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ASX Announcement

UPDATE - PROJECT EVALUATION PROCESS

Dear Medigard Shareholder

Over the past 4 months, Medigard has been working with Bio-Link Australia Pty Ltd (Bio-Link) (http://bio-link.com) and Dr Jim Palmer (as a consultant to Medigard) to identify, assess and short list new projects that could augment our existing syringe technology which is partnered with Sol-Millennium.

Over this time we have assessed over 70 projects against criteria established by the Board of Medigard. This process has evaluated a wide range of projects at different stages of the typical discovery/development pathway.

Medigard has been looking for preclinical projects that are close to initiation of clinical testing – fitting with Medigard's ethos as a practical development company. Many biotechnology projects require a decade or more to progress from early science to approved medical treatments – and that time frame is too long for Medigard at this point. The company is particularly interested to identify projects that were (i) ready to progress into clinical trials without further research, (ii) already had supporting animal data and patents/patent applications in place and (iii) had a simple yet powerful story.

We completed our assessment at the end of September 2018 as planned, and arrived at a short list of the most promising and exciting projects.

Our thanks go to the Melbourne and Sydney Bio-Link team members and Dr Palmer for their contributions.

Two preclinical projects have been determined to be of particular merit and negotiations are presently underway to secure access to either one or both of these projects. We will report on progress once there is some certainty on these contractual matters.

Investment into a preclinical program will enable manufacture of a clinical grade therapeutic agent, preclinical testing to show safety and efficacy in animal studies, followed by first-in-human clinical use. This may be in patients that have the medical condition being targeted (sometimes called a combined Phase I/IIa study). Many pharmaceutical company partnership deals are executed once Phase II studies have addressed safety and efficacy questions to some extent.

Taking new medical treatments into first-in-human clinical trials typically provides a powerful inflexion in project financial value and risk mitigation – and can lead to pharmaceutical company partnership deals before the commencement of more expensive phase III trials.

Medigard's strategy is to invest carefully in a small number of promising early stage medical projects with the aim of bringing these technologies into clinical trials relatively quickly, utilising Australia's strengths as a location for clinical trials of experimental therapies under the Clinical Trials Notification (CTN) arrangement and leveraging the Australian federal government's research & development tax incentive scheme

I have been involved with some Australian companies that have used this same strategy and reached that important clinical stage within 3 years, however each case is unique.

Please feel free to contact me any time at ian.dixon@medigard.com.au.

Yours sincerely Ian Dixon

Executive Director

4 October 2018