequence of increased analytical service provision to both national and overseas clients.
- Operating expenses in FY13 increased significantly from FY12 as a result of the diagnostics project, which affected all cost areas. There was an additional extraordinary increase in salaries and wages due to historical long service and annual leave being brought to account.

b) Management discussion – FY14 compared to FY13

- Revenue relating to fees decreased to $0.48 million in FY14 due to a) the Company's resources being primarily directed towards generating intellectual property in its diagnostics project, and b) the relocation of the Company's facilities and all operations to new premises, which interrupted the Company's ability to provide its normal level of services. Other income remained largely in line with FY13.
- Operating expenses in FY14 decreased slightly because of lower salaries and wages due to a restructure of the business development team and without the extraordinary provision of FY13. Patent fees also reduced because the Company's patents were awaiting examination following filings in multiple jurisdictions in FY13.

6.Investigating Accountant's Report

24th October 2014

The Directors
Proteomics International Laboratories Ltd
PO Box 3008 Broadway
Nedlands WA 6009

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have been engaged by Proteomics International Laboratories Ltd ('Proteomics' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical and pro forma financial information of Proteomics for inclusion in an initial public offering Prospectus to be issued by the Company in respect of the Offer and listing on the Australian Securities Exchange. Broadly, the Prospectus will offer 20 million Shares at an issue price of $0.20 each to raise $4 million before costs ('the Offer'). This is the minimum subscription for the Offer. The Company reserves the right to accept oversubscriptions of up to $2 million from the issue of a further 10 million shares. The maximum amount raised under this Prospectus is $6 million.

Expressions defined in the Prospectus have the same meaning in this Report.

BDO Corporate Finance (WA) Pty Ltd ('BDO Corporate Finance') holds an Australian Financial Services Licence (AFSL Number 316158).

2. Scope

The Company has requested BDO Corporate Finance to prepare this Report to cover the following financial information:

Historical Financial Information

The Historical Financial Information detailed in Section 5 of the Prospectus, which comprises:

- the Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2012 ('FY12'), 30 June 2013 ('FY13')and 30 June 2014 ('FY14'); and
- the Statement of Financial Position as at 30 June 2014.

The Historical Financial Information for FY12, FY13 and FY14 has been audited by BDO Audit on which unqualified audit opinions were issued.

Pro Forma Financial Information

The pro forma financial information as detailed in Section 5 of the Prospectus comprises the Pro Forma Statement of Financial Position as at 30 June 2014.

The Pro Forma Statement of Financial Position assumes Completion of the Offer under both the minimum subscription and the maximum subscription amounts.

3. Directors' responsibility

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

4. Our responsibility

Financial Information

The Investigating Accountant's responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

We have reviewed the Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Financial Information is not prepared, in all material aspects, by the Directors on the basis of the stated basis of preparation.

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

Our review of the Financial Information did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information and Pro forma Statement of Financial Position.

5. Conclusion

Conclusion on the Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Financial Information does not present fairly, in all material aspects:

- the Statement of Profit or Loss and Other Comprehensive Income for FY12, FY13 and FY14;
- the Statement of Financial Position as at 30 June 2014; and
- the Pro Forma Statement of Financial Position as at 30 June 2014,

in accordance with the recognition and measurement requirements (but not all the presentation and disclosure requirements) of Australian Accounting Standards and the accounting policies adopted by Proteomics.

6. Consent

BDO Corporate Finance has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

7. Disclosures

BDO Corporate Finance is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to Section 5 the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Neither BDO Corporate Finance nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Yours faithfully
BDO Corporate Finance (WA) Pty Ltd

Adam Myers
Director

7.Patent Attorney's Report

2nd October 2014

Proteomics International Laboratories Ltd
PO Box 3008 Broadway
Nedlands WA 6009

Att: Dr Richard Lipscombe

Dear Dr Lipscombe

PATENT ATTORNEY'S REPORT

1. INTRODUCTION

We have been instructed by Proteomics International Laboratories Ltd ("PILL") to prepare this report for inclusion in a prospectus to be issued by PILL. Specifically, we have been asked by PILL to provide a general overview of the intellectual property ("IP") owned (or co-owned) by Proteomics International Pty Ltd ("PI") a wholly owned subsidiary of PILL, and the details and status of patent matters in the patent portfolio referred to in this report. This report is current as at the date of this letter.

The remarks provided herein are intended to provide a general overview to aid in understanding the subject matter and scope of the IP owned (or co-owned) by PI. No legal opinion or advice is intended or offered here.

2. EXECUTIVE SUMMARY

Appendices C and D to this report identify the patents and patent applications owned (or co-owned) by PI. The PI patent portfolio consists of two patent families.

Patent Family 1 is directed to biomarkers for a range of diabetes and diabetes related conditions including diabetic nephropathy and methods of their use and consists of pending applications in Australia, Brazil, Canada, China, Europe, India, Indonesia, Japan, Russian Federation (Russia), Singapore and USA. The applications in Indonesia and Singapore are wholly owned by PI and the remainder are co-owned by PI and the University of Western Australia (UWA).

Patent Family 2 is owned by PI and is directed to methods for determining the redox status of a protein sample, methods of assessing a ROS (reactive oxygen species) associated pathology or disease and methods of assessing the efficacy of a therapeutic intervention for a ROS associated pathology or disease. The family consists of granted patents in the USA and Australia.

3. OVERVIEW OF INTELLECTUAL PROPERTY (IP) PROTECTION

See Appendix A.

4. PATENT PORTFOLIO

Reference is made herein to a "Patent Family" that is a set of either patent applications or patents taken in multiple countries to protect a single invention by a common inventor(s). A first application is made in one country – the priority – and is then extended to other offices/countries to form the Patent Family.

4.1 Patent Family 1 - Biomarkers associated with pre-diabetes, diabetes and diabetes related conditions

4.1.1 Introduction

Appendix C to this report identifies the patent applications in Patent Family 1 that are derived from International (Patent Co-operation Treaty (PCT)) patent application PCT/AU2011/001212. O'Sullivans has been engaged by PI as its patent attorney to provide services in connection with the preparation, filing and prosecution of the patent applications in Patent Family 1.

The patent applications in Patent Family 1 list PI and The University of Western Australia ("UWA") as co-owners. However, the applications in Indonesia and Singapore are owned solely by PI. We are in possession of executed invention assignments from the inventors of the patent applications in Family 1 herein, transferring their patent entitlement to PI and UWA and to an executed invention assignment transferring UWA's rights in the applications in Indonesia and Singapore to PI. These assignments have been recorded with the authorities in Singapore and Indonesia.

4.1.2 Summary of Patent Family 1

A brief description of the subject matter of Patent Family 1 is provided below. However, please note that each patent application in the family will be examined separately in each country and therefore the scope of any granted patents that issue may vary between jurisdictions.

The applications in Patent Family 1 claim priority from Australian provisional application 2010904249 filed on 21 September 2010 and are derived from International application PCT/AU2011/001212 filed on 20 September 2011. Because they are derived from International application PCT/AU2011/001212 the applications in Patent Family 1 have a specification that corresponds to the specification of PCT/AU2011/001212, albeit the claims in individual applications may be customized to suit the formal requirements of certain countries and/or in response to matters raised during examination.

The specification of International application PCT/AU2011/001212 describes:

- biomarkers for a range of diabetes and diabetes related conditions including diabetic nephropathy;
- methods of using the biomarkers to determine the risk that an individual will develop diabetes or a diabetes related condition such as diabetic nephropathy;
- methods of screening a population to identify persons at risk of developing diabetes or a diabetes related condition such as diabetic nephropathy; and
- methods for developing drug targets for diabetes or a diabetes related condition such as diabetic nephropathy.

The biomarkers described in the International application are listed in the table below (extract from the patent specification).

	Protein Biomarker
1	Peroxiredoxin-2
2	Protein AMBP
3	Complement C1q subcomponent subunit B
4	Apolipoprotein A-IV
5	Apolipoprotein C-III
6	Insulin-like growth factor-binding protein 3
7	Adiponectin
8	Complement factor H-related protein 2
9	Haemoglobin subunit beta
10	CD5 antigen-like
11	Apolipoprotein B-100
12	Sulfhydryl oxidase 1
13	Complement component C8 beta chain

The International application describes the use of individual biomarkers and various combinations of the markers listed above and methods of their use. The examples in the International application describe, among other things, the use of mass spectrometry to detect markers for diabetic nephropathy in subjects with diabetes.

All the applications in Patent Family 1 are pending.

The application in Europe has been the subject of an extended European search report.

The application in Australia is currently under examination. A response to the examiner's report was filed on 22 September 2014.

The application in China is currently under examination. A response to the examiner's report is currently being prepared.

The applications in the Russian Federation (Russia), Japan, Indonesia, India, Brazil and USA will be examined in due course i.e. either a request for examination has been filed or the applications are examined without requiring such a request.

The application in Canada will be examined when a request for examination is filed and the relevant fees are paid. The deadline for this is 20 September 2016. It is common practice to progress a Canadian application once a patent has been granted in the USA.

The application in Singapore will be progressed once a patent has been granted in Australia, Canada, Japan, Europe or the USA. In this regard, Singapore provides for a streamlined examination and grant process based on a corresponding granted patent.

4.2 Patent Family 2 – Methods for determining the redox status of proteins

4.2.1 Introduction

Appendix D to this report identifies the patents in Patent Family 2 that are derived from International (PCT) patent application PCT/AU2006/001757. O'Sullivans has not been engaged by PI as its patent attorney to provide services in connection with the applications in Patent Family 2, other than the preparation of this report.

The patents in Patent Family 2 list PI as the sole owner. PCT/AU2006/001757 was originally filed listing PI and the University of Western Australia as co-owners but the University of Western Australia assigned their rights to PI by a written deed dated 31 August 2008. We are in possession of a copy of this deed dated 31 August 2008. We are also in possession of assignment deeds from the inventors that confirm all right and title to the invention reside with PI.

4.2.2 Summary of Patent Family 2

A brief description of the subject matter of Patent Family 2 is provided below.

The patents in Patent Family 2 claim priority from Australian provisional application 2005906469 filed on 22 November 2005 and are derived from International application PCT/AU2006/001757 filed on 21 November 2006. Because they are both derived from International application PCT/AU2006/001757 the patents in Patent Family 2 have a specification that corresponds to the specification of PCT/AU2006/001757, albeit the claims in individual patents may be customized to suit the formal requirements of certain countries and/or in response to matters raised during examination.

The patents claim methods for determining the redox status of a protein sample comprising the use of first and second labels and determining the redox status based on the ratio of the signals from the two labels. The patents also claim the following methods based on the same underlying method involving the use of first and second labels and the ratio of the signals therefrom:

- methods of determining whether a protein sample has been modified by a protein modifying agent;
- methods of assessing a ROS (reactive oxygen species) associated pathology or disease (such as stroke, heart attack and age-related degeneration, atherosclerosis, peripheral vascular occlusive disease, hypertension, alcoholic liver disease, angina, emphysema & bronchitis, chronic obstructive lung disease, Alzheimer's Disease, Parkinson's Disease, diabetes, cancer, liver transplantation related disease, coronary heart disease/heart failure, stroke/neurotrauma, cardiovascular disease, high blood pressure, hypoxia, fetal distress syndrome and sleep apnoea); and
- methods of assessing the efficacy of a therapeutic intervention for a ROS associated pathology or disease.

Both patents in Patent Family 2 are granted and in force and at the date of this report the payment of all maintenance fees is up to date.

The patents will expire on 21 November 2026 [1].

5. PATENT SPECIFIC RISK FACTORS

See Appendix B.

6. RELIANCE ON INFORMATION PROVIDED

In preparing this report we have accessed and relied on information contained in publicly available databases relevant to the patent matters herein. We are not responsible for the accuracy of information available in public databases and we cannot guarantee the accuracy of these databases.

7. O'SULLIVANS INTEREST

O'Sullivans is engaged by PI for patent attorney services and we continue to act in relation to Patent Family 1 referred to herein.

8. CONSENT

Consent for the inclusion of this report in a Prospectus to be issued by PI has been granted by O'Sullivans and has not been revoked at the date of this report.

Yours sincerely

MARTIN O'SULLIVAN
BSc (Hons), MBA, FIPTA
PRINCIPAL

[1] *The US patent term has been extended by another 598 days beyond this date.*

Appendix A – Overview of Intellectual Property (IP) Protection

Intellectual property rights (IPRs) arise from legislation or the common law and include registered rights such as patents, trade marks, designs and plant breeders' rights and unregistrable rights such as copyright[2], circuit layout rights, confidential information and trade secrets.

1. Patents

1.1 What is a Patent?

A patent:

- is a set of legally enforceable exclusive (monopoly) rights granted for a finite term (normally 20 years) by the government for an invention (e.g. a device, substance, method or process) that is new, inventive, and useful;
- provides exclusivity insofar as it provides the patent owner with the right to prevent others from commercially exploiting the patented invention; and
- is territorial, so rights are only secured in countries/regions where a patent exists.

Different countries have different laws about what constitutes patentable subject matter. Generally, most countries will not grant a patent for a mere discovery, scientific theory, mathematical method or a method for performing a mental act. Some countries also exclude commercial or business methods, naturally occurring substances and methods of medical treatment (as opposed to medical products).

There are a number of different types of patent applications. Most often, these can lead to a standard patent (maximum term 20 years [3]) or a second tier patent, such as an innovation patent with a shorter term.

Two common grounds for refusing a patent application or invalidating a patent are:

- lack of novelty; and
- lack of inventive step (obviousness).

Broadly speaking an invention defined in a claim of a patent must be novel (new) in light of prior art information[4] **available prior to the priority date of the claim**. The priority date is normally the filing date of the first patent application describing the claimed subject matter. Novelty is established relative to the prior art when a claim includes at least one feature that is not disclosed in the prior art information.

In terms of obviousness (lack of inventive step) an invention defined in a claim of a patent must not be obvious to a skilled person, having regard to the state of the art in the technology area relevant to the invention at the priority date of the claim.

This is essentially a test that excludes inventions that only differ from the prior art in terms of features that would have been considered obvious to those skilled in the art when faced with the problem addressed by the invention at the priority date. The test for inventive step or "non-obviousness" varies from country to country and is often difficult to determine. However, it is important that considerations of inventive step are not made with the benefit of hindsight – as many inventions may appear obvious based on a hindsight analysis.

Amongst other requirements, patentable inventions also need to be industrially applicable insofar as they must be capable of being made or used in some kind of industry or commercial endeavor.

Many countries also exclude certain things from patent protection; for example, (naturally occurring) plants and animals, scientific theories or formula. These exclusions are highly subjective and vary from country to country.

[2] *Registrable in some countries*
[3] *Patents for pharmaceuticals may be eligible for a longer term in some countries e.g. up to 25 years protection in Australia*
[4] *Most often comprises information made publicly available in a document or through doing an act anywhere in the world. Note that the prior art base generally includes the applicant's own publicly available documents and acts.*

1.2 Patent Infringement

The owner of a granted patent has the exclusive right to stop others exploiting (e.g. making, selling, importing or otherwise using the patented invention) for the life of the patent.

Patent infringement occurs when someone exploits the patented invention, or a product made by a patented method, or offers to do these things, within the country or area covered by the patent without the permission of the patentee.

In some jurisdictions action(s) taken by someone ("Party A"), that lead directly to someone else ("Party B") infringing a patented invention may be taken as Party A infringing the patent even though they have not directly infringed. This "indirect" infringement by Party A is not present in the laws of all countries and where it is available the specific facts of each individual instance of indirect infringement will need to be closely considered to determine if a finding of patent infringement is likely.

1.3 Patent Validity

Grant of a patent does not guarantee validity. A granted patent may be challenged through the courts in revocation proceedings, or (in some countries, including Australia) challenged in administrative proceedings in the national Intellectual Property Office.

1.4 Freedom to Operate

The grant of a patent does not mean that the subject matter described or claimed in any resulting patent ("Invention A") can be exploited without infringing the rights of a third party who owns pre-existing, conflicting IP rights. The only way to assess freedom to operate with respect to third party IP rights, in the form of patents, is to search for current granted patents that include claims to an invention ("Third Party Inventions") that are incorporated in Invention A. Unless specifically addressed in detail in the body of this report, no meaningful conclusions in relation to freedom to operate can be reached.

1.5 Maintenance Fees

In most countries, maintenance fees are payable over the life of a patent application and/or patent. The timing of maintenance fees varies between countries and can be annually, from filing or grant and/or less frequently.

Failure to timely pay maintenance fees will result in the patent (or application) lapsing. If any patent matter listed herein has an overdue maintenance fee we will identify this elsewhere in the body of this report.

1.6 Enforceability

Advances in technology may also render a patented invention obsolete and enable a competitor to compete effectively without infringing the patent.

Any patent applications referred to in the body of this report do not provide enforceable rights. However, if the applications proceed to grant, they will become enforceable. The status of the pending patent applications is indicated elsewhere in this report.

Enforcement is only available in a country where a patent has been granted. In a legal action brought by a patentee against an infringer, the infringer may defend the action by alleging that the patent has not been infringed and/or that the patent is invalid. In infringement proceedings the court decides the exact meaning and scope of the patent claims and then decides whether the product or method accused of infringing the patent falls within the interpreted scope of one or more patent claims. Thus, even though the claims are part of a granted patent, the exact scope of the patent monopoly is subject to definition by a court during infringement proceedings.

An alleged infringer may also defend the infringement proceedings by alleging that the patent was granted in error because one or more of the criteria for patentability was not met. For example, they may locate or be aware of new prior art that was not considered during the examination phase of the patent which arguably destroys the novelty or inventive step.

1.7 Ownership, Sale and License

Ownership of an invention generally commences with the inventor(s) but ownership can be transferred to another party, such as a company, by assignment or another legal agreement or contract such as an employment agreement. The laws of ownership and the proof necessary to establish ownership vary from country to country but typically an assignment document from one party to another is sufficient to establish ownership.

Ownership can also be transferred by sale, in whole or in part, of the patent. Also, a right to exploit the invention can be licensed by the owner to others. Since a patent is property, transactions such as licenses, ownership transfers and the like are subject to general laws of contract and sale.

2. International Conventions

2.1 Patent Cooperation Treaty (PCT)

The Patent Cooperation Treaty enables applicants to seek patent protection for an invention simultaneously in all PCT member countries/regions by filing an "International" patent application. An International patent application may be filed by anyone who is a national or resident of a PCT member.

The filing of a PCT application automatically designates all PCT contracting states (member countries). The effect of the International application in each designated state is the same as if a national patent application had been filed with the national Patent Office in that state.

The practical advantage of using the PCT, is that the effective lodgment date and associated fees for each of the designated countries can be deferred for up to 30 or 31 months from the earliest priority date claimed under the other main international patent convention (the Paris Convention).

International Search Report

International patent applications are subjected to an international search carried out by a major Patent Office who generates an international search report ("ISR") which includes a listing of published documents that may affect the patentability of the claimed invention.

Written Opinion/International Preliminary Report on Patentability (IPRP)

In addition to the ISR, International patent applications are often the subject of a preliminary and non-binding, written opinion on whether the invention is patentable in light of the ISR.

2.2 European Patent Organisation (EPO)

The European Patent Organisation (EPO), provides for the granting of European patents, via a single examination procedure before the European Patent Office. A single patent application may be filed at the European Patent Office in one language and any resulting European patent can then be validated to establish a unitary right in one or more member countries[5].

2.3 National Patents

Whilst the PCT provides the mechanism for an International patent application, at present, there is no such thing as a global or worldwide patent. Thus, in order to obtain a patent for an invention in a given country, a national patent application must be lodged in each country/region of interest.

Most national/regional Patent Offices will conduct their own comprehensive search and examination to determine whether an application meets their requirements for patentability. This search and examination often result in objections being raised and responses being prepared and filed. In the event that an objection cannot be overcome, the application will be refused. However, in most cases amendments to the claims and/or providing written submissions overcomes the objections.

3. General Overview of the Patenting Process

The most common first step towards securing a patent is to file a provisional patent application that establishes the earliest possible date that the patentability of a claim to the invention can be assessed. The provisional application has a life of 12 months and during that time it is common for the invention to be further developed before filing a complete application.

To maintain the priority date established by a provisional application, a complete patent application must be filed before the expiry (12 months) of the provisional application. Where patent protection is sought in a number of countries and/or it is desirable to reduce the patent application costs (in the short term), it is common to file a PCT application pursuant to the Patent Cooperation Treaty (see above).

After the international phase of the PCT application (see above), the "national phase" (or "regional phase" in the case of the Europe and other regional patent offices), is entered in the countries/regions of interest. The application then proceeds to examination before each national/regional Patent Office to determine whether the application meets the national/regional requirements for patentability.

Note that the PCT application process is not essential but it is by far the most common approach taken to securing international patent rights. Instead of the PCT a patent applicant can proceed directly with national/regional applications in the countries of interest on or before the end of the 12 month anniversary of the provisional patent application filing date. This approach is required to secure patents in countries that are not members of the PCT.

[5] *Current list of EPO member countries can be found at http://www.epo.org/about-us/organisation/member-states.html*

Appendix B - Patent Specific Risk Factors

1.1 General

Legislation or regulatory actions subsequent to the filing date of a patent application may affect what an applicant is entitled to claim in a pending application and may also affect whether a granted patent can be enforced in certain circumstances. Laws relating to biotechnology remain the subject of ongoing political controversy in some countries. The risk of changed laws affecting patent rights is generally considered greater for the biotechnology field than in other longer established fields.

1.2 Entitlement to Priority

In order for material disclosed in a patent application to be entitled to the priority date of a corresponding earlier filed application (e.g. a provisional application), there must be adequate support or disclosure of such material in the provisional application. Subject matter in a patent application that is not so disclosed in the earlier application is not entitled to the claim to priority, which may affect patentability of the subject invention or the validity of any patent that may be granted.

1.3 Securing a Patent

The claims in a pending application cannot be considered predictive of claims in a granted patent. Examination in certain jurisdictions such as the USA and the European Patent Office (EPO) are often more stringent than other countries and all pending claims may be subject to amendment during the pendency of an application. Thus, during pendency of any patent application, an applicant cannot reliably predict whether any claims will ultimately be granted or what the scope of any granted claims will be. Furthermore, whilst the scope of claims granted in one country may assist, it cannot be relied upon for predicting the scope of claims granted in another country.

All patent searches are dependent on the accuracy and scope of the databases used for the search and, in particular, the manner in which information in the databases is indexed for searching purposes.

Patent applications may have been filed by third parties based on an earlier priority date and the existence of such applications may not be known for up to about 18 months after they were filed. Such earlier-filed applications may constitute prior art that adversely affects patentability or claim scope of a patent matter listed herein. Given the timing of and the approach taken to the examination of patent applications, if any prior art in this 18 month period does exist, it is unlikely that it will be located in searches conducted by official Patent Offices.

Delays may occur during pendency, due to unpredictable events which the applicant cannot control. The net effect of such delays may be to decrease the time from the date of patent grant to the end of the patent term and thus adversely affect the effective lifetime of enforceability of the patent.

Patents and pending applications can be subject to opposition or other revocation proceedings, which vary from country to country and which cannot be predicted in advance.

Appendix C – Patent Family 1:
Biomarkers associated with pre-diabetes, diabetes and diabetes related conditions

Owner(s): Proteomics International Pty Ltd and University of Western Australia
"Biomarkers associated with pre-diabetes, diabetes and diabetes related conditions"
Derived from International Patent Application PCT/AU2011/001212

Country	Application No	Status	Filing Date [6]/Expiry Date[7]
Australia	2011302050	Pending application	20 September 2011 / 20 September 2031
Brazil	BR 11 2013 006764 0	Pending application	20 September 2011 / 20 September 2031
Canada	2,811,654	Pending application	20 September 2011 / 20 September 2031
China	201180053583.9	Pending application	20 September 2011 / 20 September 2031
European Community[8]	11826214.6	Pending application	20 September 2011 / 20 September 2031
India	3012/DELNP/2013	Pending application	20 September 2011 / 20 September 2031
Indonesia[9]	W00 2013 01585	Pending application	20 September 2011 / 20 September 2031
Japan	2013-528474	Pending application	20 September 2011 / 20 September 2031
Russia	2013113927	Pending application	20 September 2011 / 20 September 2031
Singapore[10]	201301859-3	Pending application	20 September 2011 / 20 September 2031
USA	14/277,371	Pending application	20 September 2011 / 20 September 2031

[6] *Filing date of International patent application PCT/AU2011/001212*

[7] *Assumes patents are granted and standard 20 year term applies.*

[8] *European Community Members include: Albania, Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Former Yugoslav Republic of Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Slovenia, Slovakia, San Marino, and Turkey.*

[9] *Solely owned by Proteomics International Pty Ltd*

[10] *Solely owned by Proteomics International Pty Ltd.*

Appendix D – Patent Family 2: Methods for determining the redox status of proteins

Owner(s): Proteomics International Pty Ltd
"Methods for determining the redox status of proteins"
Derived from International Patent Application PCT/AU2006/001757

Country	Patent No	Status	Filing Date [11]/Expiry Date[12]
Australia	2006317506	Granted patent	21 November 2006 / 21 November 2026
United States	8043824	Granted patent	21 November 2006 / 21 November 2026[13]

[11] *Filing date of International patent application PCT/AU2006/001757*
[12] *Assumes standard 20 year term applies.*
[13] *US patent has been granted an extension of term of 598 days beyond this date.*

8.Additional Information

8.1 RIGHTS ATTACHING TO SHARES

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

Full details of the rights 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.

8.1.1 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.

8.1.2 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:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) 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

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have 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).

8.1.3 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.

8.1.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, 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 of the Company, 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.

8.1.5 Shareholder liability

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

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

8.1.7 Variation of rights
Pursuant to 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.

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

8.2 TERMS AND CONDITIONS OF OPTIONS

As set out in Section 8.4.15, the Company is issuing Promoter Options to KS Capital and/or its nominees for no issue price. The Company is also issuing 2,500,000 Options to Mr Terry Sweet for $0.01 per Option as set out in Section 8.5.1.

Additionally, as detailed in Section 1.15 of this Prospectus, it is proposed that all Shareholders registered on the share register of the Company within approximately four months following the listing of the Company's Shares (record date to be confirmed) will be entitled to participate in a non-renounceable entitlements issue of Options on the basis of one Option for every four Shares then held at an issue price of $0.01 per Option.

All of these Options will be issued on the same terms (apart from their issue price), with such terms being set out below:

a) *Exercise Price*
The exercise price of each Option is $0.20.

b) *Entitlement*
Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

c) *Option Period*
The Options will expire at 5.00pm WST on 31 March 2018 (Expiry Date). Subject to clause (h), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically lapse on the expiry date.

d) *Ranking of Share Allotted on Exercise of Option*
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

e) *Quotation*
The Company will apply for quotation of all the Options.

f) *Voting*
A registered owner of an Option (Option Holder) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

g) *Transfer of an Option*
Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

h) *Method of Exercise of an Option*

(i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (Notice of Exercise of Options). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.

(ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of $0.20 per Share.

(iii) Subject to paragraph (h)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.

(iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.

(v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

(vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

i) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

j) Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

k) No Change of Options' Exercise Price or Number of Underlying Shares

There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

8.3 TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

(a) Performance Rights

The following Performance Rights will be issued:

(i) 50 Milestone A Performance Rights;

(ii) 25 Milestone B Performance Rights; and

(iii) 100 Milestone C Performance Rights.

(b) Vesting

Subject to the satisfaction of the Vesting Condition set out in item (c) and the Vesting Cap provided in item (d), each Performance Right will vest into 100,000 Shares.

(c) Vesting Conditions

The Performance Rights will vest upon satisfaction of the following milestones:

(i) the receipt by the Company of consideration valued at or above AU$10,000,000 from the execution of a binding joint venture agreement for a Company analytics unit (**Milestone A**);

(ii) the receipt by the Company of consideration valued at or above AU$5,000,000 from the sale and/or licensing of a Company diagnostic project (or any part of one) (**Milestone B**); or

(iii) the receipt by the Company of consideration valued at or above AU$20,000,000 from the sale and/or licensing of a Company therapeutic project (or any part of it)(**Milestone C**),

(together, the **Vesting Conditions**).

The receipt of such consideration must be within 24 months from the date of execution of the binding agreement.

(d) Maximum Vesting Shares

The Performance Rights will vest into a maximum of 10,000,000 Shares (**Vesting Cap**).
Any remaining Performance Rights following the Vesting Cap being reached will be deemed lapsed in accordance with item (e).

(e) Expiry

The relevant Performance Rights will lapse if:

(i) in relation to Milestone A, a binding agreement is not executed within 24 months of the granting of Official Quotation;

(ii) in relation to Milestone B, a binding agreement is not executed within 24 months of the granting of Official Quotation;

(iii) in relation to Milestone C, a binding agreement is not executed within 36 months of the granting of Official Quotation; or

(iv) the Vesting Cap is reached,

(respectively the **Relevant Expiry Dates**).

Any Performance Right not vested before the Relevant Expiry Date shall automatically lapse on the Relevant Expiry Date and the holder shall have no entitlement to Shares pursuant to those Performance Rights.

(f) Automatic Vesting

The Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest in the event of:

(i) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is made;

(ii) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;

(iii) any person becomes bound or entitled to acquire shares in the Company under:

(A) section 414 of the Corporations Act; or

(B) Chapter 6A of the Corporations Act;

(iv) the Company passes a resolution for voluntary winding up; or

(v) an order is made for the compulsory winding up of the Company, and

(vi) such a determination shall be notified to the holder in writing. If no determination is made or if the Board determines that some or all of a holder's Performance Rights do not vest, those Performance Rights shall automatically lapse.

(g) *AutomaticLapse*
In the event the holder ceases to be a Director, all Performance Rights shall automatically lapse unless the holder ceases to be a Director as a result of being removed from office by Shareholders other than for misconduct in which case the Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest.

(h) *Nil Consideration*
The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights or the satisfaction of a Vesting Condition.

(i) *Quotation*
The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within 10 Business Days after the date of issue of those Shares.

(j) *Pari Passu*
All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(k) *Holding Statements*
The Company will issue the Holder with a new holding statement for Company Shares as soon as practicable following the vesting of the Performance Rights into Company Shares.

(l) *Non-transferable*
The Performance Rights are not transferable except with the prior written consent of the Board.

(m) *Bonus Issue*
If Shares are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation or reserves or distributable profits, the number of Performance Rights to which each holder is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage accrues to the holder as a result of the bonus issue and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

(n) *Re-organisation*
In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(o) *No Participation Rights*
Subject to items (m) and (n), there are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights unless the Vesting Conditions have been satisfied and the relevant Shares have been issued prior to the records date for determining entitlements. However, the Company will give notice to the holders of any new issues of capital prior to the records date for determining entitlements.

(p) *Voting and Dividends*
A Performance Right does not confer the right to vote or receive dividends.

8.4 SUMMARY OF MATERIAL CONTRACTS

All contracts which may be material in terms of the Offer or the operation of the business of the Company are summarised below.

ANALYTICS

8.4.1 Intellectual Property Assignment Agreement with UWA

On 31 August 2008, the Company entered into a deed of assignment of intellectual property with the University of Western Australia (UWA) (UWA Deed of Assignment). The UWA Deed of Assignment provides for the assignment to the Company of the intellectual property rights over PCT/AU2006/001757 "Method of Detecting Redox Status."

UWA assigned all its rights, title and interest as it may have in the intellectual property and the right to apply for any rights in respect of the intellectual property in respect of the technology to the Company from 31 August 2008. In consideration for this assignment, the Company will:

(a) provide annual reports to UWA which will account for the sales and volumes of products sold by the Company or a licensee which incorporates the intellectual property;

(b) pay patent costs associated with the technology; and

(c) pay to UWA 20% of any gross revenue derived from the sale or licensing of the technology, including any products that incorporate the technology.

The UWA Deed of Assignment contains other standard terms and conditions expected to be included in an agreement of this nature.

The Agreement is important to the Company because it provides the Company with the rights to the intellectual property in its Patent Family 2 (see Section 7).

8.4.2 Co-marketing agreement with inVentive Health Clinical

On 14 October 2013, the Company entered into an agreement with inVentiv Health Clinical Lab, Inc whereby each of the parties assists the other in marketing, advertising and promotional activities to actual or prospective clients (Inventiv Agreement). The Inventiv Agreement continues for a term of 5 years, during which either party may request, on a non-exclusive basis, the assistance and collaboration of the other party to jointly market the other party's services, in accordance with a co-marketing plan to be agreed and implemented by the parties. This request can only be refused on grounds of good faith, a conflict of interest or a commercially reasonable reason.

Any intellectual property made available for the conduct of the project will remain the property of the relevant party.

The Inventiv Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

The Inventiv Agreement is important to the Company because it establishes a business relationship with inVentiv Health Clinical, which the Company can utilise on the terms set out above.

8.4.3 Australian Research Council Linkage Project – Collaboration Agreement with Murdoch University and others

On 14 May 2010, the Company entered into an agreement with Murdoch University, the University of Kent, the University of Calgary and Curtin University of Technology (Murdoch Agreement). The Murdoch Agreement relates to the program of research and development identified as the project entitled "Functional Proteomics of Giardia", which is subject to a funding agreement between Murdoch University and the Australian Research Council. Pursuant to the Murdoch Agreement, the parties have agreed to participate in the Project and to utilise the contributions for the development of the project.

The Murdoch Agreement will terminate on completion of the project.

Any background intellectual property made available for the conduct of the project will remain the property of the relevant party. The intellectual property resulting from the project will be owned by the Company and Murdoch as tenants in common in equal shares. The parties have granted to one another a non-exclusive, irrevocable, perpetual, royalty free licence to use the project intellectual property for non-commercial academic purposes.

Further, the Murdoch Agreement grants the Company the exclusive option to obtain a licence to commercialise the project intellectual property in any or all jurisdictions by providing an option notice to Murdoch University.

The Parties will share any net income arising from the commercialisation of the project intellectual property in proportions set out in the Murdoch Agreement, with the Company entitled to 45.3% of the net income.

The Murdoch Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

This Murdoch Agreement is important to the Company because it provides the Company with access to biological samples and expertise to enable it to undertake its operations and objectives.

8.4.4 Australian Research Council Linkage Project - Research Agreement with the Australian National University
On 29 November 2011, the Company entered into a research agreement with the Australian National University (ANU) (ANU Agreement). The ANU Agreement relates to the program of research and development identified as the project entitled "the development of mass spectrometry techniques for mapping post-translational modifications in the wheat pathogen Stagonopora nodorum", which is subject to a funding agreement between the ANU and the Australian Research Council.

The ANU Agreement acknowledges that the parties have agreed to participate in the project and to utilise the contributions made for the development of the project.

The ANU Agreement will terminate on completion of the project, unless otherwise varied with the approval of the parties, or, if applicable, the prior approval of the ARC.

Any background intellectual property made available for the conduct of the project will remain the property of the relevant party. The intellectual property resulting from the project will be owned by the Company and ANU as tenants in common in equal shares. The parties have granted to one another a non-exclusive, irrevocable, perpetual, royalty free licence to use the project intellectual property for non-commercial academic purposes.

The ANU Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

The ANU Agreement is important to the Company because it allows the Company to develop new know-how and technology for its methods platform.

DIAGNOSTICS

8.4.5 Collaboration Agreement between the Company and the University of Western Australia
On 23 January 2010, the Company entered into an agreement with the University of Western Australia (UWA) in relation to a project entitled "Identifying Novel Therapeutics and Diagnostic Markers for Diabesity" (Project) (UWA Collaboration Agreement) whereby the parties would work collaboratively in relation to the Project utilising the expertise of the Company and the access that UWA has to biological samples and clinical data that encompass various facets of diabesity {diabetes and obesity}.

The UWA Collaboration Agreement will terminate on completion of the Project, unless otherwise varied with the approval of the parties.

Any background intellectual property made available for the conduct of the Project will remain the property of the relevant party. Pursuant to the UWA Collaboration Agreement, the parties grant to each other a non-exclusive, royalty-free licence to utilise any background intellectual property for the purpose of carrying out the Project. The intellectual property resulting from the Project will be owned by the Company and UWA as co-owners in equal shares. The UWA Collaboration Agreement grants the Company the exclusive rights to commercialise the project intellectual property.

The Parties will share in equal portions, any net income arising from the commercialisation of the Project intellectual property.

The UWA Collaboration Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

This contract is important to the Company because it provides the Company with access to the biological samples and clinical data to enable it to undertake its operations and objectives.

8.4.6 Research and License Agreement

On 16 May 2011 the Company entered in to a research and license agreement with a third party (Third Party) (Research and License Agreement). Under the Research and License Agreement the Company will undertake scientific research to identify biomarkers for Giardia and its possible application in veterinary diagnostic medicine (Research Project). As consideration for the Company undertaking the Research Project, the Company will receive an annual fee from the Third Party, calculated at market rates. The Company will be responsible for all expenses incurred in connection with the research it conducts.

Pursuant to the Research and License Agreement the Third Party has an option to licence the exclusive rights to make use, offer for sale, sell and import an in vitro immunological diagnostic test for the detection of Giardia developed as a result of the Research Project (Licensed Products/Service). Upon the exercise of the option the Company will grant the Third Party an exclusive license to any inventions, patent rights and exclusive know-how developed as a result of the Research Project (Exclusive IP) and a non-exclusive license to any additional improvements or know-how that the Company has a right to that is reasonably necessary for the Licensed Products/Services (Licence). The Third Party will bear all out of pocket costs in connection with all patent rights.

As consideration for the Licence the Third Party will pay the Company for the duration of the Licence:

1. a royalty of 5% of net sales received by the Third Party in relation to the Licensed Products/Services;
2. a royalty of 50% of the fees received by the Third Party from any sublicenses; and
3. a royalty of 50% of the royalties received by the Third Party that are not sublicense fees from its sub licensees on sales of licensed products and services by sub licensees.

The Company may terminate the exclusivity of the License in the Exclusive IP where minimum royalties are not satisfied and the shortfall is not paid by the Third Party.

The Licence shall remain in force until the later of the date of the expiration of the last issued patent or patent application or 10 years from the date of the first commercial revenue collected by the Third Party from a licensed product or service unless terminated earlier.

The Research and License Agreement may be terminated by either party upon the occurrence of certain events akin to insolvency or cessation of the party's business. In addition, the Third Party may terminate the Research and License Agreement during the Research Term by giving the Company three months notice.

The Research and License Agreement otherwise contains terms that are considered standard for an agreement of this nature.

This contract is important to the Company because it provides the Company with a potential route to market for outputs that may be discovered during its operations and objectives.

THERAPEUTICS

8.4.7 Northern Territory Benefit Sharing Deed

On 27 May 2008, the Company entered into a Benefit Sharing Deed with the Northern Territory of Australia (NT) (NT Deed). The NT Deed allows the Company to collect specified biological materials (being arthropods) from areas within the NT on the terms and conditions set out in the NT Deed. The Company and NT have agreed to share any benefits arising from the research conducted on the biological materials or the biological materials themselves.

In its collection of biological materials, the Company must comply with the terms and conditions set out in the NT Deed including in relation to the access area, the frequency of access, the materials collected, the purpose of taking biological materials and the use of any indigenous people's knowledge.

The NT Deed is conditional on the issue of a permit to collect biological resources, which has been issued by the Parks and Wildlife Commission of the NT and expires on 31 July 2015. The permit is required to be renewed annually.

The NT Deed does not grant the Company any exclusive right to the biological materials, nor does it restrict the right of the NT or any other person in relation to the biological materials, however it is not possible to collect such samples without entering into such a deed and obtaining the necessary permit. Whilst the NT reserves the right to grant access to the materials to any other person or body, permits are only granted to a limited number of qualified parties.

In the event that intellectual property rights are created from these biological resources and the research of these biological resources, the Company will inform the NT of this within 28 days. The NT is entitled to 5% of the income resulting from the sale or licensing of the intellectual property from these biological resources or any products or results arising from the research of these biological resources. In exchange for this, the NT agrees that all right, title and ownership of all intellectual property of the biological resources shall vest with the Company.

This deed is important to the Company because it provides the Company with access to biological samples to enable it to undertake its operations and objectives.

ACCESS TO FACILITIES

8.4.8 Management Agreement between the Company and Harry Perkins Institute (Formerly WA Institute for Medical Research)

The Company has entered into an agreement with the Harry Perkins Institute of Medical Research (Harry Perkins Institute), pursuant to which:

a) the Harry Perkins Institute has appointed the Company to provide analysis of samples by mass spectrometry, liquid chromatography or related techniques, maintain, manage and supervise the use of the designated equipment set out below, encourage collaborations and support group applications leading to increased use of the designated equipment and assist with training staff in the use of the designated equipment. The designated equipment is the following which has been purchased from funding granted to the Harry Perkins Institute:

   Applied Biosystems 4800 mass spectrometer proteomics discovery system;

   Applied Biosystems 4000 Q Trap mass spectrometer system;

   Agilent 1100 HPLC system;

   Dionex Ultimate 3000 Nano 2D LC for LC MALDI;

   ABSCIEX TOF/TOF 5800 MALDI System; and

   any additional equipment purchased using the funding where written notice is provided by the Harry Perkins Institute that such additional equipment forms part of this Agreement; and

b) the Company is granted the exclusive right to use the designated equipment for its own commercial purposes which will assist in undergoing its proteomics research and in the analysis of biomolecules for its own commercial purposes and to provide the services mentioned above in (a).

In consideration for these services, the Company is required to pay the Harry Perkins Institute an annual amount and receive an annual amount from the Perkins Institute for the provision of the services listed in (a) based on current market rates.

This contract is important to the Company because it allows the Company to utilise vital equipment without the requirement to make the large financial outlay necessary to purchase the equipment outright and is on foot until 30 June 2016.

8.4.9 An agreement with Curtin University

Effective 1st July 2014, the Company entered into a contract for the provision of services with Curtin University of Technology (Curtin) for an initial period of 2 years, with Curtin having a right to extend the agreement for a further 2 years.

Under this agreement, the Company has agreed to provide scientific services to Curtin in return for fees to be paid in accordance with current market rates. These services include sample analysis and assistance in running the mass spectrometry facility composed of the Agilent 6540 LC-Q-TOF mass spectrometer and Agilent 1290 UHPLC chromatography system as well as providing training to persons selected by Curtin.

The agreement also allows the Company to have access to Curtin's Agilent 6540 LC-Q-TOF mass spectrometer and Agilent 1290 UHPLC chromatography system and access to general laboratory facilities and office space at Curtin. *This access allows the Company to utilise vital equipment without the requirement to make the large financial outlay necessary to purchase the equipment outright.*

8.4.10 An agreement with Bioplatforms Australia

On 23 August 2013 Bioplatforms Australia Limited (BPA) entered into a Funding Agreement with the Commonwealth of Australia (Head Agreement) in relation to the National Collaborative Research Infrastructure Strategy to operate and/or provide access to research infrastructure as part of the Bioplatforms Australia Project (Project). The Project is to be coordinated by BPA and will be implemented through engaging subcontractors to facilitate the continued operation and maintenance of certain research infrastructure (Assets) and participate in the Project.

On 17 March 2014, BPA entered into an agreement with the Harry Perkins Institute (Subcontractor) whereby BPA agreed to subcontract to the Subcontractor and Dr Lipscombe certain obligations under the Head Agreement in relation to the operation and maintenance of the Assets and carry out the activities as part of the Project. These activities relate to providing infrastructure access and services across protein discovery techniques as well as managing the budget in consultation with the Subcontractor (Activities). The Subcontractor has subcontracted some of these Activities to the Company via the Management Agreement referred to in 8.4.8.

These contracted arrangements are important to the Company because they provide funding and access to equipment which the Company is able to utilise to progress its operations and objectives.

EMPLOYMENT

8.4.11 Managing Director Employment Agreement

The Company entered into an Executive Employment Agreement with Richard Lipscombe to act as the Managing Director of the Company, commencing upon admission to the ASX.

Dr Lipscombe will receive a salary of $165,000 per annum plus statutory superannuation and performance related bonuses being 105 Performance Rights.

The Executive Services Agreement may be terminated without cause by either party giving 3 months notice.

The Executive Services Agreement otherwise contains terms and conditions which are considered standard in an agreement of this type and is governed by the laws of Western Australia.

8.4.12 Non-Executive Letters of Appointment

The non-executive directors were appointed pursuant to Non-Executive Letters of Appointment which commence upon the date of Admission. Their appointments are subject to standard terms for non-executive directors and they are entitled to the following remuneration:

1. Terry Sweet of $40,000;
2. John Dunlop of $25,000 and 28 Performance Rights; and
3. William Parker of $25,000 and 42 Performance Rights.

8.4.13 Deeds of Indemnity, Insurance and Access

The Company has entered into deeds of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

8.4.14 Loans with Directors

On 25 September 2014, the Company and PIPL entered into a loan agreement with Xylo Pty Ltd, Richard Lipscombe, LUK Trust and John Dunlop (Lenders) (Loan Agreement), pursuant to which, the Lenders agreed to provide PIPL with the following amounts:

a)	Xylo Pty Ltd (controlled by Bill Parker)	$10,300.00
b)	Richard Lipscombe	$246,391.99
c)	LUK Trust (controlled by Richard Lipscombe)	$181,819.70
d)	John Dunlop	$3,379.30

Each of the Lenders is a related party of the Company by virtue of being a Director or an entity controlled by a Director.

The other material terms of the Loan Agreement include:

1. the loan is due and payable by the Company to the Lenders on or before the date 2 years following the date of listing on ASX of the Company (Term), together with all interest due and unpaid. In the event that the Company raises more than $4,000,000 dollars pursuant to this Prospectus, the loans will be repaid on the basis that for each dollar raised over $4,000,000, $0.25 will reduce the loan amount;
2. the Lenders have the option to convert the loan into Shares at any time, subject to shareholder approval at a conversion price at the higher of $0.20 and the 30 day volume weighted average price;
3. the loan may be repaid in part or in full at any time during the Term;
4. the Company must make monthly interest payments, calculated at an initial rate of 7%pa however this rate may be varied upon a board resolution carried by no less than two thirds of the Company's Directors;
5. other terms as considered standard for an agreement of this type, including termination events of the Loan Agreement.

8.4.15 Lead Manager Agreement

On or about 5 March 2014, the Company entered into a mandate agreement with K S Capital Pty Limited (K S Capital) (Financial Adviser and Lead Manager Agreement). Pursuant to the Financial Adviser and Lead Manager Agreement, K S Capital will

- act as packager, arranger and manager of the Offer;
- use its best endeavours to place the Shares offered under the Prospectus; and
- provide input and advice in respect to the capital requirements of the Company, issue pricing, utilisation of funds raised, post listing ownership structure, the final Offer structure as well as the necessary regulatory approvals that will need to be obtained for the Offer and re-Quotation.

A financial advisory fee of $100,000 plus GST is payable by the Company to K S Capital in consideration of K S Capital acting as Financial Adviser. Retainers of $40,000 have been paid to K S Capital by the Company upon entering into the Lead Manager Agreement, which form part of and will be offset against the financial advisory fee.

Lead management and brokerage fees are also payable to K S Capital by the Company being 0.5% and 6.0% respectively of the total funds raised. K S Capital and/or its nominees will also receive between 200,000 Shares (assuming $4 million is raised) and 300,000 Shares (assuming $6 million is raised) and between 800,000 Promoter Options (assuming $4 million is raised) and 1,200,000 Promoter Options (assuming $6 million is raised).

The Lead Manager Agreement is conditional upon the following:

- K S Capital having first right of refusal to underwrite the entitlement Options issue; and
- K S Capital being retained exclusively for a period of 18 months after successful conclusion of the IPO for any future corporate activities.

This mandate agreement otherwise contains terms and conditions which are considered standard in an agreement of this type.

8.4.16 Consultant Agreement - John Morrison

On 5 May 2014, the Company entered into a consultant agreement with John (Chuck) Morrison (Morrison) as amended (Consultant Agreement).

Pursuant to the Consultant Agreement, Morrison is to provide the Company with non-exclusive consulting services (Services) commencing on or after 1 May 2014 for an initial period concluding 6 months after the raising of $4 million pursuant to this Prospectus (or as mutually extended).

The Services include:

- engage client key personnel to understand strategy and develop the pitch and technical summaries;
- develop and manage the licensing process;
- advise on product strategy for the US market, e.g. FDA registration, CLIA lab partners etc;
- acting as the head of Business Development covering all aspects of the Company's operations.

Under the Consultant Agreement, the Company will pay Morrison:

- $5,000 US dollars per month until Official Quotation of the Company's Shares and then a fee of $8,000 per month;
- a success fee of 5% of proceeds received for the first 3 years of the Consultant Agreement for any upfront or milestones fees payable upon receipt of the fee; and
- a 5% share of any royalties accrued for the first 5 years of the Consultant Agreement payable upon receipt of the royalty payment.

Further, if Morrison identifies any investors that invest in the Prospectus, Morrison will be paid 3% of the invested amount to be paid in an equivalent amount of Shares as priced under the Prospectus.

The Consultant Agreement may be terminated by either party giving 30 days written notice.

The remaining terms of the Consultant Agreement are considered otherwise standard in an agreement of this type.

8.5 INTERESTS OF DIRECTORS OF THE COMPANY

Except as disclosed below or elsewhere in this Prospectus, no director holds, or has held in the last 2 years any interest in:

a) the formation or promotion of PILL;

b) property acquired or proposed to be acquired by PILL in connection with its formation or promotion of the Offer; or

c) the Offer, and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of PILL or the Offer.

The Company is a party to the following agreements with Directors, related parties or substantial shareholders:

a) Executive Services Agreement with Richard Lipscombe: refer Section 8.4.11;

b) Non-Executive Letters of Appointment with Terry Sweet, John Dunlop, Bill Parker: refer Section 8.4.12;

c) Deeds of Indemnity, Insurance and Access entered into with each of the Directors: refer Section 8.4.13; and

d) Director Loans with Billl Parker, Richard Lipscombe and John Dunlop: refer Section 8.4.14.

8.5.1 Directors' Interests

The Directors are not required to hold any Shares in PILL under the constitution of the Company. As at the date of Admission, the relevant direct and indirect interests of each of the Directors in the Company securities are as contained in the table below:

Name	No. of Shares	% Shareholding*	No. of Options
Terry Sweet[1]	1,000,000	1.8%	2,500,000
Richard Lipscombe[2]	16,141,280	29.2%	Nil
John Dunlop[3]	5,055,188	9.1%	Nil
Bill Parker [4]	6,277,594	11.3%	Nil

** At minimum subscription*

Shares held by the Directors will be escrowed for a period of 24 months from the date of Official Quotation on ASX.

1. These include the 1,000,000 Shares upon conversion of existing convertible notes. Terry Sweet will also receive 2,500,000 Options upon automatic conversion of the $25,000 convertible Option notes.
2. These include the 2,500,000 Shares upon conversion of existing convertible notes. Richard Lipscombe will also receive 105 Performance Rights which may vest into up to 6,000,000 Shares upon the satisfaction of certain milestones.
3. These include the 1,250,000 Shares upon conversion of existing convertible notes. John Dunlop will also receive 28 Performance Rights which may vest into up to 1,600,000 Shares upon the satisfaction of certain milestones.
4. Bill Parker will also receive 42 Performance Rights which may vest into up to 2,400,000 Shares upon the satisfaction of certain milestones.

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of PILL from applying for Shares under this Prospectus.

8.5.2 Directors' Remuneration

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List is set out in the table below.

Director	Proposed
Terry Sweet	$40,000
Richard Lipscombe	$165,000[1]
John Dunlop	$25,000[1]
Bill Parker	$25,000[1]

1. Messrs Lipscombe, Dunlop and Parker will also receive the Performance Rights as listed in 8.5.1.

8.6 INTERESTS OF PERSONS NAMED

Other than as set out below or elsewhere in this Prospectus, no 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 has, or has had within the two years before 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 its formation or promotion or in connection with 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 those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

BDO Corporate Finance will receive professional fees of approximately $30,000 for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

K S Capital Pty Limited has acted as Financial Adviser and Lead Manager. Total fees payable to K S Capital are detailed in Section 8.4.15.

BDO Audit will act as auditors of the Company. The Company will pay for auditing or related services in the normal course of business.

Steinepreis Paganin has acted as solicitors to the Company and will receive professional fees of approximately $85,000 for the provision of legal services and other work related to the preparation and lodgement of this Prospectus and general advice.

O'Sullivans has acted as patent attorneys to the Offer and will receive professional fees of approximately $5,000 for the provision of legal services and other work related to the preparation of the Patent Attorney's Report.

8.7 CONSENTS

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus:

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given, and at the time of lodging this Prospectus, has not withdrawn its consent to be named in this Prospectus as the Investigating Accountant of the Company and to the inclusion of the Investigating Accountant's Report in Section 6 of this Prospectus in the form and context in which it is included.

BDO Audit (WA) Pty Ltd has given, and at the time of lodging this Prospectus, has not withdrawn its consent to be named in this Prospectus as the Auditor of the Company and the inclusion of the Financial Information contained in Section 5 of this Prospectus in the form and context in which it is included.

K S Capital Pty Limited has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Financial Adviser and Lead Manager in the form and context in which it is included. K S Capital Pty Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to them.

O'Sullivans has given its written consent to being named as the patent attorneys to the Company in this Prospectus and inclusion of the Patent Attorney Report in Section 7. O'Sullivans has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 EXPENSES OF THE OFFER

It is estimated that the Company will pay the following costs in connection with the preparation and issue of this Prospectus:

Description	Minimum Subscription	Maximum Subscription
Financial Advisory Fees	100,000	100,000
Lead Mgmt/Brokerage	260,000	390,000
Legal fees	85,000	85,000
Investigating Accountants	30,000	30,000
Desktop publishing/Printing	15,000	15,000
Marketing & promotion	30,000	30,000
Share registry	5,000	5,000
PR/IR Consultant	25,000	25,000
ASX/ASIC fees	35,000	45,000
Miscellaneous advisory fees	15,000	15,000
Total Costs	**$600,000**	**$740,000**

8.9 TAXATION

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

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

8.10 LITIGATION

The Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

8.11 REFERENCES AND PUBLICATIONS

References are made in this Prospectus to material that is attributed to various sources. These references are based on statements already published in public documents or a book, journal or comparable publication. These organisations did not prepare those materials specifically for this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

8.12 STATEMENT OF DIRECTORS

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets the liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9.Glossary

9.1 DEFINED TERMS

Admission means the date of Official Quotation of the Company's shares on the ASX.

Applicant means a person who submits an Application.

Application means a valid application to subscribe for Shares under this Prospectus.

Application Form means the application form attached to and forming part of this Prospectus.

Application Monies means monies received by PILL from Applicants.

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.

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

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, WA.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date on which the Offer closes.

Company means Proteomics International Laboratories Ltd (ACN 169 979 971) and its wholly owned subsidiary, Proteomics International Pty Ltd (ACN 096 013 455) or either one of them as the context requires.

Constitution means the constitution of the Company.

Corporate Governance means the Corporate Governance guidelines adopted by the Company.

Corporations Act 2001 means the Corporations Act 2001.

Directors means the Directors of the Company from time to time.

Dollars or **$** means Australian dollars unless otherwise stated.

Exposure Period means the period of seven (7) days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.

Financial Adviser and Lead Manager means K S Capital.

HIN means the Holder Identification Number.

Investigating Accountant means BDO Corporate Finance (WA) Pty Ltd.

Investigating Accountant's Report means the report contained in Section 6 of this Prospectus as proposed by the Investigating Accountant.

K S Capital means K S Capital Pty Limited ACN 124 761 557 .

Lead Manager Agreement means agreement between the Company and K S Capital set out in Section 8.4.15.

Listing Rules means Listing Rules of the ASX.

Managing Director means Dr Richard Lipscombe.

Offer means the offer of 20,000,000 Shares plus up to 10,000,000 Shares in oversubscriptions pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of the ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date on which the Offer opens.

Option means an option to acquire a Share.

Optionholders means the holder of an Option.

Oversubscriptions mean subscriptions in excess of the minimum subscription amount. The Company has set the Oversubscriptions at $2,000,000 or 10,000,000 Shares at $0.20.

Performance Right means a performance right issued by the Company the terms of which are set out in Section 8.3.

PILL means Proteomics International Laboratories Ltd (ACN 169 979 971) and its wholly owned subsidiary, Proteomics International Pty Ltd (ACN 096 013 455) or either one of them as the context requires.

PILL Group means PILL and its wholly owned subsidiary, Proteomics International Pty Ltd (ACN 096 013 455).

Promoter Option means options issued to K S Capital and/or its nominees described in the Lead Manager Agreement contained in Section 8.4.15 and where terms and conditions of the Promoter Options are contained in Section 8.2 of this Prospectus.

Promoters means KS Capital.

Prospectus means this prospectus dated 27th October 2014 including any electronic or online version.

Prospectus Date means the date that this Prospectus was lodged.

Share means 1 fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Share Registry means Security Transfer Registrars Pty Ltd.

US Person means any person that is a citizen of the United States.

US Securities Act means the United States Securities Act of 1933.

WST means Western Standard Time, Perth, WA.

9.2 TECHNICAL GLOSSARY

Alzheimer's disease	A degenerative disease of the brain.
Amino acid	The chemical building block of proteins.
Analgesic	A class of molecules that give relief from pain.
Antibiotic	A class of molecules that kill or inhibit the growth of micro-organisms.
Arthropods	Invertebrate animals with segmented bodies e.g. scorpions, centipedes, and spiders.
Bioinformatics	The processing of biological data involving computing software, statistics and mathematics.
Biologics	Medicinal protein products manufactured in or extracted from biological sources.
Biomarker	A measurable indicator of a state or condition, usually relating to early phase of diseases; a biological signature.
Biosimilars	Protein-based molecules that are biological medical products made to mimic an original drug.
Biotechnology	The commercialisation of biological science.
Blockbuster Drug	An extremely popular drug that generates annual sales of at least $1 billion for the company that creates it.
Companion Diagnostics	Tests where patients are preselected for specific treatments based on their own biology, where such targeted therapy may hold promise in personalised treatment of particular diseases.
Diabetes	A group of metabolic diseases associated with high blood sugar levels.
Diabetic kidney disease (nephropathy)	A progressive disease of the kidneys caused by diabetes and leading to the malfunction of the kidneys and ultimately renal failure.
Diagnostic Kit	The method used in a pathology laboratory to determine (for example) the presence or absence of disease biomarkers.
Drug discovery	The process of testing new molecules in the search for new therapeutic molecules.
Genomics	The large-scale study of genes.
Mass Spectrometry	The measurement of the mass to charge ratio of a molecule such as a peptide in order to determine its chemical structure.
Metabolomics	The systematic study of the chemical fingerprints or metabolites present in cells or biological tissue.
'Omics	A word describing the range of all encompassing studies of living things. From the gene, we have the genome and genomics. From the protein we have the proteome and proteomics, and from the biochemistry of metabolism we have metabolomics. Collectively we have "omics".
Oxidative stress	An imbalance between the presence of reactive molecules in the body and the body's natural ability to detoxify them.
Peptide	Small proteins, insulin being an example.
Preclinical	A phase in the development of new drugs that precedes human clinical trials.
Proteins	The executive and operational molecules of life. Made from the instructions in the genes, the proteins carry out all the functions of living organisms.
Proteomics	The large scale study of protein structure and function.
Therapeutics	New molecules intended for use as new drugs.
Toxicology	In drug development, testing for a molecule's toxicity is an early pre-clinical phase of drug development.
Venom	A cocktail of protein or peptide molecule synthesised by a wide range of venomous animals that are used to kill prey.

10.Directors' Consent

Each of the Directors of PILL has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated the 27th day of October 2014.

Signed for and on behalf of

PROTEOMICS INTERNATIONAL LABORATORIES LTD

by Dr Richard Lipscombe
Managing Director

Application Form

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway, APPLECROSS WA 6153
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

PROTEOMICS INTERNATIONAL LABORATORIES LTD

ACN: 169 979 971

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

I/We apply for:

, , Shares at AUD $0.20 per share

or such lesser number of Shares which may be allocated to me/us by their Directors.

I/We lodge full application of monies of:

A $, .

BPAY® this payment via internet or phone banking. We do not issue a share registry's web ID. Visit www.securitytransfer.com.au and complete the online application form.
If electronic payment cannot be made then cheque(s) or bank draft(s) can be used.
See reverse for further payment instructions.

Full Name - Applicant / Company
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (e.g.: THE SMITH SUPERFUND A/C)

< >

Postal Address
Unit / Street Number Street Name or PO BOX

Suburb/Town/City State Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored

Contact Name

Contact Number

( )

Email Address

@

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

DO NOT USE THIS FORM
Please see Supplementary Prospectus for revised form

Declaration and Statements:
(1) I/We declare that all details and statements made by me/us are complete and accurate.
(2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
(3) I/We authorise the Company to complete and execute and documentation necessary to effect the issue of Securities to me/us.
(4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
(5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
(6) I/We acknowledge that returning the Application Form with the application monies or completing the online application form with payment via Bpay will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 27 October 2014 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

This Application Form relates to the Offer of Fully Paid Shares in Proteomics International Laboratories Ltd pursuant to the Prospectus dated 27 October 2014.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.
Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($200). The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.
No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.
Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

BPAY | www.securitytransfer.com.au

BPAY® your payment via internet or phone banking. Please visit our share registry's website: www.securitytransfer[illegible] and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application.

Applicants should be aware of their financial institution's cut-off time (the time by which payment must be made to be processed overnight) and ensure that payments are processed by their financial institution on or before the day prior to the closing date of the offer.

BPAY applications will only be regarded as accepted if payment is received by the share registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.
You do not need to return any documents if you have made payment via BPAY.
Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.
If payment cannot be made electronically, cheques must be made payable to **"Proteomics International Laboratories Ltd - Share Offer Account"** and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants. Applications must be for a minimum of 10,000 Shares ($2,000) at the issue price of $0.20 per Share. Applications for more than 10,000 Shares must be in multiples of 1,000 Shares ($200).
Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

HOW TO APPLY

To have your Application considered as part of the Offer, you should lodge your completed Offer Application Form and Application Money (in full) by **no later than 5.00pm WST on Friday 28th of November 2014** (Offer Closing Date). You should note that the Company reserves the right to close the Offer at any time prior to the Offer Closing Date, without notice. Applications for Shares under the Offer must be made using this Application Form that was included with the Prospectus. This Application Form must be completed in accordance with the instructions set out below. If you have made payment via BPAY you do not need to return this application form.
Completed Application Forms and accompanying cheques should be sent to:

Proteomics International Laboratories Ltd.
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
(PO Box 535, Applecross WA 6953)

OR

Proteomics International Laboratories Ltd.
C/- K S Capital Pty Limited
Level 2, 22 Pitt Street, Sydney NSW 2000
(GPO Box 5485, Sydney NSW 2001)

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.
If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Proteomics International Laboratories Ltd. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT	INCORRECT
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), Do not use the name of the trust.	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Superannuation Funds Use the name of the trustee(s) of the super fund.	Jane Smith Pty Ltd <JSuper Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

DO NOT USE THIS FORM
Please see
Supplementary Prospectus
for revised form

PRIVACY STATEMENT Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

Corporate Directory

Directors
Terry Sweet – Non-Executive Chairman
Richard Lipscombe – Managing Director
John Dunlop - Non-Executive
Bill Parker – Non-Executive

Company Secretary
Karen Logan

Registered Office
Suite 13, The Atrium
123A Colin Street
West Perth WA 6005

Principle Place of Business
QEII Medical Centre, QQ Block
6 Verdun Street
Nedlands WA 6009

Solicitors to the Company
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Financial Adviser and Lead Manager
K S Capital Pty Limited
Level 2
22 Pitt Street
Sydney NSW 2000

Investigating Accountant
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Independent Patent Attorneys
O'Sullivans Patent & Trade Mark Attorneys
Suite 3, 168 Hampden Road
Nedlands WA 6009

Share Registry
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ASX Code
Proposed: PIQ

www.proteomicsinternational.com

Design: Castledine & Castledine

PILL

Proteomics International
Laboratories Ltd