



# **BARD1 Life Sciences Limited**

**ACN 009 070 384**

## **OFFER DOCUMENT**

For

A non-renounceable pro rata entitlement offer to Eligible Shareholders of one (1) New Share for every five (5) Shares held on the Record Date at an issue price of \$0.02 per New Share to raise up to approximately \$3.3 million (before costs).

**THE ENTITLEMENT OFFER OPENS ON 26 NOVEMBER 2018 AND CLOSSES AT 2:00PM (WST) ON 10 DECEMBER 2018. VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**PLEASE READ THE INSTRUCTIONS IN THIS OFFER DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE ENTITLEMENT OFFER.**

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.**

**AN INVESTMENT IN THE SECURITIES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE.**

**NOT FOR RELEASE OR DISTRIBUTION INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS.**

# IMPORTANT INFORMATION

## General

This offer document (**Offer Document**) is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by BARD1 Life Sciences Limited ACN 009 070 384 and was lodged with ASX on 19 November 2018. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

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

## No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

## Application Forms

The Application Forms accompanying this Offer Document are important. An Application for New Shares under an Offer can only be submitted on an Application Form. If acceptance is by BPAY® there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 3 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offers detailed in this Offer Document.

## Overseas shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

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

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia, New Zealand, or Switzerland. The distribution of this Offer Document in jurisdictions outside Australia, New Zealand, and Switzerland is restricted by law and persons outside of Australia, New Zealand, and Switzerland should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

## New Zealand

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares

is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **Switzerland**

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

### **Notice to nominees and custodians**

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia, New Zealand, and Switzerland except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Entitlement Offer.

Shareholders resident in Australia, New Zealand, or Switzerland holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up any New Shares does not breach regulations in the relevant jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **Speculative investment**

An investment in New Shares should be considered highly speculative. Refer to Section 4 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Offer Document in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

### **Diagrams**

Any diagrams used in this Offer Document 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 Offer Document.

**Currency**

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

**Rounding**

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

**Time**

All references to time in this Offer Document are references to WST, unless otherwise stated.

**Glossary**

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in Section 5.

**Offer Document intended to be read in conjunction with publicly available information**

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest, including the announcements made available available at [www.bard1.com](http://www.bard1.com) or [www.asx.com.au](http://www.asx.com.au).

All announcements made by the Company are available from the ASX website [www.asx.com.au](http://www.asx.com.au).

# CORPORATE DIRECTORY

## **Directors**

Peter Gunzburg Chairman  
Brett Montgomery Non-Executive Director  
Dr. Irmgard Irminger-Finger Executive Director

## **Solicitors**

DLA Piper Australia  
Level 31, Central Park  
152 - 158 St Georges Terrace  
Perth Western Australia 6000

## **Chief Executive Officer**

Dr. Leearne Hinch

## **ASX Code**

BD1 - Fully Paid Ordinary Shares

## **Company Secretary**

Pauline Collinson

## **Lead Manager**

Merchant Corporate Advisory  
Level 3, 101 St Georges Terrace  
Perth Western Australia 6000

## **Registered Office**

Unit B1, Tempo Building  
431 Roberts Road  
Subiaco Western Australia 6008  
Telephone: +61 (0)8 9381 9550  
Facsimile: +61 (0)8 9381 7559  
Website: [www.bard1.com](http://www.bard1.com)

## **Postal Address**

PO Box 7493  
Cloisters Square  
Perth Western Australia 6850

## **Share Registry - Australia\***

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth Western Australia 6000  
Telephone: 1300 850 505  
Overseas : +61 3 9145 4000  
Facsimile: +61(0)8 9323 2033

## **Auditors - Australia\***

Ernst & Young  
11 Mounts Bay Road  
Perth Western Australia 6000

\*This party is named for informational purposes only and was not involved in the preparation of this Offer Document.

## INDICATIVE TIMETABLE

| Event   | Date             |
|---|------------------|
| Entity announces Entitlement Offer  | 8 November 2018  |
| Entity lodges Offer Document and Cleansing Statement with ASX and applies for quotation (Appendix 3B)                                       | 19 November 2018 |
| Entity sends notice to security holders containing the information required by Appendix 3B  | 20 November 2018 |
| 'Ex' date   | 21 November 2018 |
| Record Date (5:00pm (WST))  | 22 November 2018 |
| Entity sends Offer Document and personalised Entitlement and Acceptance Forms to Eligible Shareholders and announces that this has occurred | 26 November 2018 |
| Opening Date  | 26 November 2018 |
| Closing Date (2:00pm (WST))   | 10 December 2018 |
| New Shares quoted on a deferred settlement basis  | 11 December 2018 |
| Entity notifies ASX of under subscriptions  | 12 December 2018 |
| Anticipated issue date ( <b>Issue Date</b> )  | 17 December 2018 |
| Anticipated despatch of CHESS allotment notices and issuer sponsored holding statements   | 17 December 2018 |

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.

## LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board of the Company I am pleased to be able to provide you with the details of our previously announced rights issue.

Since re-listing on the ASX in mid 2016 your company has made solid progress in advancing both the depth and breadth of its science.

Our patented science has steadily progressed from an alluring research concept for the early detection of Lung Cancer to a point where we are now hopeful of being able to produce a clinical grade screening test for Lung, Ovarian and Breast cancer.

We look forward to the day when a woman can, with a single blood test, quickly, cheaply and most importantly, accurately, detect at the earliest possible stage, whether or not she is at risk of either Breast or Ovarian cancer.

This progress has been achieved with limited funds and a small team but the commercial markets are huge as are the benefits to society and the savings to Governments national medical programmes.

The funds being raised in this rights issue will continue our work and so I commend this issue to you.

### Entitlement Offer

The Entitlement Offer is a non-renounceable pro-rata entitlement offer to Shareholders of one (1) New Share for every five (5) Shares held by Eligible Shareholders at an issue price of \$0.02 per New Share to raise approximately \$3.3 million (before costs) (**Entitlement Offer**). The Entitlement Offer is made to all Shareholders with a registered address in Australia, New Zealand and Switzerland on the Record Date, being 22 November 2018, and represents a 39.4% **discount** to the five calendar day VWAP and a 26.1% **discount** to the market price as at close of trading on 8 November 2018, the date the Company announced the Entitlement Offer.

As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable. New Shares will rank equally with the Company's existing Shares.

### Use of Funds Raised

The Company will use the funds raised from the Entitlement Offer:

- to advance development of the BARD1 diagnostics pipeline, ongoing research activities, commercial initiatives; and
- for working capital purposes.

Further information about the Company and its operations is contained in publically available documents lodged by the Company with the ASIC and ASX. This Offer Document should be read in conjunction with this material.

There are a number of risks associated with investing in the share market generally and the Company specifically. The New Shares must be regarded as highly speculative. Investors should read this Offer Document in its entirety before deciding to invest and in particular, consider the risks detailed in Section 4.

On behalf of the Board, I would like to thank you for considering the Entitlement Offer. We greatly appreciate your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Gunzburg', with a horizontal line underneath it.

**Peter Gunzburg**  
Chairman



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# 1. DETAILS OF THE ENTITLEMENT OFFER

## 1.1 Entitlement Offer

The Entitlement Offer is a non-renounceable pro rata entitlement issue of one (1) New Share for every five (5) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.02 per New Share to raise up to approximately \$3.3 million (before costs) (assuming the Entitlement Offer is fully subscribed) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

Under this Offer Document, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia, New Zealand, or Switzerland are eligible to participate in the Entitlement Offer.

At the date of this Offer Document, the Company has on issue 828,662,397 Shares, 217,003,236 Performance Shares and 2,000,000 Options. Assuming no Options are exercised before the Record Date, up to approximately 165,732,479 New Shares may be issued under the Entitlement Offer (subject to rounding). If all of the existing Options are exercised before the Record Date (and assuming all Shares issued on exercise of the Options are issued to Eligible Shareholders), up to approximately 166,132,479 New Shares may be issued under the Entitlement Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

All of the New Shares will rank equally with the Shares on issue at the date of this Offer Document. Refer to Section 2.13 for a summary of the rights attaching to New Shares.

This Offer Document is also for the offer of New Shares that are not applied for under the Entitlement Offer. Refer to Section 2.4 for further details of the Shortfall Offer.

## 1.2 Reasons for the Entitlement Offer and funding allocation

The purpose of the Entitlement Offer is to raise up to approximately \$3.3 million (before costs) (assuming the Entitlement Offer is fully subscribed). The Company has received a firm commitment to subscribe for and/or place any remaining shares not taken up by Eligible Shareholders under this Entitlement Offer.

The Company intends to use the funds raised from the Entitlement Offer (after costs) to fund development of the BARD1 diagnostics pipeline, ongoing research activities, commercial initiatives and for working capital purposes.

The Company intends to apply the funds raised from the Entitlement Offer and Shortfall Offer as follows:

| Description  | A\$                |
|--|--------------------|
| Development of the BARD1 diagnostics pipeline (including advancement of BARD1-Breast, BARD1-Ovarian and BARD1-Lung cancer tests through assay development and into clinical testing) | \$2,000,000        |
| Research activities (including evaluation of the BARD1 technology for other diagnostic or therapeutic applications)  | \$100,000          |
| Commercial initiatives (including business development IP maintenance and associated due diligence work)   | \$350,000          |
| Corporate costs and working capital  | \$650,000          |
| Costs of the Offers  | \$200,000          |
| <b>Total</b>   | <b>\$3,300,000</b> |

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 1.3 Capital structure on completion of the Offers

On the basis that the Company completes the Offers, the Company's capital structure will be as follows:

|   | Number of Shares           | Number of Performance Shares | Number of Options <sup>2</sup> |
|---|----------------------------|------------------------------|--------------------------------|
| Balance as at the date of this Offer Document | 828,662,397                | 217,003,236                  | 2,000,000                      |
| Entitlement Offer                             | 165,732,479 <sup>(1)</sup> | -                            | -                              |
| <b>TOTAL</b>                                  | <b>994,394,876</b>         | <b>217,003,236</b>           | <b>2,000,000</b>               |

Notes:

- Assuming no Options are exercised before the Record Date and the Entitlement Offer is fully subscribed or placed under the Shortfall Offer.
- The Company and Dr Hinch agreed that, as part of Dr Hinch's long term incentive bonus and subject to various KPIs, 20 million options would be granted to Dr Hinch and which shall be issued in four tranches over three years. 5 million options were agreed to be issued with a KPI of completion of the probationary period (which has been met) at an exercise price of \$0.05. To date, the Board has not yet agreed any further KPIs for Dr Hinch. In the prior year, post-completion of the probation period, Dr Hinch agreed with the Board in good faith that the option exercise price be renegotiated. The 5 million options are still to be issued and are exercisable on or before the date that is four years after their issue at an exercise price yet to be agreed. An exercise price and KPIs for the remaining 15 million options have not been agreed. Refer to Section 4.2(g) for further details.

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## **2. FURTHER DETAILS OF THE OFFERS**

### **2.1 Minimum subscription**

There is no minimum subscription for the Entitlement Offer.

### **2.2 Entitlements and acceptance**

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form and Application Monies by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

### **2.3 No rights trading**

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.

### **2.4 Shortfall Offer**

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

Under this Offer Document, the Company offers to issue the Shortfall Shares to investors at the same price of \$0.02 per New Share as that offered under the Entitlement Offer. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 2.13.

Other investors may apply for Shortfall Shares by completing the Shortfall Application Form upon invitation from the Company (refer to Section 3.3).

Shortfall Shares may be allocated to investors who apply for Shortfall Shares under the Shortfall Offer, at the absolute discretion of the Directors. Eligible Shareholders may not apply for Shortfall Shares.

Shortfall Shares will not be offered or issued to any Applicant if, in the view of the Directors, to do so would increase that Applicant's voting power in the Company above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

## 2.5 Mandate Letter

The Company and Merchant Corporate Advisory Pty Ltd (**Merchant**) have entered into a mandate letter whereby Merchant has agreed to act as Lead Manager (**Mandate**). Merchant has agreed under the Mandate to subscribe for and/or place all New Shares not subscribed for pursuant to the Entitlement Offer.

## 2.6 Dilution and potential effect on control

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by the following percentages:

| Example Shareholder | Holding as at Record Date | % as at record Date | Entitlement | Holding if Entitlement not taken up | % following allotment of New Shares |
|---------------------|---------------------------|---------------------|-------------|-------------------------------------|-------------------------------------|
| Shareholder 1       | 100,000                   | 0.012               | 20,000      | 100,000                             | 0.01                                |
| Shareholder 2       | 200,000                   | 0.024               | 40,000      | 200,000                             | 0.02                                |
| Shareholder 3       | 500,000                   | 0.06                | 100,000     | 500,000                             | 0.05                                |
| Shareholder 4       | 1,000,000                 | 0.121               | 200,000     | 1,000,000                           | 0.101                               |

Note: The dilutionary effect in the above table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. If Entitlements not accepted are not subsequently placed under the Shortfall Offer, the dilution to each shareholder not accepting their Entitlement will be less.

### Entitlement Offer is fully subscribed (no Shortfall)

The following table show the number of Shares held by, and approximate voting power of, Irmgard Irminger-Finger after completion of the Entitlement Offer, assuming all Eligible Shareholders fully subscribe for their Entitlement and no Options are exercised before the Record Date.

| Substantial Shareholder | Date of Offer Document |                  | Entitlement Offer is fully subscribed (no Shortfall) |                  |
|-------------------------|------------------------|------------------|--|------------------|
|                         | Number of Shares       | Voting Power (%) | Number of Shares                                     | Voting Power (%) |
| Irmgard Irminger-Finger | 108,252,420            | 13.06            | 129,902,904  | 13.06            |

### Entitlement Offer is not fully subscribed

The Lead Manager has agreed to subscribe for and/or place all New Shares not subscribed for pursuant to the Entitlement Offer.

In the event that the Lead Manager does not perform its obligations under the Mandate, Irmgard Irminger-Finger is the only shareholder who subscribes for her full Entitlement and no shares are placed under the Shortfall Offer, Irmgard Irminger-Finger will hold voting power of 15.28% in the Company (assuming that Irmgard Irminger-Finger does not acquire or dispose of a relevant interest in any Shares prior to the Record Date).

## 2.7 Directors' interests and participation

The relevant interest of each Director in Shares as at the date of this Offer Document, together with their respective Entitlements, is detailed in the table below:

| Director                | Shares held | Entitlement (Number of New Shares) |
|-------------------------|-------------|------------------------------------|
| Peter Gunzburg          | 29,835,004  | 5,967,000                          |
| Irmgard Irminger-Finger | 108,252,420 | 21,650,484                         |
| Brett Montgomery        | 4,700,000   | 940,000                            |

At the date of this Offer Document Mr Gunzburg and Mr Montgomery have indicated that they intend to take up their Entitlements in full. Dr Irmgard Irminger Finger has indicated that she intends to take up part of her entitlement.

## 2.8 Foreign Shareholders

The Entitlement Offer is not being extended to any Shareholders whose registered address is outside Australia, New Zealand or Switzerland (**Foreign Shareholders**).

The Company is of the view that it is unreasonable to make the Offers to Shareholders outside Australia, New Zealand, or Switzerland having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

**This Offer Document and the Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.**

Shareholders resident in Australia, New Zealand, or Switzerland holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## 2.9 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Shareholders from the Opening Date until 2:00pm (WST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payment made by BPAY® must be received no later than 2:00pm (WST) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors reserve the right to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

## **2.10 Issue and Dispatch**

The expected dates for issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

Shortfall Shares may be issued within three months after the Closing Date.

## **2.11 Application Monies held on trust**

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned (without interest in accordance with the Corporations Act) if the New Shares are not issued.

## **2.12 Application Forms and BPAY® payments**

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

## **2.13 Rights and liabilities attaching to New Shares**

The New Shares offered under this Offer Document will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to New 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.

The Company does not currently intend to pay any dividends. Payment of dividends by the Company will be at the discretion of the Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs.

## **2.14 ASX quotation**

Application will be made to ASX no later than seven days after the date of this Offer Document for Official Quotation of the New Shares. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Offer Document (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will return, as soon as practicable, without interest, all Application Monies in accordance with the Corporations Act received pursuant to this Offer Document.

ASX takes no responsibility for the contents of this Offer Document. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Shares.

## **2.15 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## **2.16 Continuous disclosure obligations**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

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

All announcements made by the Company are available from the ASX website [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the ASX website.

## **2.17 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

## **2.18 Risks of the Offers**

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company detailed in Section 4, Eligible Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Offer Document in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 4), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

## **2.19 Withdrawal**

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

## **2.20 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

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

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **2.21 Cleansing Statement**

The Company lodged a Cleansing Statement with ASX on 19 November 2018. The Cleansing Statement may be reviewed on the ASX website.

## **2.22 Enquiries concerning Offer Document or Entitlement and Acceptance Form**

If you have any questions in relation to this Offer Document or the Entitlement and Acceptance Form, they should be directed to the Company Secretary, Pauline Collinson, by telephone on +61 (08) 9381 9550.



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### **3. ACTION REQUIRED BY APPLICANTS**

#### **3.1 Eligible Shareholders**

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may either:

- accept all of your Entitlement;
- accept part of your Entitlement and allow the balance to lapse;
- decline to accept any part of your Entitlement and allow it to lapse.

If you are an Eligible Shareholder and wish to accept all or part of your Entitlement:

- carefully read this Offer Document in its entirety;
- consider the risks associated with an investment in the Company (refer to Section 4) in light of your personal circumstances;
- complete the relevant sections of the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form; and
- return the completed Entitlement and Acceptance Form together with the Application Monies (in full) in accordance with Section 3.4, so that it is received at the following address by no later than 2:00pm (WST) on the Closing Date:

**Mailing Address**

*Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia*

**(a) Acceptance of all of your Entitlement**

If you wish to accept all of your Entitlement, complete the relevant sections of the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.02 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.4, to the

Share Registry so that it is received at the following address by no later than 2:00pm (WST) on the Closing Date:

**Mailing Address**

*Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia*

**(b) Acceptance of part of your Entitlement and allowing the balance to lapse**

If you wish to accept part of your Entitlement and allow the balance to lapse, complete the relevant sections of the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the Application Monies (calculated at \$0.02 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.4, to the Share Registry so that it is received at the following address by no later than 2:00pm (WST) on the Closing Date:

**Mailing Address**

*Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia*

**(c) Allow your Entitlement to lapse**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept or sell any part of your Entitlement, however, your percentage holding in the Company will be diluted.

**(d) Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement please contact the Company Secretary on +61 (08) 9381 9550.

**3.2 Non-Eligible Shareholders – Foreign Shareholders**

If you are a Foreign Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.8 for treatment of Foreign Shareholders.

**3.3 Applications for Shortfall Shares under the Shortfall Offer**

If you are not an Eligible Shareholder and, upon invitation from the Company, wish to apply for Shortfall Shares under the Shortfall Offer, you must complete the relevant sections on the Shortfall Application Form, in accordance with the instructions

referred to in this Offer Document and on the Shortfall Application Form, including the number of Shortfall Shares you wish to apply for under the Shortfall Offer and the total Application Monies (calculated at \$0.02 per Shortfall Share applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the Shortfall Application Form, together with the Application Monies (in full) in accordance with Section 3.4, in accordance with the instructions on the Shortfall Application Form.

### **3.4 Payment**

The offer price of New Shares under the Offers is \$0.02 per New Share.

For Eligible Shareholders participating in the Entitlement Offer, Application Monies must be received by the Company by 2:00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'BARD1 Life Sciences Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

### **3.5 Representations by Applicants**

By completing and returning an Application Form or paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;

- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form at the issue price of \$0.02 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 5:00pm (WST) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5:00pm (WST) on the Record Date;
- (k) acknowledge the statement of risks in Section 4 and that an investment in the Company is subject to risk;
- (l) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so;
- (m) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (n) understand and acknowledge that neither the Entitlement or New Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, or Switzerland and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (o) agree not to send this Offer Document, an Application Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States; and
- (p) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States.

### 3.6 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

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## **4. RISKS**

### **4.1 Introduction**

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

### **4.2 Specific investment risks**

(a) Product development risk

The Company has a number of cancer diagnostic products in the early stages of development, and other products at research stage. There are many risks inherent in the development of diagnostic products, including that projects can be delayed or fail to meet outcomes or demonstrate any benefit, or research may cease to be viable for a range of scientific, regulatory and commercial reasons.

The Company's diagnostic pipeline products will require substantial further development and validation, including clinical studies. Regulatory review or approval may be required to conduct clinical studies in some jurisdictions, and there is no assurance that any regulatory or review body will allow the Company to undertake such studies or that approvals to conduct such studies will be granted in a timely manner. Any delays in securing relevant approvals from regulatory or review bodies may result in substantial delays and/or increases in costs.

Additionally, the Company's cancer vaccine project to evaluate a potential BARD1 cancer vaccine for the prevention and/or treatment of cancer in animal models is at an exploratory research-stage. There is no guarantee that the current study to evaluate the in vivo effectiveness of BARD1 peptide vaccine formulations in animal models will show any indication of efficacy in reducing tumour size, inhibiting tumour growth or inducing an effective immune response. There is no guarantee that the Company will allocate further funds to this cancer vaccine project, conduct further research studies or secure potential research collaboration partners to advance the cancer vaccine project.

If the Company's diagnostic products are not ultimately proven to be effective for diagnostic purposes, the Company's business and resulting value may be materially harmed. Until the development and validation studies are completed, there is no certainty that the products will reach development milestones or be effective for diagnostic purposes. There is

no certainty that there will be a positive or definitive outcome from the Company's development and validation studies.

(b) Regulatory environment

The diagnostic industry is regulated in Australia, the United States, Europe and other countries in which the Company may conduct business operations or seek to commercialise its products. The Company has not yet formally engaged with the TGA (Australia), FDA (USA), EMA (Europe) and other regulatory authorities to establish the optimal regulatory pathway/s and clinical study plans for its diagnostic products in key jurisdictions. While the Company is not aware of any reason why its cancer diagnostic products would not be able to advance to clinical validation stage, the Company cannot guarantee that this will occur in a timely manner or at all. Additionally, the Company may fail to gain marketing or regulatory approval in Australia, the US, EU, or other jurisdictions for its cancer diagnostics products that are in development. Furthermore, any future marketing or regulatory approval for any laboratory development test (LDT) or invitro diagnostic (IVD) product would not guarantee that the Company would be successful in selling its products or in delivering substantial revenues.

The Company will be subject to the laws and regulations of Australia and each country in which it operates. Any amendment to existing legislation or regulations in countries where the Company operates may adversely affect the Company's business operations. Any actual or alleged breach of such legislation or regulations could result in the Company being subject to remedial actions, such as product recalls, or penalties, or litigation, which may be more stringent than those in Australia. Additionally, following commercialisation of any Company products, the Company will be subject to the laws and regulations concerning the post market surveillance of medical device products in that market.

(c) Commercialisation risk

In order to maximise the potential for commercial returns from any product derived from the BARD1 Intellectual Property it is likely that the Company will need to form marketing and/or product development alliances with other companies and there is no assurance that suitable partnerships will be secured. The Company will rely on its ability and that of its partners to develop and commercialise its products in order to create future revenue. Any products 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, marketing or reimbursement of these products or services.

A failure to successfully develop and commercialise the Company products could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position. In those countries where the Company elects to commercialise its products 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. Additionally, should the Company elect to commercialise its products directly in any countries, it would be required to invest significant time and resources to build direct sales, distribution and marketing

capabilities, and it would be required to ensure compliance with all legal and regulatory requirements for sales, marketing and distribution. Further, even if the Company does achieve commercialisation of any of its products and services, it may not be able to sustain its efforts or otherwise achieve commercialisation to a degree which would support the ongoing viability of its operations.

(d) Intellectual property protection

The value of the Company is strongly linked to its Intellectual Property. Maintaining this value is therefore dependent on the Company's ability to protect its Intellectual Property. There is no guarantee that the Company's patent rights comprise all of the rights that the Company needs to be entitled to freely use and commercialise its products. If third party patents or patent applications contain claims infringed by the Company's technology and these claims are valid, the Company may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly impacted. Further, the enforceability of the patents owned by the Company may be challenged and the Company's patents could be partially or wholly invalidated following challenges by third parties.

Further, a decision of the High Court of Australia (*D'Arcy v Myriad Genetics* [2015] HCA 35) has held that claims to isolated nucleic acids (in particular a nucleic acid coding for a BRCA1 protein with one or more specified variations indicative of susceptibility to breast or ovarian cancer) are not patentable subject matter, and it is unclear whether the decision will only impact nucleic acids (which are considered to essentially relate to genetic information), or will also apply to isolated nucleic acids that are functional in nature (for example, inhibitory RNA, ribozymes etc.). While the Company's patents are not limited to sequences of isolated nucleic acids, ultimately there is no guarantee that the Company will be able to maintain and successfully exploit the BARD1AG Intellectual Property.

Additionally, the Company relies on protecting trade secrets and the protective measures employed may not always be sufficient. Any failure in the measures implemented to protect intellectual property may result in an erosion of any potential competitive position.

(e) Infringement of third party intellectual property

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation in the pharmaceutical and biotechnology industry is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product development and commercialisation, and loss of

substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Company or its partners from commercialising products and could cause it to incur substantial expenditure.

(f) Future capital needs and additional funding

The future capital requirements of the Company will depend on many factors, including its research and development activities. The Company will require additional financial resources to continue funding its research and development activities, business plan and short-term objectives as detailed in this document. Additional expenditure related changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to the Company or Shareholders. The Company may in the future raise additional funds through public or private financing.

If additional funds are raised through the issue of equity securities, the percentage ownership of the current Shareholders may be reduced and such securities may, subject to requisite Shareholder approval, have rights, preferences or privileges senior to those of the holders of the Company's securities then in issue.

If adequate funds are not available to satisfy either short or long-term capital requirements, the Company may be required to limit its operations significantly.

(g) Reliance on key personnel

The Company currently employs or engages as consultants, a number of key management and scientific personnel. The loss of any of these people's services could materially and adversely affect the Company and may impede the achievement of its research, product development and commercialisation objectives. Furthermore, the Company's ability to operate successfully and manage its potential future growth will require the services of additional staff. There can be no assurance that the Company will be able to attract, retain and motivate appropriately qualified and experienced additional staff and this may adversely affect the Company's prospects for success.

On 7 November 2016 the Company entered into an executive employment contact with Dr Leeorne Hinch pursuant to which she was appointed as Chief Executive Officer of the Company (Executive Employment Contract). Pursuant to the Executive Employment Contract, Dr Hinch shall be eligible for a short term incentive bonus not exceeding 40% of the Total Fixed Remuneration at the end of each 12 month term. Payment is to be determined by the board and assessed on the achievement of KPIs to be agreed by the Board and Dr Hinch during the probationary period.

Pursuant to the Executive Employment Contract, as part of Dr Hinch's long term incentive bonus and subject to various KPIs, it was agreed that 20 million options would be granted to Dr Hinch and which shall be issued in four tranches over three years. 5 million options were agreed to be issued with a KPI of completion of the probationary period (which has been met) at an exercise price of \$0.05. To date, the Board has not yet agreed any



further KPIs for Dr Hinch. In the prior year, post-completion of the probation period, Dr Hinch agreed with the Board in good faith that the option exercise price be renegotiated. The 5 million options are still to be issued and are exercisable on or before the date that is four years after their issue at an exercise price yet to be agreed. An exercise price and KPIs for the remaining 15 million options have not been agreed.

The CEO has raised matters of concern with the Board regarding her entitlements to short and long term incentives under the Executive Employment Contract.

(h) Competition

The Company operates in the life sciences and diagnostic industries that are highly competitive, and include companies that have substantially greater financial, technical, research and development, and marketing resources than the Company. There are companies that compete with the Company's efforts to develop, validate and commercialise diagnostic products and other product candidates. The Company's competitors may discover, develop, validate and commercialise products in advance of the Company, and/or products that are more effective, more economical or materially superior to those developed by the Company. Consequently, the Company's current or future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on the Company's revenues, margins and ultimately its profitability.

(i) Special reputational risks

Any Company products that are successfully commercialised will be marketed in an industry where a product failure could have serious consequences. Any product failure, product recall or product liability claim is likely to disrupt the Company's business operations and may cause reputational harm by leading medical professionals and other consumers to doubt product accuracy, safety or quality, adversely impacting the Company's financial performance. Additionally, any negative news or controversies about the diagnostics industry, cancer diagnostic products or the Company may impact the Company's reputation and or the market acceptance of its products.

(j) Product liability

The testing, marketing and future sale of the Company's products whether directly or through future licencees involves a risk of product liability claims or litigation being brought against the Company, including if any products fail to effectively diagnose cancer. If this occurs, the Company may have to expend significant financial resources to defend the proceedings. Further, if the action against the Company is successful this may result in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company.

The Company will seek to limit its liability for such claims in its agreements with future licencees and customers and will also be entitled to be indemnified by its licencees in various circumstances. However, limitations of liability are not necessarily effective at law and indemnification may not always be available. The Company intends to maintain product liability insurance in respect of its products, however, if the Company is unable to

obtain sufficient product liability insurance at an acceptable cost then the Company's liability could exceed the Company's insurance coverage.

(k) Potential liabilities in relation to EU Grant

With effect from 1 October 2011 BARD1AG became the 'Co-ordinator' and a beneficiary under the EU Grant Agreement for a project called " BARDiag - Biomarker tests for early cancer detection (**BARDiag Project**)" within the framework of the SP4-Capacities and under the conditions laid down in the grant agreement.

Prior to BARD1AG's appointment as Co-ordinator, a pre-financing contribution of \$1,074,845 (€681,882) (**Pre-Financing Contribution**) was paid to the original co-ordinator and distributed to participating beneficiaries (of which BARD1AG was not one) at the time in accordance with a consortium agreement.

Subsequent to BARD1AG's appointment, a further \$235,036 (€149,107) (**1st Period Contribution**) was received by BARD1AG which it retained as a beneficiary to finance agreed research under the BARDiag Project.

At the time of the Company acquiring BARD1AG in 2016 an audit was underway in relation to funds provided under EU Grant Agreement by the European Commission Research Executive Agency (**REA**).

BARD1AG was advised in 2017 that the audit of the 1st Period Contribution had resulted in only \$157,968 (€100,215) of the expenditure claimed to have been expended by BARD1AG as beneficiary on the BARDiag Project being allowed as eligible expenditure under the 1st Period Contribution. Notwithstanding that BARD1AG is of the view that there is additional allowable expenditure in excess of \$235,036 (€149,107) and is in the process of providing support for this to REA. The Company has accrued the difference of \$77,068 (€48,892) as an accrued expense as at 30 June 2018.

The audit of the total EU contribution, being the \$1,074,845 (€681,882) Pre-Financing Contribution and \$235,036 (€149,107) 1st Period Contribution for the BARDiag Project for the periods prior to and post BARD1AG's appointment as Co-ordinator, has now determined that an amount of \$625,935 (€397,093) is refundable for expenditures which have been disallowed.

The consortium agreement provides that a consortium party shall not be responsible to any other party for any indirect or consequential loss or similar damage and that each party is responsible for justifying its costs with respect to the BARDiag Project. Therefore, repayment of any overpaid funds received for costs considered ineligible by the REA, would appear to be the individual responsibility of the consortium party that received the funds.

As Co-ordinator, BARD1AG is currently engaged in a process of sourcing and providing additional information and support to REA for the expenditure on the BARDiag Project and has engaged consultants to assist in providing the necessary support to substantiate the expenditures incurred by the consortium.

Given the circumstances outlined above, the Company's view is that it is less than probable a future outflow of resources will be necessary in order to settle the obligations under the EU Grant Agreement in excess of the amount

provided for disallowed expenditure under the 1st Period Contribution. Accordingly, at this stage no additional provision has been raised for repayment of funds by the Company. However there can be no guarantee that as a result of the audit additional amounts may need to be refunded which cannot be recovered from other participating beneficiaries.

(l) Foreign exchange risks

The Company's financial reports are prepared in AUD. However, the Company is exposed to expenditure in foreign exchange rates, particularly the CHF and USD. The Company does not currently hedge against movements in foreign exchange rates. Any adverse movements in currencies against the AUD could adversely impact the Company's financial performance and position.

(m) Potential transactions

As part of its overall business strategy, the Company may from time to time make acquisitions of, or significant investments, in companies, products, intellectual property or technologies. The Company may also review and consider other business activities, including alternative structures which may result in the Company being acquired or merged with another entity or the disposal of the Company's products, intellectual property or technologies.

Any such future transaction would be accompanied by the risks commonly encountered in making acquisitions or disposals of companies, products, intellectual property or technologies. For example, there may be liabilities in connection with a transaction which are not identified in the Company's due diligence investigations or such transactions may not prove to be successful. Any such transaction may be subject to shareholder and regulatory approvals.

### 4.3 General risks

(a) **Price of Shares**

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;

- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;
- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

(b) **Tax law and application**

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities and stamp duty), or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries in which the Company operates) and / or any changes in tax rules and tax arrangements (again in Australia or other countries in which the Company operates) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(c) **Force majeure events**

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(d) **Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(e) **Shareholder dilution**

In the future, the Company may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(f) **Expected future events may not occur**

Certain statements in this Offer Document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Offer Document, that a particular outcome or future event is guaranteed.

(g) **Trading in Shares may not be liquid**

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market or the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

(h) **General economic and financial market conditions**

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

#### **4.4 Investment speculative**

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective 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 New Shares. The New Shares

carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

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## 5. GLOSSARY

In this Offer Document, unless the context otherwise requires:

**\$** or **AUD** means Australian dollars.

**AAS** has the meaning given to that term in Section 4.3(d).

**AASB** means the Australian Accounting Standards Board.

**Applicant** means a person who submits an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

**Application** means a valid application for New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or Shortfall Shares under the Shortfall Offer made pursuant to a Shortfall Application Form (as applicable).

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

**Application Monies** means application monies for New Shares received by the Company from an Applicant.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

**CHF** means Swiss Francs.

**CHES** means ASX Clearing House Electronic Subregistry System.

**Cleansing Statement** means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

**Closing Date** means the date referred to as such in the Indicative Timetable.

**Company** means BARD1 Life Sciences Limited ACN 009 070 384.

**Constitution** means the constitution of the Company as at the date of this Offer Document.

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

**Director** means a director of the Company.

**Eligible Shareholder** means a person who:

(a) is a Shareholder at 5:00pm (WST) on the Record Date; and

(b) has a registered address in Australia, New Zealand, or Switzerland as recorded with the Share Registry as at the Record Date.

**Entitlement** means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

**Entitlement Offer** has the meaning given to that term in Section 1.1 (and for the avoidance of doubt, includes the New Shares to be issued to the Nominee).

**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to, or accompanying this Offer Document, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

**Foreign Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Indicative Timetable** means the indicative timetable on page 6 of this Offer Document.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

**Lead Manager** means Merchant Corporate Advisory Pty Ltd (ACN 617 902 646).

**Listing Rules** means the official listing rules of ASX.

**New Share** means a Share offered pursuant to this Offer Document.

**Offer Document** means this offer document dated 19 November 2018.

**Offers** means the Entitlement Offer and Shortfall Offer.

**Official Quotation** means quotation of Shares on the official list of ASX.

**Opening Date** means the date referred to as such in the Indicative Timetable.

**Option** means an option to acquire a Share.

**Record Date** means the date referred to as such in the Indicative Timetable.

**Section** means a section of this Offer Document.

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

**Shareholder** means a registered holder of Shares.

**Share Registry** means Computershare Investor Services Pty Ltd.

**Shortfall** means the New Shares not applied for under the Entitlement Offer before the Closing Date.

**Shortfall Application Form** means the application form attached to, or accompanying this Offer Document, to be used for the purposes of applying for Shortfall Shares.

**Shortfall Offer** has the meaning given to that term in Section 2.4.

**Shortfall Shares** means the New Shares constituting the Shortfall.



**USD** means United States dollars.

**VWAP** means volume weighted average price.

**WST** means Australian Western Standard Time.

