



10th February 2020

Corey Lian

Adviser, listings Compliance (Sydney)

Australian Securities Exchange

By email - ListingsComplianceSydney@asx.com.au

Dear Sir

Response to Appendix 4C Query

In response to your letter of 6th February 2020 regarding the Company's Appendix 4C quarterly report to 31st December 2019 we provide the following information with our reply immediately below each of your numbered questions.

1. Does MGZ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. Negative operating cashflows are expected to continue. It is not unusual for a company in the bio-medical development field (as is MGZ) to operate negative cashflows for extended periods of time. Typically these cashflows can be funded by raising capital, loans or other sources of funding. Please refer to the response below about the Company's intentions and expectations regarding seeking further funding.

2. Has MGZ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. The present negative cashflow of the company is modest and continues to be supported by Directors through loans.

Beyond that, MGZ is negotiating to finalise two formal Mandates to cover two potential capital raisings CY 2020. These Mandates are with an experienced Sydney investment management and corporate advisory firm. Discussions are ongoing and final agreement has not yet been reached. MGZ has not yet executed the Mandates or a Mandate. Once Mandates are executed a first placement is contemplated, subject to prospectus requirements etc. Then a second placement is contemplated, subject to prospectus requirements and shareholder approval. It is likely that the view of ASX will be sought in relation to these transactions in advance of the transactions being undertaken. The aim is that suspension of trading in MGZ shares would be lifted at the completion of the second raising in CY 2020.

At this stage these steps look very likely to occur, subject of course to ASX satisfaction and shareholder approval where required. Dr Ian Dixon, as a Director of MGZ, has some recent experience in successful capital raisings – Noxopharm Ltd (ASX:NOX), Exopharm Ltd (ASX:EX1) and Nyrada Inc. (ASX:NYR).

3. Does MGZ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. In the short term through loan funds from Directors. In a few months from the proceeds of the proposed first capital raising and then a subsequent capital raising.

4. Please confirm that MGZ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

Yes, the Company is fully compliant with its disclosure obligations under Listing Rule 3.1

5. Please confirm that MGZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MGZ with delegated authority from the board to respond to ASX on disclosure matters.

Yes, the responses have been duly authorised and approved.

Please also provide any other information that MGZ considers may be relevant to ASX forming an opinion on whether MGZ is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

In CY 2019 the company made significant progress in eliminating debt from the balance sheet – around \$1.05m in debt being converted to shares and approved by shareholders.

This progress in CY 2019 positions MGZ to raise capital from investors in CY 2020.

These formative plans are anticipated to bring MGZ into compliance with Listing Rule 12.2 in CY 2020.

MGZ plans to continue as a developer of intellectual property, with a focus on injectable products.

I trust the above addresses your query. Please contact me if you have any questions or require any further information.

Yours faithfully



PATRICIA BOERO

(Company Secretary)



6 February 2020

Reference: 13603

Ms Patricia Boero
Company Secretary
Medigard Limited
Suite 14A, 30 Tedder Avenue
Main Beach QLD 4217

By email:

Dear Ms Boero

Medigard Limited ('MGZ'): Appendix 4C Query

ASX refers to MGZ's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (the 'Appendix 4C').

ASX notes that MGZ has reported:

- negative net operating cash flows for the quarter of \$47,000;
- cash at the end of the quarter of \$3000; and
- estimated cash outflows for the next quarter of \$41,000.

It is possible to conclude, based on the information in the Appendix 4C, that if MGZ were to continue to expend cash at the rate indicated by the Appendix 4C, MGZ may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks MGZ to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does MGZ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MGZ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MGZ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that MGZ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that MGZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MGZ with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that MGZ considers may be relevant to ASX forming an opinion on whether MGZ is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Tuesday, 11 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in MGZ's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MGZ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to MGZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that MGZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MGZ's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Corey Lian
Adviser, Listings Compliance (Sydney)