

27 July 2010

ASX Announcement

Medigard announces Rights Issue to support US expansion

- Rights Issue for existing shareholders
- 6.5 cents per share with an attached option exercisable at 9.5 cents on or before 30 June 2011
- \$4.8m to be raised from the Rights Issue

Innovative Australian medical device company Medigard has today announced that it will offer its existing shareholders a Renounceable Rights Issue to support its expansion into the US.

Medigard will offer existing shareholders 74,046,091 new shares at an issue price of 6.5 cents. As part of the offer, each new share will have an attached option, exercisable at 9.5 cents on or before 30 June 2011.

Medigard is hoping to raise approximately \$4.8 million from the issue and must raise approximately \$1.57m in order for US production to take place. Additional funds will go to support additional R&D, tooling, compliance, patenting and working capital.

Shareholders are entitled to subscribe for one share for each share they currently hold. Shareholders can also apply for additional shares that may be allocated in the event of a shortfall in subscriptions under the issue.

The issue is renounceable so shareholders may transfer or trade all or part of their entitlements.

The Rights Issue is designed to support five-year production and manufacturing agreements signed by Medigard for its blood collection device with a US manufacturer (who remains confidential under the agreement) and distributor, Outcome Solutions (a related entity of device company Ventlab Corporation), for an exclusive license to manufacture and distribute in the USA and Canada.

While initially only for Medigard's blood collection device, the agreements can extend to its other devices that include retractable safety syringes, intravenous valves and other products.

Medigard expects initial revenues from the agreements to flow within 18 months. Within 5 years, if extended across the Medigard product range, the agreements could deliver up to USD\$40m in annual revenue.

At the announcement of the deal last month, Medigard CEO Peter Emery said: "The agreements are the culmination of months of negotiation and the necessary building of key relationships."

Medigard believes that it has superior products to those currently on offer in the US and that they are more price competitive. The company has chosen to focus first on the US market because of its size and legislation that mandates the use of safety devices like Medigard's.

Both agreements offer a three-way arrangement, with the Manufacturer supplying the BCD direct to the Distributor and Medigard receiving a royalty payment in the form of a licensing fee as its income of up to USD 15c per device.

"This is an exciting next phase for Medigard and the Rights Issue will provide the necessary means to help get our products to market," said Emery.

The offer opens on 10 August 2010 and closes on 25 August 2010. Trading of Rights will commence on the ASX on 30 July 2010 and cease on 18 August 2010. New shares are expected to commence trading on 2 September 2010. The indicative timetable for the issue and Appendix 3B are attached.

The prospectus can be downloaded from Medigard's website at www.medigard.com.au/investor-centre.

For more information contact Company Secretary, Peter Emery on (07) 5528 0370.

Proposed Renounceable Rights Issue Indicative Timetable

Shares commence trading on an ex rights basis	30 July 2010
Rights trading commences	30 July 2010
Record Date for the Offer	6 August 2010
Prospectus and Entitlement and Acceptance Form despatched to Shareholders	10 August 2010
Opening Date of Offer	10 August 2010
Rights trading ends	18 August 2010
Share quoted on a deferred settlement basis	19 August 2010
Closing Date of Offer	5pm Brisbane time 25 August 2010
Expected date of despatch of New Shares and Attaching Options holding statements	2 September 2010
Commencement of trading of New Shares and Attaching Options on ASX on a normal basis	2 September 2010

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

MEDIGARD LIMITED

ABN

49 090 003 044

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | (a) Ordinary shares
(b) Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 74,046,091 ordinary shares
(b) 74,046,091 options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Renounceable rights issue on a 1 for 1 basis:
(a) Fully paid ordinary shares
(b) Options exercisable at 9.5 cents on or before 30 June 2011

Opening date of Offer: 10 August 2010
Closing date of Offer: 25 August 2010 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>						
<p>5 Issue price or consideration</p>	<p>(a) Issue price of 6.5 cents per share (b) Options issued for nil consideration</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised will be used for:</p> <ul style="list-style-type: none"> • BCD tooling for production and assembly • Syringe AR 3ml tooling for production and assembly • Prototyping and R&D for automatic retractable syringes, flashback needle and intravenous valve, product testing and simulated clinical trials • Regulatory compliance • Marketing expenses • Working capital • Capital raising expenses 						
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>Expected to be 2 September 2010</p>						
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">⁺Class</th> </tr> </thead> <tbody> <tr> <td>148,092,182</td> <td>Ordinary shares</td> </tr> <tr> <td>74,046,091</td> <td>9.5 cents Options expiring 30 June 2011</td> </tr> </tbody> </table>	Number	⁺ Class	148,092,182	Ordinary shares	74,046,091	9.5 cents Options expiring 30 June 2011
Number	⁺ Class						
148,092,182	Ordinary shares						
74,046,091	9.5 cents Options expiring 30 June 2011						

⁺ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	2,750,000	Options expiring 17/08/12 exercise at \$0.20
	1,500,000	Options expiring 17/08/12 exercise at \$0.20
	2,500,00	Options expiring 17/08/12 exercise at \$0.20
	850,000	Options expiring 17/01/11 exercise at \$0.20
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Unchanged	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	Renounceable
13 Ratio in which the +securities will be offered	1 for 1 basis, plus 1 attaching option for each new share
14 +Class of +securities to which the offer relates	Ordinary shares
15 +Record date to determine entitlements	6 August 2010
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17 Policy for deciding entitlements in relation to fractions	Rounded up
18 Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Offer is not being extended to any shareholders whose registered address is outside of Australia and New Zealand

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

19	Closing date for receipt of acceptances or renunciations	25 August 2010
20	Names of any underwriters	Offer is not underwritten
21	Amount of any underwriting fee or commission	Nil
22	Names of any brokers to the issue	None
23	Fee or commission payable to the broker to the issue	Nil
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	Nil
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	10 August 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	22 July 2010
28	Date rights trading will begin (if applicable)	30 July 2010
29	Date rights trading will end (if applicable)	18 August 2010
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	By completing the relevant section in the entitlement and acceptance form to be sent to each shareholder. See lodging instructions on page 2 of the entitlement and acceptance form.
31	How do ⁺ security holders sell <i>part of</i> their entitlements through a broker and accept for the balance?	By completing the relevant section in the entitlement and acceptance form to be sent to each shareholder. See lodging instructions on page 2 of the entitlement and acceptance form.
32	How do ⁺ security holders dispose of	By completing the relevant section in the

+ See chapter 19 for defined terms.

their entitlements (except by sale through a broker)?

entitlement and acceptance form to be sent to each shareholder. See lodging instructions on page 2 of the entitlement and acceptance form.

33 +Despatch date

2 September 2010

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders **TO BE PROVIDED FOLLOWING DESPATCH**

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

TO BE PROVIDED FOLLOWING DESPATCH

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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Appendix 3B
New issue announcement

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

Number	⁺ Class

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX’s absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that

⁺ See chapter 19 for defined terms.

no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
Company Secretary

Date: 27 July, 2010

Print name: Peter M. Emery