

ANTEO DIAGNOSTICS LIMITED
ABN 75 070 028 625

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 Share for every 1 Share held by the Shareholders registered at 5.00 pm (EST) on 29 September 2009 at an issue price of 0.6 cents per Share, together with 1 Attaching Option (for no additional consideration) for every 1 Share subscribed for, to raise up to approximately \$1,080,659 (**Offer**).

The Offer is fully underwritten by Transocean Securities Pty Ltd (ACN 009 230 120).

CLOSING DATE: 5PM EST 20 October 2009

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

| | |
|---|------------------------------|
| Lodgement of Prospectus with ASIC | 18 September 2009 |
| Lodgement of Prospectus and Appendix 3B with ASX | 18 September 2009 |
| Notice sent to Optionholders | 22 September 2009 |
| Notice sent to Shareholders | 22 September 2009 |
| Ex date | 23 September 2009 |
| Record Date for determining Entitlements | 5.00pm EST 29 September 2009 |
| Prospectus despatched to Shareholders | 6 October 2009 |
| | |
| Closing Date* | 5.00pm EST 20 October 2009 |
| | |
| ASX notified of under subscriptions | 23 October 2009 |
| Despatch of holding statements | 28 October 2009 |
| Date of quotation of Securities issued under the Offer* | 28 October 2009 |

* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. For this reason the date on which the Securities are expected to commence trading on ASX may vary.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 18 September 2009 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with ASIC. No Securities will be allotted or issued on the basis of this Prospectus after the expiry date.

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

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form which accompanies this Prospectus.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being

extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to Section 7 of this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.anteodx.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

| | |
|---|--|
| <p>Directors</p> <p>James Gilbert Henderson (Non-Executive Chairman)</p> <p>Geoffrey James Cumming (CEO and Executive Director)</p> <p>Robert Farrer Gilmour (Non-Executive Director)</p> <p>Richard Shubrick Martin (Non-Executive Director)</p> <p>Laura Rita Iacusso (Non-Executive Director)</p> <p>Company Secretary</p> <p>Shane Anthony Hartwig</p> <p>Registered Office</p> <p>4, 26 Brandl Street Eight Mile Plains QLD 4113, Australia</p> <p>Telephone: (07) 3219 0085 Facsimile: (07) 3219 0553</p> <p>Website: www.anteodx.com Email: Contact@anteodx.com</p> | <p>Underwriter</p> <p>Transocean Securities Pty Ltd Level 5, 56 Pitt Street Sydney NSW 2000</p> <p>Solicitors to the Company</p> <p>ClarkeKann Lawyers 300 Queen Street Brisbane QLD 4000</p> <p>Auditors*</p> <p>Grant Thornton 102 Adelaide Street Brisbane QLD 4000</p> <p>Share Registry*</p> <p>Registries Limited 207 Kent Street Sydney 2000</p> <p>Telephone: 1300 737 760 Facsimile: 1300 653 459</p> |
|---|--|

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

3. CHAIRMAN'S LETTER

Dear Shareholder,

The Board of Anteo Diagnostics Limited (**Anteo or the Company**) has pleasure in offering Shareholders the opportunity to participate in a non-renounceable rights issue of shares at 0.6 cents per share on the basis of 1 ordinary share for every 1 ordinary share held in Anteo, pursuant to the terms of this Prospectus. In addition, applicants will also receive 1 Option to acquire a fully paid ordinary share, at an exercise price of 1.2 cents, for every 1 Share taken up by them under this rights issue. The option to acquire a fully paid ordinary share will commence on the date of issue of the options and expire on 30 September 2010.

This rights issue enables Anteo to develop and grow its activities to the benefit of shareholders going forward. Accordingly your Directors strongly recommend that you support the issue.

Anteo has continued to keep shareholders abreast of its development activities through the regular issue of ASX releases also posted on the Company's website (www.anteodx.com) that are freely accessible by shareholders. These releases are available to shareholders on request to the Company.

By way of summary, this year the Company has focussed on consolidating its core strengths, understanding its potential markets and in moving towards the commercialisation of the Company's Mix&Go technology. In particular the Company has achieved the following:

- Appointed a new CEO, Dr Geoff Cumming, who has significant experience in business development and the commercial application of technologies. Dr Cumming has progressed several of the Company's projects and business development activities since joining.
- Entered into an agreement with Manawatu Diagnostic Limited (MDx) to develop assays for ovarian monitoring. This project is significantly progressed and both parties are working together to develop a roadmap to commercially exploit the assays or data derived.
- Undertaken a series of internal projects aimed at improving the scientific processes, validity and reliability of the Mix&Go technology on numerous bead formats. This work has resulted in improved credibility associated with the underlying science; advancing the historical position.
- As a result of the above work, the Company has entered into and progressed discussions with several international bead manufacturers and IVD players. We continue to work in parallel with several of these parties with a view to finalising licensing or other commercial arrangements as quickly as possible.
- Entered into a conditional co-operation and licensing agreement with DioSion Diagnostics Sdn Bhd in Malaysia for the use of Mix&Go on a limited number of applications, within a specified manufacturing territory. This agreement, if all the conditions are met, will provide significant short term cash flows to the Company and long term cash flows if the applications are successful.

The achievements of the Company in the 2009 year have highlighted the value of the Mix&Go technology and provided strong endorsement of the cost and competitive

advantages to be achieved from its use. The technical team continues to be integral to the commercialisation of the core technology as well as the ability to effectively execute assay development and other agreements. These factors mean the Company is well placed to achieve commercial and lasting outcomes for its shareholders.

The last twelve months have been tumultuous for capital markets in Australia and particularly for the biotechnology sector as investors move to more certain investments. The Company previously completed an underwritten rights issue in April 2008 and has successfully managed the use of these funds through the last 18 months.

The proceeds of this rights issue will be used for working capital as the Company focuses on achieving commercial agreements from its technologies.

Shareholders should note that the allotment and issue of Shares under this Prospectus will only be made upon receipt by the Company's share registry of the Entitlement and Acceptance Form accompanying the Prospectus, and otherwise in accordance with the instructions set out in the Prospectus.

I would also like to thank the shareholders for your continuing support.

James Henderson
Chairman

18 September 2009

4. DETAILS OF THE OFFER

4.1 Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 1 Share held by Shareholders registered at the Record Date at an issue price of 0.6 cents per Share, together with 1 Attaching Option for every 1 Shares subscribed for.

Based on the capital structure of the Company as at the date of this Prospectus and assuming no Options are exercised prior to the Record Date, a maximum of 180,109,739 Shares and 180,109,739 Attaching Options will be issued pursuant to this Offer to raise up to approximately \$1,080,659

As at the date of this Prospectus the Company currently has 112,965,700 Options on issue which may be exercised prior to the Record Date in order to participate in the Offer.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the Attaching Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

The purpose of the Offer and the use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Application for Securities

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for your maximum Entitlement.

You may participate in the Offer as follows:

(a) if you wish to accept your **full** Entitlement:

- (i) complete the Entitlement and Acceptance Form; and
- (ii) attach your cheque drawn on an Australian bank, or bank draft made payable in Australian currency, or pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form; or

(b) if you only wish to accept **part** of your Entitlement:

- (i) fill in the number of Shares and Attaching Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque drawn on an Australian bank, or bank draft made payable in Australian currency, or bank draft made payable in Australian currency, or pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form.

(c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Shareholders who wish to apply for more than their Entitlement will need to apply for additional Securities under the Shortfall Offer. Please refer to Section 4.4 of this Prospectus for further information.

Completed Entitlement and Acceptance Forms and accompanying cheques made payable to **“Anteo Diagnostics Limited – Rights Issue Account”** and crossed **“Not Negotiable”** or BPAY receipt must be mailed or delivered to one of the following addresses no later than the Closing Date:

By hand:

Anteo Diagnostics Limited
C/- Registries Limited
Level 7
207 Kent Street
Sydney 2000

By post

Anteo Diagnostics Limited
C/- Registries Limited
GPO Box 3993
Sydney NSW 2001

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

4.3 Fully Underwritten

The issue is underwritten by the Underwriter subject to the Underwriting Agreement (see *Section 8.2 of this Prospectus*).

4.4 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer, which will be subject to the Underwriting Agreement.

Shareholders who have taken up their Entitlement in full and non-Shareholders who wish to subscribe for Shortfall Securities are invited to complete the Shortfall Application Form accompanying this Prospectus and return it together with a cheque for the value of the Shortfall Securities. The balance of the Shortfall will revert to the Underwriter to be dealt with in accordance with the Underwriting Agreement.

A Shareholder or non-Shareholder (other than the Underwriter and sub-underwriters) will not be entitled to any Shortfall Securities if the allotment and issue of those Shortfall Securities will result in their voting power in the Company exceeding 20%.

If the number of Shortfall Securities applied for exceeds the actual number of Shortfall Securities, applications will be scaled back at the discretion of the Underwriter.

The Underwriter reserves the right, in their absolute discretion, to allot an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies for on their Shortfall Application Form or to issue no Shortfall Securities or to reject an application.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for a period of time as determined by the Company in consultation with the Underwriter not exceeding three months following the Closing Date, however investors are advised to return their Shortfall Application Forms by the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be 0.6 cents being the price at which Shares have been offered under the Offer and the Attaching Options to be issued shall be issued in the same proportion as under the Offer.

4.5 Allotment of Securities

Securities issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date and in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be allotted and issued in accordance with the Underwriting Agreement. Where the number of Securities issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

Holding statements for Securities issued under the Offer (and Shortfall Securities issued to Shareholders under the Shortfall Offer) will be mailed as soon as possible after the Closing Date and in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus.

4.6 Australian Securities Exchange Listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 1 of this Prospectus and in any event within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

4.7 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

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

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

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

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.9 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

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

4.10 Enquiries

Any questions concerning the Offer should be directed to Shane Hartwig, the Company Secretary, on (02) 8823 3100.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,080,659. The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer ¹ | \$ |
|------|------------------------------------|------------------|
| 1 | Working Capital | 978,628 |
| 2 | Expenses of the Offer ¹ | 37,191 |
| 3 | Underwriting Fee ² | 64,840 |
| | Total | 1,080,659 |

Note:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. The Offer is fully underwritten. The Underwriting Agreement is subject to standard terms and conditions, however, the Offer will proceed whether or not the conditions to the Underwriting Agreement are satisfied. There is also no minimum subscription to the Offer.

As there is no minimum subscription, where the conditions to the Underwriting Agreement are not satisfied or the Underwriting Agreement is terminated in accordance with its terms it is possible the Company may raise an amount that is only sufficient to cover expenses of the Offer in which case it will not be able to meet its objectives on the scale available with a greater amount of funds. However, the Company intends to continue with proposed operations using existing cash reserves and if necessary, may seek funding from alternative sources.

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

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Securities offered under the Prospectus are issued and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$978,628 (after deducting the expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 180,109,739 as at the date of this Prospectus to 360,219,478; and
- (c) Increase the number of Options on issue (or approved to be issued by the Directors, but the issue of which is subject to shareholder approval) from 115,513,919 as at the date of this Prospectus to 307,623,658.

5.3 Pro-Forma Consolidated Balance Sheet

The un-audited Consolidated Balance Sheet as at 30 June 2009 and the un-audited Pro-Forma Consolidated Balance Sheet as at 30 June 2009 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared assuming all Securities offered under the Prospectus are issued, no Options are exercised prior to the Record Date and after deducting the expenses of the Offer.

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

| | Consolidated Unaudited 30/06/2009 | Pro-Forma Consolidated Post Rights Issue 30/06/2009 |
|----------------------------------|--|--|
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash | 953,354 | 1,931,928 |
| Receivables | 75,643 | 75,643 |
| Other | 1,541 | 1,541 |
| TOTAL CURRENT ASSETS | <u>1,030,538</u> | <u>2,009,166</u> |
| NON-CURRENT ASSETS | | |
| Property, plant & equipment | 301,591 | 301,591 |
| TOTAL NON CURRENT ASSETS | <u>301,591</u> | <u>301,591</u> |
| TOTAL ASSETS | <u>1,332,129</u> | <u>2,310,757</u> |
| CURRENT LIABILITIES | | |
| Payables | 241,703 | 241,703 |
| Provisions | 57,826 | 57,826 |
| TOTAL CURRENT LIABILITIES | <u>299,529</u> | <u>299,529</u> |
| TOTAL LIABILITIES | <u>299,529</u> | <u>299,529</u> |
| NET ASSETS | <u>1,032,600</u> | <u>2,011,228</u> |
| EQUITY | | |
| Contributed equity | 21,536,237 | 22,514,865 |
| Accumulated losses | <u>(20,503,637)</u> | <u>(20,503,637)</u> |
| TOTAL EQUITY | <u>1,032,600</u> | <u>2,011,228</u> |

5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Securities offered under the Prospectus are issued and no Options are exercised prior to the Record Date, is set out below.

Shares

| | Number |
|--|--------------------|
| Shares currently on issue | 180,109,739 |
| Shares offered pursuant to the Offer | 180,109,739 |
| Total Shares on issue after completion of the Offer | 360,219,478 |

Options

| | Number |
|--|---------------|
| Options (Unlisted) (exercise price 52.1 cents per option expiry date 18 December 2010) ¹ | 23,036 |
| Options (Unlisted) (exercise price 52.1 cents per option expiry date 22 January 2011) | 8,398 |
| Options (Unlisted) (exercise price 52.1 cents per option expiry date 1 April 2011) | 49,191 |
| Options (Unlisted) (exercise price 52.1 cents per option expiry date 31 July 2011) | 4,799 |
| Options (Unlisted) (exercise price 65.1 cents per option expiry date 13 September 2011) | 9,958 |
| Options (Unlisted) (exercise price 52.1 cents per option expiry date 19 October 2011) | 16,479 |
| Options (Unlisted) (exercise price 65.1 cents per option expiry date 1 January 2012) | 60,790 |
| Options (Unlisted) (exercise price 65.1 cents per option expiry date 1 March 2012) | 9,598 |
| Options (Unlisted) (exercise price 65.1 cents per option expiry date 1 April 2012) | 72,152 |

| | Number |
|---|---------------|
| Options(Unlisted) (exercise price 65.1 cents per option expiry date 25 April 2012) | 3,840 |
| Options(Unlisted) (exercise price 65.1 cents per option expiry date 31 October 2012) | 4,800 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 1 September 2013) | 76,786 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 1 December 2013) | 3,656,206 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 24 May 2014) | 71,643 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 1 October 2014) | 71,987 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 20 December 2014) | 3,087,902 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 20 January 2015) | 105,865 |
| Options(Unlisted) (exercise price 15.6 cents per option expiry date 20 February 2015) | 58,166 |
| Options(Unlisted) (exercise price 6.5 cents per option expiry date 1 February 2011) | 3,000,000 |
| Options(Unlisted) (exercise price 8.1 cents per option expiry date 31 July 2013) <i>*These options contain vesting conditions</i> | 72,329* |
| Options(Unlisted) (exercise price 5.5 cents per option expiry date 1 February 2011) | 14,356,713 |
| Options (unlisted) (exercise price 2.0 cents per option expiry date 30 September 2012) | 6,250,000 |

| | Number |
|---|---------------------|
| Options (unlisted) (exercise price 2.0 cents per option expiry date 30 September 2012) <i>*These options have been approved for issue by the Board, however will not be issued until shareholder approval is obtained. These Options will contain vesting conditions.</i> | 2,500,000* |
| Options(Listed) (exercise price 6.5 cents per option expiry date 1 February 2011) | 81,943,281 |
| Total Options on issue at the date of this Prospectus (including 2,500,000 Options approved to be issued, but subject to shareholder approval) <i>* Total Options that may be exercised prior to the Record Date and participate in the Offer is 112,965,700</i> | 115,513,919* |
| Options offered pursuant to the Offer (refer to Section 6.2 for terms and conditions) | 180,109,739 |
| Options (listed) to be issued to Underwriter (exercise price 1.2 cents per option expiry date 30 September 2010) <i>*Issue of Options is subject to shareholder approval</i> | 12,000,000* |
| Total options on issue at completion of offer and after shareholder approval | 307,623,658 |

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

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

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

General Meetings

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

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

Voting Rights

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

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

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion of the dividend paid to the holder of a fully paid Share that the amount paid up on the Share bears to the total issue price of the Share (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. 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 from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. 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.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Transfer of Shares

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

Future Increase in Capital

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

Variation of Rights

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

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

6.2 Attaching Options

Each Attaching Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Attaching Option, the Optionholder must exercise the Attaching Options in accordance with the terms and conditions of the Attaching Options.

- (a) The Attaching Options will expire at 5:00 pm (EST) on 30 September 2010 (**Expiry Date**). Any Attaching Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) The amount payable upon exercise of each Attaching Option will be 1.2 cents per Option (**Exercise Price**).
- (c) The Attaching Options held by each Optionholder may be exercised in whole or in part.
- (d) An Optionholder may exercise its Attaching Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Attaching Options specifying the number of Attaching Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Attaching Options being exercised;

(Exercise Notice).

- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Attaching Options specified in the Exercise Notice.
- (g) The Attaching Options are transferable.
- (h) All Shares allotted upon the exercise of Attaching Options will upon allotment rank pari passu in all respects with other Shares.
- (i) Subject to the requirements of the ASX Listing Rules, the Company will apply for quotation of the Attaching Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Attaching Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Attaching Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Attaching Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Attaching Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Attaching Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Attaching Option can be exercised.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend that potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Risks Specific to the Company

(a) Credibility

Anteo is a relatively new market entrant and the technology it possesses is relatively untried. The Company has made significant progress in advancing the credibility of its technology over the last 18 months. This specifically includes the support of outcomes achieved from its technology and products by potential customers. However, until the Company achieves significant sales or a major licensing agreement, its credibility remains a risk.

(b) Regulatory Approval

Anteo's products or the use of Anteo's technology by third parties may need to pass government approval processes for use in clinical diagnostics. These approval processes, if required, may take several months or years to be completed, depending on the nature of approvals sought and the relevant jurisdiction. To overcome this, Anteo customers will work with products in the research sector and other segments not requiring specific approvals in parallel with any relevant regulatory approval processes.

(c) Competition

Anteo operates in a wide market segment ranging from global bead manufacturers to major IVD suppliers and research markets. Its products include the supply of proprietary coatings as well as various consulting and assay development services. Whilst the Company believes its proprietary coatings afford it a competitive advantage there are competitors that operate within the same market without regard for this. Most companies developing immunoassays purchase standard materials and engineer the solution chemistry to optimise their assays. Very little emphasis has been placed on the underlying materials themselves or their contribution to the assay being developed.

(d) Intellectual Property

Anteo has patent protection through granted patents and patent applications for components of its technology. However, there is a risk that:

- (i) some or all of the patents applied for may not be granted in some or all of the relevant jurisdictions; or
- (ii) intellectual property rights may be infringed or copied in a jurisdiction in which the patents are not recognised or easily enforceable.

(e) The Management Team

The skills of the chief executive officer, scientists and management team are critical to the success of the Company. While the chief executive officer and other key staff members all are employed under normal employment agreements, should a key member become incapacitated or in some other way cease their involvement with the Company, its performance could be adversely affected.

(f) Capital Requirements

While the Company believes it will have sufficient funds after completion of the Offer (assuming the Offer is fully subscribed or any shortfall is taken up by the Underwriter) to pursue its existing business plan. However, if the Company does not successfully conclude a licensing or other commercial agreement in the next 12 months, then the

Company will need to raise additional capital. There can be no assurance that the Company will be able to raise such capital when required or on favourable terms.

(g) **Legal Proceedings**

Although the Company is not aware of any legal proceedings currently on foot, legal proceedings can arise from time to time particularly regarding patent and intellectual property Infringements.

7.3 General Risks

(a) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) **Market Conditions**

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

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

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

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

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

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

(e) **Investment Speculative**

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

Therefore, the 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 securities.

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

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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.

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 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 ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with ASIC;
- (ii) any half-year financial report lodged by the Company with ASIC after the lodgment of the annual financial report referred to in (i) and before the lodgment of this Prospectus with ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules after the lodgment of the annual financial report referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

All requests for copies of the above documents should be addressed to Mr Shane Hartwig, Company Secretary, Level 5, 56 Pitt Street, Sydney NSW 2000 (Phone 02 8823 3100, Fax 02 9252 8466, email: shartwig@transoceanogroup.com).

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

| Date | Description of Announcement – released as Biolayer Corporation Limited |
|-------------|---|
| 18 Nov 2008 | 2008 Annual General Meeting Results |
| 18 Nov 2008 | 2008 AGM Presentation |
| 04 Nov 2008 | Appendix 3B |
| 28 Oct 2008 | Appendix 4C – quarterly |

| Date | Description of Announcement – released as Anteo Diagnostics Limited |
|--------------|--|
| 17 Sept 2009 | Change in substantial holding |
| 17 Sept 2009 | Change of Director's Interest Notice |
| 14 Sept 2009 | Appendix 3B |
| 31 Aug 2009 | Final Director's Interest Notice |
| 31 Aug 2009 | Preliminary Final Report |
| 27 Aug 2009 | Resignation of Director |
| 20 Aug 2009 | Anteo signs Co-operating and License Agreement |
| 29 Jul 2009 | Appendix 4C - quarterly |
| 29 Jul 2009 | Anteo enters commercial discussions |
| 26 Jun 2009 | Change of Director's Interest Notice |
| 01 Jun 2009 | Change of Director's Interest Notice |
| 01 Jun 2009 | Change of Director's Interest Notice |
| 29 Apr 2009 | Appendix 4C - quarterly |
| 24 Apr 2009 | Change of Director's Interest Notice |
| 16 Apr 2009 | Ceasing to be a substantial holder |
| 14 Apr 2009 | Change of Director's Interest Notice |
| 07 Apr 2009 | Initial Director's Interest Notice |
| 07 Apr 2009 | Appointment of Director and Operations Update |
| 26 Feb 2009 | Half Yearly Report and Accounts |
| 30 Jan 2009 | Change in substantial holding |
| 30 Jan 2009 | Appointment of CEO |
| 30 Jan 2009 | Appendix 4C - quarterly |
| 07 Jan 2009 | Revenue and Royalty Agreement - NZDX |

| | |
|-------------|--------------------------------------|
| 19 Dec 2009 | Change of Director's Interest Notice |
| 19 Dec 2008 | Initial Director's Interest Notice |
| 18 Dec 2008 | Board Appointment |

8.2 Underwriting Agreement

By an agreement between Transocean Securities Pty Ltd as Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed with the Underwriter:

- to pay an underwriting fee of 5% of the value of the underwritten amount, being \$1,080,659 (**Underwritten Amount**) (plus GST);
- to pay a co-ordination fee 1% of the Underwritten Amount (plus GST);
- to issue 12,000,000 Options (listed) to the Underwriter or its nominee on completion of the Offer – such options will have the same terms as the Attaching Options.
- to pay expenses of the Underwriter comprising disbursements of the Underwriter, marketing and promotional materials and expenditure and travel and accommodation costs.

If the Underwriting Agreement is terminated the Underwriter is entitled to be paid the co-ordination fee, to be issued the 12,000,000 Options and to be paid expenses it has incurred.

All definitions and clauses referred to in the below summary are as applied in the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Offer for the Underwritten Amount is conditional upon:

- (a) **Sub-underwriting Firm Commitment:** the Underwriter entering into sub-underwriting firm commitment arrangements with certain sophisticated investors (on terms and conditions satisfactory to the Underwriter) pursuant to which the sophisticated investors agree to sub-underwrite at least 75% of the size of the Underwritten Amount;
- (b) **Due Diligence Report:** the Company providing the Underwriter with the Due Diligence Report in terms satisfactory to the Underwriter in its absolute discretion;
- (c) **Legal opinion:** the Company providing the Underwriter with a legal opinion in relation to the Prospectus, the Offer and the Due Diligence Investigations which is addressed to, and expressed to be for the benefit of, the Company, its Directors, the members of the Due Diligence Committee and the Underwriter, in terms satisfactory to the Underwriter in its reasonable discretion;
- (d) **ASIC lodgment:** the Company lodging the Prospectus at ASIC on or before the Prospectus Lodgment Date in a form in which the Underwriter has consented to be named;

- (e) **ASX approval:** ASX indicating in writing that it will grant permission for the official quotation of the Shares offered under this Prospectus and Options (subject only to customary pre- quotation conditions);
- (f) **Shortfall Notice and Certificate:** the Company providing the Underwriter with a Shortfall Notice and Closing Certificate in accordance with the Underwriting Agreement.

The obligation of the Underwriter to fully underwrite the Offer for the Underwritten Amount is also subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **ASX listing:** ASX does not give approval for the Shares or Options that are Shortfall Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (b) **index fall:** the S&P/ASX 200 Index is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement;
- (c) **indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;
- (d) **return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (e) **banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (f) **change in laws:** any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company or the operation of stock markets generally;

- (g) **failure to comply:** the Company or any Related Corporation fails to comply with any of the following:
 - (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of ASIC or any

Governmental Agency; or

- (iv) any material agreement entered into by it;
- (h) **alteration of capital structure or constitution:** the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;
- (i) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia or United States of America;
- (j) **extended Force Majeure:** a Force Majeure, which prevents or delays an obligation under this Agreement, lasting in excess of three weeks occurs;
- (k) **default:** the Company is in default of any of the terms and conditions of this Agreement or breaches any warranty or covenant given or made by it under this Agreement;
- (l) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the operational or financial condition, position, performance or prospects of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
- (m) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (n) **Prescribed Occurrence:** a Prescribed Occurrence occurs;
- (o) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (p) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against the Company or any Related Corporation;
- (q) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shortfall Shares without the prior written consent of the Underwriter;
- (r) **Breach of Material Contracts:** any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified;
- (s) **Event of Insolvency:** an Event of Insolvency occurs in respect of the Company or a Related Corporation;
- (t) **Judgment against a Related Corporation:** a judgment in an amount exceeding \$50,000.00 is obtained against the Company or a Related Corporation and is not set aside or satisfied within seven days; or
- (u) **determination by ASIC:** the Offer is prevented from proceeding by reason of an order (actual or threatened, interim or final) made by ASIC under section 739 of the Corporations Act or ASIC makes a determination under section 713(6) of the Corporations Act in relation to the Company;

- (v) **Prospectus:** the Prospectus:
 - (i) contains a statement which is misleading or deceptive; or
 - (ii) omits a matter required under the Corporations Act;
- (w) **Prospectus not lodged or withdrawn:** the Company does not lodge the Prospectus on the Prospectus Lodgment Date or the Prospectus or the Offer is withdrawn by the Company;
- (x) **other change:** at any time after the Prospectus is issued, a new circumstance arises, where information about that new circumstance would have been required under the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- (y) **Company offers refund:** any circumstance arises after the Prospectus is lodged with ASIC that results in the Company doing any of the following: repaying, or offering to repay, any monies the Company receives from applicants; or offering one or more applicants an opportunity to withdraw their Entitlement and Acceptance Form(s) or Shortfall Application Form(s);
- (z) **Supplementary Prospectus required:** a Supplementary Prospectus is lodged, or the Due Diligence Committee recommends that a Supplementary Prospectus is lodged;
- (aa) **Timetable not met:** any event specified in the Timetable does not occur within 14 days after the date specified for that event,
- (bb) **Sub-underwriter non-compliance:** any of the sophisticated investors do not comply with their obligations under the sub-underwriting firm commitment arrangements or threaten to not comply with their respective obligations under the sub-underwriting firm commitment arrangements;
- (cc) **Intellectual property:** the Company receives notification from any relevant authority or party that challenges the claims of any existing patent or results in a patent application requiring modification or being rejected or withdrawn, or if the Company otherwise decides to withdraw an existing patent application.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.3 Underwriter's Interests

If there are no applications for Shares under this Prospectus, and the Underwriter is required to subscribe for the whole of the Shortfall the Underwriter's voting power in the Company immediately following completion of the Offer, would increase to approximately 56.8% and if all options to be issued to the Underwriter were converted into Shares the Underwriter's voting power would increase to approximately 71.8%.

The Underwriter will enter into sub-underwriting firm commitments whereby third parties will sub-underwrite most of the Underwriter's underwriting obligations. Accordingly, it is the intention of the Underwriter that the Underwriter's voting power in the Company will be less than 20% following completion of the Offer.

The Underwriter has beneficial interests in, or is to be issued, the following Company securities at the date of this Prospectus:

- . 24,423,952 shares representing 13.6% of the voting power in the Company upon completion of the Offer;
- . 48,387,228 Options exercisable at 6.5 cents per Share on or before 1 February 2011;
- . 12,000,000 Options exercisable at 1.2 cents per Share at any time up to 30 September 2010, such Options to be issued, subject to shareholder approval, under the Underwriting Agreement.

8.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgment of this Prospectus with ASIC, 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, promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

| Name | Shares | Options |
|---------------------|-------------------------|-------------------------|
| Dr Geoffrey Cumming | 2,000,000 | Nil ¹ |
| James Henderson | 24,423,952 ² | 48,387,228 ² |
| Robert Gilmour | 2,379,620 | 2,689,810 ³ |

Notes:

1. The Company intends, subject to shareholder approval, to issue 2,500,000 options under the Company's share option plan to Dr Cumming, exercisable at 2 cents per share on or before 30 September 2012, subject to vesting conditions.
2. Securities held by Transocean Securities Pty Ltd in which Mr Henderson has a beneficial interest. The options are exercisable at 6.5 cents each on or before 1 February 2011.
3. Exercisable at 6.5 cents each on or before 1 February 2011.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors and former directors of the Company a total of \$318,643 for the year ended 30 June 2009. For the period from 1 July 2009 to the date of this Prospectus \$67,184 has been paid or is payable by the Company by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (and including superannuation payments).

Transocean Securities Pty Ltd, a company associated with Mr James Henderson provides to the Company use of premises in Sydney at \$2,750 per month (plus GST), company secretarial services at \$5,000 per month (plus GST) and advisory services under a retainer at \$15,000 per month (plus GST). Shubrick Investments Pty Ltd, a company associated with Mr Richard Martin, provides Mr Martin to discharge the function of chief financial officer to the Company at the rate of \$1,000 per day (plus GST), which is charged in half day increments.

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Bodyworks Holdings Limited ("**Bodyworks**"), a company associated with Mr Robert Gilmour, will be taking a \$50,000 sub-underwriting position pursuant to a sub-underwriting agreement between Bodyworks and the Underwriter.

Pursuant to the sub-underwriting agreement, Bodyworks has agreed with the Underwriter:

- that it will on a sub-underwriter basis subscribe for any shortfall of Shares and Options up to a maximum value of \$50,000.00 ("**Sub-underwritten Amount**") which is equivalent to approximately 8,333,333 Shares;
- that it will not be paid a fee for taking a sub-underwriting position;
- it is a sophisticated investor in accordance with section 708(8) of the *Corporations Act 2001* (Cth).

Under the terms of the sub-underwriting agreement, Bodyworks acknowledges and agrees that:

- the Underwriter has certain rights to terminate the underwriting agreement with the Company (see section 8.2 of this Prospectus); and
- if the Underwriter elects to terminate the underwriting agreement with the Company, all of the Underwriter's obligations to Bodyworks, and all of Bodyworks's obligations to the Company will be terminated.

The sub-underwriting agreement also contains a number of indemnities, representations and warranties from Bodyworks to the Underwriter that are considered standard for an agreement of this type.

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a

professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgment of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Transocean Securities Pty Ltd acts as underwriter to the Company in respect of the Offer. It will be paid approximately \$64,840 (excluding GST) under the Underwriting Agreement, and be issued 12,000,000 options (subject to shareholder approval). In the past two years, Transocean Securities Pty Ltd has been paid fees of \$511,250 for services provided to the Company.

ClarkeKann acts as lawyers to the Company in respect of this Prospectus, and will be paid approximately \$13,500 (excluding GST) for services in relation to this Prospectus.

8.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Transocean Securities Pty Ltd has given its written consent to being named as the underwriter to the Company in this Prospectus, and has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

ClarkeKann has given its written consent to being named as the lawyers to the Company in this Prospectus, and has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

8.7 Litigation

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

8.8 Expenses of Offer

In the event that the Offer is fully subscribed, the total expenses of the Offer are estimated to be approximately \$102,031 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | |
|-----------------------------|----------------|
| | \$ |
| ASIC fees | 2,010 |
| ASX fees | 4,681 |
| Underwriter's fees | 64,840 |
| Legal fees | 13,500 |
| Share Registry fees | 5,000 |
| Printing and other expenses | 12,000 |
| Total | 102,031 |

8.9 Market Price of Shares

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

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

| | | |
|---------|-------------|-------------------|
| Highest | 0.017 cents | 25 August 2009 |
| Lowest | 0.008 cents | 24 August 2009 |
| Last | 0.011 cents | 17 September 2009 |

8.10 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on (07) 3219 0085 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.anteodx.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Lease Terms Sheet

The Company has recently signed a terms sheet in respect of the re-negotiation of premises it occupies at Level 4, 26 Brandl Street, Eight Mile Plains, Brisbane.

Under the terms sheet, the new lease is to commence on 1 November 2009 for a period of 3 years ending on 31 October 2012. The terms sheet also contains an option to renew the lease for a further term of 2 years.

Rent is to be calculated on the basis of \$192.50 per m² per annum plus GST, which will be increased by 3.5% on each anniversary of the commencement of the lease. In the event that the option to renew is exercised there will be a market review of the rent.

There are the usual provisions as to the proportionate payment of outgoings, cleaning and utilities.

The Company will also be responsible for all costs associated with the preparation, execution and stamping of the lease documents and must provide a Bank Guarantee for an amount of \$118,000.00 including GST.

9. DIRECTORS' AUTHORISATION

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

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

Geoffrey Cumming
Chairman
For and on behalf of
ANTEO DIAGNOSTICS LIMITED

10 DEFINITIONS

\$ means Australian dollars.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

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

ASIC means the Australian Securities and Investments Commission.

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

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the Listing Rules of the ASX.

Attaching Option means an Option issued under this Prospectus on the terms and conditions set out in Section 6.2.

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

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

Closing Date means 5.00 pm (EST) on 20 October 2009 (unless extended).

Company or **Anteo** means Anteo Diagnostics Limited (ABN 75 070 028 625).

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

Corporations Act means the Corporations Act 2001 (Cth).

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

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

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

Offer means the non-renounceable entitlement issue of 1 Share for every 1 Share held by Shareholders on the Record Date at an issue price of 0.6 cents per Share, together with 1 free Attaching Option for every 1 Share subscribed for, to raise up to approximately \$1,080,659.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Attaching Option as the context requires.

Prospectus means this prospectus.

Record Date means 5.00 pm on 29 September 2009.

Securities means Shares and Attaching Options.

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

Shareholder means a holder of a Share.

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

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall with Shares to be issued at 0.6 cents each, being the price at which Shares have been offered under the Offer, and the Attaching Options to be issued shall be issued in the same proportion as under the Offer.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Substantial Shareholder means a Shareholder with a relevant interest in at least 5% of the total number of votes attached to voting shares in the Company.

Underwriter or **Transocean** means Transocean Securities Pty Ltd (ACN 009 230 120).

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter dated 18 September 2009 and summarised in Section 8.2 of this Prospectus.