



SKIN ELEMENTS LIMITED

ACN: 608 047 794

PROSPECTUS

This Prospectus contains an offer of up to 1,000 Shares at an issue price of \$0.06 to raise up to \$60 (**Share Offer**). This Prospectus contains an offer of up to 200 Listed Options at an issue price of \$0.01 to raise up to \$2 (**Option Offer**).

The Share Offer and the Option Offer are together referred to as the Cleansing Offers. The Cleansing Offers are included primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of securities issued or granted by the Company prior to the Closing Date of the Cleansing 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.

THE NEW SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

General

This Prospectus is dated 26 November 2020 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No New Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the office of the Company at 1242 Hay Street, West Perth, Western Australia 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.3).

This Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Cleansing Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

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

No updates to Prospectus

The information in this Prospectus 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 Prospectus 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 Prospectus 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

Applications for New Securities will only be accepted on an Application Form which is attached to, or provided by the Company, with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

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

Continuously quoted securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure period

No exposure period applies to the Cleansing Offers.

Speculative investment

An investment in the New Securities should be considered highly speculative. Refer to Section 3 for details of the key risks applicable to an investment in the Company.

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

This Prospectus 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 Securities have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the 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 Securities in the future.

Forward-looking statements

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

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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

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

Foreign Investors

No action has been taken to permit the offer of New Securities under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Website

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

Diagrams

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

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

Rounding

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

Time

All references to time in this Prospectus are references to AWST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 6.

CORPORATE DIRECTORY

SKIN ELEMENTS LIMITED

ACN: 608 047 794

ABN: 90 608 047 794

Directors

Peter Malone – Executive Chairman
Phil Giglia – Non-Executive Director
Alex John Poulsen – Non-Executive Director

Joint Company Secretary

Steven Wood
Kate Sainty

Registered Office

1242 Hay Street
West Perth WA 6005

Telephone

+61 (08) 6311 1900

Email

Info@senatural.com

Website

www.skinelementslimited.com

Securities Exchange Listing

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Tce
Perth WA 6000

ASX Codes: SKN and SKNOA

Share Registry*

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Tce
Perth WA 6000

Telephone: 1300 554 474

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

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

INDICATIVE TIMETABLE

| | |
|---|------------------|
| Lodgement of Prospectus with ASIC | 26 November 2020 |
| Opening Date | 27 November 2020 |
| Closing Date | 4 December 2020 |
| Expected date for quotation of the New Securities | 8 December 2020 |

The above timetable is indicative only and subject to change. Subject to compliance with all applicable laws, the Directors reserve the right to vary these dates, including the Closing Date at any time without prior notice.

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1. Details of the Cleansing Offers

1.1 The Cleansing Offers

The Company is offering, pursuant to this Prospectus, up to 1,000 Shares (**New Shares**) at an issue price of \$0.06 per New Share (**Share Offer**).

The Company is also offering, pursuant to this Prospectus, up to 200 Listed Options (**New Listed Option**) at an issue price of \$0.01 per New Listed Option (**Option Offer**).

New Shares issued under the Share Offer will be issued as fully paid ordinary shares and will rank equally in all respect with the existing Shares on issue. Refer to Section 4.1 for a summary of the rights and liabilities attaching to the New Shares under the Share Offer.

New Listed Options issued under the Option Offer will rank equally in all respect with the existing Listed Options on issue. Refer to Section 4.2 for a summary of the terms and conditions of the New Listed Options under the Option Offer.

The Company is only extending the Share Offer and the Option Offer (together, the **Cleansing Offers**) to specific parties on invitation from the Directors. The Company will only provide Application Forms to these parties.

1.2 Purpose of the Cleansing Offers

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within twelve months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than five days in the last twelve months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

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

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to previous Shares and Listed Options issued or granted by the Company so that the holders of those securities, if they choose to, may sell those Shares and Listed Options (and the Shares issued on the exercise of any of the Listed Options) within the twelve months following their issue, without the issue of a prospectus. The Company did not issue or grant the Shares or Listed Options with the purpose of the persons to whom they were issued selling or transferring those securities, or granting, issuing or transferring

interests in the Shares or Listed Options within twelve months of the issue, however this Prospectus provides them with the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Cleansing Offers; and
- (b) ensure that the on-sale of Shares and Listed Options issued or granted by the Company prior to the Closing Date (including prior to the date of this Prospectus) does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

1.3 Opening and Closing Dates

The Company will accept Application Forms in respect of the Cleansing Offers from 27 November 2020 until 5.00pm (AWST) on 4 December 2020 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4 Minimum subscription

There is no minimum subscription in relation to the Cleansing Offers.

1.5 Effect on control

The Cleansing Offers will have no impact on the control of the Company as no person as a result of the Cleansing Offers will increase their voting power in the Company:

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

1.6 Application Form

The Company will send this Prospectus, together with Application Forms, to selected persons whom the Directors determine are eligible to participate in the Cleansing Offers.

If you wish to subscribe for New Securities pursuant to the Cleansing Offers, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Company's discretion, in accordance with the instructions in the Application Form.

Completed Application Forms must be received by the Company prior to 5.00pm on the Closing Date. Application Forms should be delivered or mailed to Skin Elements, 1242 Hay Street, West Perth, Western Australia or sent by facsimile to +61 8 6311 1999.

If you are in doubt as to the course of action, you should consult your professional advisor.

The Company reserves the right to reject any Application or to issue a lesser number of New Securities than those applied for. Where the number of New Securities issued is less than the number applied for, surplus Application Monies will be refunded (without interest) in accordance with the Corporations Act.

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

If the Application 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 Application Form is final.

1.7 Issue and dispatch

All New Securities under the Cleansing Offers are expected to be issued on or before the dates specified in the Indicative Timetable.

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

1.8 Application Monies held on trust

All Application Monies received for the New Securities will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Securities are issued. All Application Monies will be returned (without interest) if the New Securities are not issued.

1.9 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for the official quotation of the New Securities offered pursuant to this Prospectus. If permission is not granted by ASX for the official quotation of the New Securities offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), Application Monies will be refunded (without interest) in accordance with the Corporations Act.

1.10 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 the ASX Settlement Operating Rules.

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

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

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

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 Securities issued to you under this Prospectus 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.

1.11 Applicants outside Australia

This Prospectus and any accompanying Application Form do not, and are not intended to, constitute an offer of New Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the New Securities. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.12 Risk factors

An investment in the New Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 3.

1.13 Taxation implications

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

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Securities under this Prospectus.

1.14 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance 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 set out 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 the Application Form, the Company may not be able to accept or process your Acceptance.

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.

1.15 Major activities and financial information

Details of the activities and financial information relating to the Company for the financial year ended 30 June 2020 is contained in the Company's Annual Report which was lodged with ASX on 3 November 2020.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Annual Report are listed in Section 4.3.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Cleansing Offers.

1.16 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on + 61 8 6311 1900.

2. Effect of the Cleansing Offers

2.1 Effect on Capital Structure

The effect of the Cleansing Offers on the capital structure of the Company, assuming the maximum number of New Shares and New Listed Options are issued, is as follows:

| | Shares | Listed Options | Unlisted Options | Performance Rights |
|---|--------------------|-------------------------|-------------------------|--------------------|
| Balance at the date of this Prospectus | 325,517,632 | 95,688,641 ¹ | 31,517,060 ² | 47,000,000 |
| To be issued pursuant to the Cleansing Offers | 1,000 | 200 | Nil | Nil |
| Balance after the Cleansing Offers | 325,518,632 | 95,688,841 | 31,517,060 | 47,000,000 |

Notes:

- (1) Comprising SKNOA quoted options exercisable at \$0.10 on or before 31 December 2020.
(2) Comprising SKNUOA unquoted options exercisable at \$0.03 on or before 31 December 2020.

2.2 Effect on the Company

After paying for the expenses of the Cleansing Offers of approximately \$5,706, there will be no proceeds from the Cleansing Offers. The expenses of the Cleansing Offers exceeding \$62 (being the amount raised if the Cleansing Offers are fully subscribed) will be met from the Company's existing cash reserves. The Cleansing Offers will have a minimal effect on the Company's financial position, being receipt of funds of \$62 less costs of preparing the Prospectus.

3. Risk Factors

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

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

3.1 Risks specific to the Company's Operations

(a) Invisi-Shield Sanitiser Products

The Company launched its Invisi-Shield® Organics alcohol free sanitiser range in March 2020 incorporating plant based active ingredients. Invisi-Shield® Organics was established in 2017 under the Company's research program and compliments the suite of natural and organic skin care products that have been developed by the Company.

As the Company is not currently making any virucidal label claims about the effectiveness of Invisi Shield® Organics Sanitiser, it is not required to be registered by the Therapeutic Goods Administration (**TGA**) as a personal cosmetics product which complies with the Therapeutic Goods (Excluded Goods) Determination 2018.

On 11 November 2020 the Company announced to the market that it has submitted an application to TGA for registration of a new formula Invisi Shield Organics as a Hospital Grade Disinfectant. A successful registration with the TGA will allow the Company to make more detailed and specific product and label claims in respect of Invisi Shield Organics.

In addition, TGA registration has the potential to open up significant new commercial-scale sales and distribution opportunities for Invisi Shield with distributors and other potential sales partners who stipulate TGA registration as pre-requisite in the disinfectant products they deal in.

There can be no guarantee that the Company will be able to complete any testing process or obtain TGA registration to make any claims with regard to Invisi-Shield® Organics.

(b) Future Capital Requirements

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

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

Sunscreens are classified as "therapeutic goods" in Australia to ensure quality, safety and efficacy and have strict controls for independent SPF testing and use of GMP. Similar regulations framework exists in most countries such as USA (Food and Drug Administration – FDA). Soléo Organics has been approved for sale by key regulatory bodies such as the TGA (Australia and New Zealand), the FDA (USA), Health Canada (Canada) and Ministry of Health (Japan) to allow free sale of the products. The Company also has approvals to sell into the United Kingdom and the European Union. Changes in relevant laws, regulations and government policies regarding the regulation of sunscreens or skincare

products could adversely affect the Company's proposed operations, increase costs, or affect the financial performance or any future revenue of the Company.

(d) **Competition Risks**

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

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

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

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

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

(f) **Change in Regulations**

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

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

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

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

(g) **Manufacturing Risks and Regulations**

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

- (i) deviations from normal manufacturing processes and controls could result in reduced production yields, product defects and other supply disruptions;
- (ii) the manufacturing facilities in which the Company's products are made could be adversely affected by equipment failures, labour shortages, natural disasters, power failures and numerous other factors;

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

The Company currently utilises two TGA approved manufacturers for its Soleo Organics sunscreen and PapayaActivs therapeutic skincare product ranges. Accordingly, there is a concentration of manufacturing with each provider, in relation to production. There are no minimum production commitments in place between the Company and its manufacturer, although the parties have worked together for many years. The manufacturer has advised that they currently have sufficient capacity to manufacture the Company's products in the near future.

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

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

(h) **Raw Ingredients Supply**

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

(i) **Distribution**

The Company anticipates distributing its products both locally in Australia and internationally through distributors in these jurisdictions. Should the Company fail to secure suitable formal distribution contracts or fail to engage the suitable distributors, or should engaged contracts default or fail to deliver, the distribution of the Company's products could be limited or restricted which could have a material adverse impact on the Company's financial performance and future prospects of the business.

(j) **Brand and Reputation**

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

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

(k) **Unable to adequately prevent disclosure of intellectual property**

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

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

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

- (i) result in costly litigation;
- (ii) divert the time and attention of the Company's technical personnel and management;
- (iii) cause development delays;
- (iv) prevent the Company from commercialising its products until the asserted patent expires or is held finally invalid or not infringed in a court of law;
- (v) require the Company to develop non-infringing products; or

(vi) require the Company to enter into royalty or licensing agreements.

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

(m) **Loss of key personnel**

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

(n) **Product Contamination and Recall**

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

(o) **Foreign Exchange**

The Company distributes its products both in Australia and overseas. As the Company's distribution networks grow and it expands into USA, Canada, Japan and other countries, it is anticipated that more business will be conducted in foreign currencies. Hence, foreign currency risk may become more relevant over time.

(p) **Insurance**

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

(q) **Contractual Disputes**

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

(r) **Counterparty Risk**

On 16 April 2020 the Company announced that it had entered into an underwriting agreement with State Securities Pty Ltd (**Underwriter**) to underwrite the exercise of the Company's options which expire on 31 December 2020, securing funding of \$10.5 million (**Underwriting Agreement**). Pursuant to the Underwriting Agreement, the Underwriter will subscribe for Shares and pay the option exercise price payable for the number of options that remain unexercised on 31 December 2020.

The operations of the Company require the involvement of a number of third parties as counterparties to contracts. As with any contract, there is risk of default by the counterparty. If a counterparty fails to perform its obligations under a contract, this could have a material adverse effect on the Company's activities, share price and financial position and may require the Company to seek urgent debt or equity financing.

(s) **Retail Environment**

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

3.2 General Risks Relating to the Company

(a) **Securities investment risk**

The prices at which the New Securities trade may fluctuate in response to a number of factors.

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

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

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

(b) **Dilution**

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

3.3 General investment risks

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

(a) **Government legislation and policy changes**

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

(b) **Securities investments and share market conditions**

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

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

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

(c) **Economic risk**

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

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

(d) **Share market**

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

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

(e) **Legal Proceedings**

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

(f) **Unforeseen expenses**

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

(g) **Macro-economic risks**

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

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

(h) **Broader general risks**

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

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

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

(i) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company’s business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

3.4 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 its securities.

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 Securities offered under this Prospectus. Therefore, the New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for New Securities pursuant to this Prospectus.

4. Additional information

4.1 Rights attaching to New Shares

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

(a) General Meetings

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

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

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

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

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

(c) Dividend Rights

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

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

they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) **Winding-up**

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

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

(e) **Transfer of Shares**

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

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

(f) **Variation of Rights**

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

(g) **Alteration of Constitution**

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

4.2 **Terms and conditions of the New Listed Options**

A summary of the terms and conditions of the New Listed Options to be issued pursuant to the Option Offer is detailed below.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (m), the amount payable upon exercise of each New Listed Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

The expiry date of the New Listed Options is 5.00pm AWST on 31 December 2020 (**Expiry Date**).

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

(d) **Transferable**

The New Listed Options are transferable.

(e) **Quotation**

The Company will apply for the quotation of the New Listed Options on ASX.

(f) **Notice of Exercise**

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

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

(g) **Exercise Date**

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

(h) **Timing and issue of Shares on exercise**

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each New Listed Option being exercised, the Company will:

- (i) issue the Shares pursuant to the exercise of the New Listed Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Listed Options.

(i) **Shares issued on exercise**

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

(j) **Participation rights**

There are no participation rights or entitlements inherent in the New Listed Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Listed Options.

(k) **Adjustment for entitlement issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than a bonus issue), there will be no adjustment of the Exercise Price of a New Listed Option or the number of Shares over which the New Listed Options are exercisable.

(l) **Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Listed Option will be increased by the number of Shares which the New Listed Option holder would have received if the holder had exercised the New Listed Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) **Adjustment for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the holder will be varied in accordance with the Listing Rules.

4.3 Company is a disclosing entity

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus. The New Listed Options offered pursuant to this Prospectus have the same terms and conditions as the Company's existing Listed Options which have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

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

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

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the Annual Report being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the Annual Report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

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

The Company has lodged the following announcements with ASX since the lodgement of its Annual Report to Shareholders on 3 November 2020:

| Date Lodged | Subject of Announcement |
|--------------------|--|
| 19 November 2020 | Change of Director's Interest Notice |
| 17 November 2020 | Change of Principal Place of Business and Registered Office |
| 16 November 2020 | Response to ASX Price and Volume Query |
| 11 November 2020 | TGA submission for hospital grade Invisi Shield disinfectant |
| 4 November 2020 | Initial Director's Interest Notice |
| 4 November 2020 | Final Director's Interest Notice |
| 3 November 2020 | Appendix 4G and Corporate Governance Statement |
| 3 November 2020 | 2020 Annual Report to Shareholders |

The following documents are available for inspection throughout the offer period of this Prospectus during normal business hours at the office of the Company at 1242 Hay Street, West Perth, Western Australia:

- (i) this Prospectus;
- (ii) the Constitution; and
- (iii) the consents provided by the Directors to the issue of this Prospectus.

4.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

4.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Securities.

4.6 Directors' interests

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

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

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Cleansing Offers; or

(c) the Cleansing Offers;

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

(d) any Director to induce him or her to become, or to qualify as, a Director; or

(e) any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Cleansing Offers.

4.7 Directors' interests in securities

Set out in the table are details of the Directors' relevant interests in the securities at the date of this Prospectus:

| Director | Shares | Listed Options ¹ | Unlisted Options ² | Performance Rights |
|-------------------|------------|-----------------------------|-------------------------------|--------------------|
| Peter Malone | 23,638,490 | 11,397,128 | 2,814,106 | 27,000,000 |
| Phil Giglia | 3,535,409 | 378,690 | 420,882 | Nil |
| Alex John Poulsen | Nil | Nil | Nil | Nil |

Note:

1. Listed Options exercisable at \$0.10 on or before 31 December 2020.
2. Unlisted Options exercisable at \$0.03 on or before 31 December 2020.

4.8 Directors remuneration

Directors received the following remuneration (including superannuation) for the preceding two financial years:

| Director | Financial Year | Total Remuneration ¹ |
|--------------------------------|----------------|---------------------------------|
| Peter Malone | 2020 | \$281,559 |
| | 2019 | \$328,030 |
| Phil Giglia | 2020 | \$26,000 |
| | 2019 | \$29,000 |
| Alex John Poulsen ² | 2020 | \$nil |
| | 2019 | \$nil |

Notes:

1. Includes non-monetary remuneration.
2. Mr Alex John Poulsen was appointed as a Non-Executive Director on 29 October 2020.

Mr Peter Malone, Executive Chairman, was appointed on 4 September 2015. Boston Technology Management Pty Ltd has a consultancy agreement with the Company for the provision of executive chairman services of Mr Malone are provided at \$240,000 per annum (plus GST).

Mr Filippo (Phil) Giglia, Non-Executive Director and Chairman of the Audit Committee, was appointed

on 23 November 2017. Colosseum Securities Pty Ltd, a company which Mr Giglia is sole director and acts as trustee for trusts of which Mr Giglia is a beneficiary, has a consultancy agreement to provide the director services of Mr Giglia for \$24,000 per annum (plus GST) and Chairman of the Audit Committee for \$2,000 per annum (plus GST).

Mr Alex John Poulsen, Non-Executive Director, was appointed on 29 October 2020. Pickle Pty Ltd, a company which Mr Poulsen is a Director has a consultancy agreement to provide the director services of Mr Poulsen for \$24,000 per annum (plus GST).

4.9 Substantial shareholders

Based on publicly available information, the following persons hold a relevant interest in 5% or more of the Shares on issue as at the date of this Prospectus:

| Name | Shares | Percentage of Shares % |
|--------------------------|------------|---------------------------|
| Sovereign Empire Pty Ltd | 23,638,490 | 7.26 |

4.10 Related party transactions

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

4.11 Interests of Named Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two years before the date of this Prospectus, any interest in:

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

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

4.12 Market price of Shares

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

| | |
|----------|---------------------------------------|
| Highest: | \$0.074 per Share on 25 November 2020 |
| Lowest: | \$0.020 per Share on 28 October 2020 |
| Latest | \$0.074 per Share on 25 November 2020 |

4.13 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.14 Expenses of the Cleansing Offers

The estimated expenses of the Cleansing Offers are as follows:

| | |
|--------------------|----------------|
| | \$ |
| ASIC lodgement fee | 3,206 |
| Legal expenses | 2,500 |
| Total | \$5,706 |

4.15 Consents

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

4.16 Electronic Prospectus

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

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

5. Authorisation

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of the Company by:



Peter Malone
Executive Chairman

26 November 2020

6. Glossary of Terms

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

\$ means Australian dollars unless otherwise specified.

Acceptance means a valid application for New Securities made pursuant to this Prospectus on an Application Form.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2020 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2020, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2020.

Applicant means a person who submits an Application Form.

Application Form means the application form provided by the Company with a copy of this Prospectus.

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

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

AWST means Australian Western Standard Time.

CHESS means ASX Clearing House Electronic Subregister System.

Cleansing Offers has the meaning in Section 1.1.

Closing Date has the meaning given in the Indicative Timetable.

Company means Skin Elements Limited (ACN 608 047 794).

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

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

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

FDA means the Food and Drug Administration.

GMP means the Good Manufacturing Practices regulations and General Biologics Products Standards promulgated by FDA, as they may be amended from time to time and includes published standards of FDA (or other standards of the FDA that are generally recognised within the United States pharmaceutical industry).

Indicative Timetable means the indicative timetable at the beginning of this Prospectus.

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 CHESS.

Listed Option means an Option quoted under ASX security code SKNOA and exercisable at \$0.10 per Option on or before 31 December 2020.

Listing Rules means the Listing Rules of ASX.

New Listed Option means a Listed Option offered pursuant to this Prospectus.

New Securities means a New Share and a New Listed Option.

New Share means a Share offered pursuant to this Prospectus.

Option means an option to acquire a Share.

Option Offer has the meaning in Section 1.1.

Prospectus means this prospectus dated 26 November 2020.

Section means a section of this Prospectus.

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

Share Offer has the meaning in Section 1.1.

Shareholder means a holder of Shares.

Share Registry means Link Market Services Limited.

TGA means the Therapeutic Goods Administration, a Division of the Department of Health and Ageing.

Unlisted Option means an Option issued under ASX security code SKNUOA and exercisable at \$0.03 per Option on or before 31 December 2020.