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ASX ANNOUNCEMENT

Settlement of convertible notes and balance sheet restoration

Medigard Ltd (Medigard) has agreed terms with Sol Millennium Medical (Sol-Millennium) to cancel all the Company's convertible notes (Notes) and the Directors have agreed, subject to shareholder approval to convert all Director loans to shares.

Medigard and Sol-Millennium have agreed to extinguish the full Note amount of AU\$615,000 by the:

- 1) transfer of Intellectual Property (IP) covered by the existing License Agreement (items known as the blood collection device and blood flash needle) to Sol-Millennium (or their nominees);
- 2) issue of 5 million fully paid ordinary shares to Sol-Millennium (or their nominees), and;
- 3) cancellation of the Licence Agreement and associated option agreement between Medigard and Sol-Millennium.

As part of the settlement, Sol-Millennium has granted Medigard a limited licence to use the transferred IP for research purposes. Importantly Medigard will retain all of the IP it holds in its other medical devices, including safety syringes.

The Directors have agreed, subject to shareholder approval, to convert loans of approximately \$496,000 which they and their related parties have made to Medigard, into approximately 35 million shares.

The Company will make a separate announcement when the above shares are issued.

Combined, these transactions remove all debt and simplify the structure of Medigard and places Medigard in a stronger position to work with the ASX to have trading in Medigard's shares reinstated.

Yours faithfully

PATRICIA BOERO
Company Secretary