

ParagonCare

26 August 2015

Australian Securities Exchange
Company Announcements Office

Fully Underwritten Non-Renounceable Rights Issue – Letter to Shareholders

Attached are copies of the following two letters which have been sent today in relation to the rights issue announced by Paragon Care Limited ("**Paragon**" or the "**Company**") today ("**Rights Issue**"):

- (a) letter to shareholders of Paragon who have registered addresses in Australia or New Zealand as at the record date of 1 September 2015, and are eligible to participate in the Rights Issue; and
- (b) letter to shareholders of Paragon who have registered addresses outside Australia or New Zealand as at the record date of 1 September 2015, and are not entitled to participate in the Rights Issue.

For more information please contact:

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PARAGON CARE LIMITED

ABN 76 064 551 426

Unit 1, 56 Norcal Road, Nunawading, Victoria, Australia 3131

Telephone: 1300 369 559 Facsimile: 61 3 8833 7890

www.paragoncare.com.au

ParagonCare

26 August 2015

Dear Shareholder,

FULLY UNDERWRITTEN NON-RENOUNCEABLE RIGHTS ISSUE – ELIGIBLE SHAREHOLDERS

Paragon Care Limited (“**Paragon**” or “**Company**”) today announced a fully underwritten non-renounceable rights issue (“**Rights Issue**”) of 1 fully paid ordinary share (“**New Shares**”) for every 5 existing shares held as at 1 September 2015 (AEST) (“**Record Date**”) to shareholders with a registered address in Australia or New Zealand (“**Eligible Shareholders**”).

The Rights Issue is being carried out pursuant to an offer document dated today, 26 August 2015 (**Information Booklet**) in accordance with section 708AA of the *Corporations Act 2001* (Cth) as modified by Australian Securities and Investments Commission Class Order 08/35.

Details of the Rights Issue

Pursuant to the Rights Issue, Paragon will issue up to 13,511,685 New Shares at an issue price of \$0.53 per New Share to raise up to \$7,161,192.73.

The Rights Issue is fully underwritten by Bell Potter Securities Limited (“**Underwriter**”).

The Company will apply to ASX for quotation of the New Shares. The New Shares will rank equally in all respects with the Company’s existing shares. Shareholders who choose not to take up their entitlement will receive no value in respect of their entitlement and their shareholding in the Company will be diluted.

Use of funds

The Company intends to apply the proceeds of the Rights Issue (in conjunction with the placement as announced by Paragon on 18 August 2015) to fund the acquisition (“**Acquisition**”) of three privately held Australian companies, namely:

- (a) Western Biomedical Pty Ltd (ACN 131 088 376);
- (b) Designs for Vision Holdings Pty Ltd (ACN 151 591 070) as trustee for the Designs for Vision Holdings Unit Trust (ABN 76 339 879 282); and
- (c) Meditron Pty Ltd (ACN 076 073 240),

(each a “**Target Company**”). However, in the event that the Acquisition in respect of any Target Company does not complete for any reason (including if the placement is not approved at the General Meeting of Shareholders), the Company will utilise the funds raised to satisfy working capital requirements of the Company, retire existing debt and fund potential future acquisitions.

Timetables

The Company anticipates the Rights Issue to be conducted in accordance with the following timetable:

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Date*	Event
18 August 2015	Announcement Date – Acquisitions Securities resume normal trading on ASX
	Announcement Date – Dividend and Dividend Reinvestment Plan Appendix 3A.1 lodged with ASX
26 August 2015	Lodgement Date – Rights Issue Lodgement of Rights Issue Offer Booklet, Cleansing Notice in respect of the Rights Issue and Appendix 3B
	Notice of Extraordinary General Meeting Lodgement and dispatch of Notice of Meeting in respect of Extraordinary General Meeting of the Company
	The Company sends letter to shareholders containing information of the capital raising and timetable
	Rights Issue Record Date announcement
27 August 2015	Ex Date – Dividend Company shares trade on an ex-basis for Dividend
28 August 2015	Ex Date – Rights Issue Company shares trade on an ex-basis for the Rights Issue
31 August 2015	Record Date – Dividend
1 September 2015	Record Date – Rights Issue
	Last date for lodgement of election notices to share registry under the Dividend Reinvestment Plan
2 September 2015	Rights Issue Opening Date Rights Issue opens
	Rights Issue Offer Booklet dispatched to Eligible Shareholders
	The Company announces that dispatch has been completed
	The Company sends letter to excluded shareholders
18 September 2015	Dividend Payment Date or Dividend Reinvestment Plan shares issue date
28 September 2015	Rights Issue Closing Date
	Extraordinary General Meeting of the Company ASX announcement of results of meeting
29 September 2015	Rights Issue – Quotation on a deferred settlement basis

Date*	Event
	Placement Opening Date
30 September 2015	Placement Closing Date
1 October 2015	Rights Issue Shortfall Notification Date Company announces results of Rights Issue and notifies ASX and Underwriter of under-subscriptions
2 October 2015	Placement Settlement Date Settlement of the Placement shares
	Rights Issue Settlement Date Settlement of the Rights Issue shares
6 October 2015	Placement Allotment Date Before commencement of trading, Company releases Placement Cleansing Notice and updated Appendix 3B in respect of the Placement and the Rights Issue Company completes allotment and issue of Placement shares
	Rights Issue Allotment Date Issue date under Rights Issue – Deferred settlement trading ends
	Dispatch Date Dispatch of holding statements
7 October 2015	Trading Date Normal trading of Rights Issue and Placement shares

*This Timetable is indicative only. Applicants are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue opens. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for allotment and issue of the New Shares.

Eligible Shareholders will receive a copy of the Information Booklet shortly. A copy of the Information Booklet has been lodged with ASX and can be found on its website www.asx.com.au.

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26 August 2015

Dear Shareholder,

FULLY UNDERWRITTEN NON-RENOUNCEABLE RIGHTS ISSUE – INELIGIBLE SHAREHOLDERS

Paragon Care Limited ("**Paragon**" or "**Company**") today announced a fully underwritten non-renounceable rights issue ("**Rights Issue**") of 1 fully paid ordinary share ("**New Shares**") for every 5 existing shares held as at 1 September 2015 (AEST) ("**Record Date**") to shareholders with a registered address in Australia or New Zealand ("**Eligible Shareholders**") to raise up to \$7,161,192.73.

The Company has determined, pursuant to Listing Rule 7.7.1(a), that it is unreasonable to make offers under the Rights Issue to shareholders with a registered address outside Australia or New Zealand ("**Ineligible Shareholders**"), having regard to the number of such shareholders, their holdings and the compliance costs required to offer the New Shares under the Rights Issue to those shareholders.

Accordingly, in compliance with ASX Listing Rule 7.7.1(a), Paragon wishes to advise that it will not be extending the Rights Issue to Ineligible Shareholders.

You are not required to take any further action in relation to the Rights Issue.

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