

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 20 AUGUST 2010

NOTICE UNDER SECTION 708AA(2)(F) OF THE CORPORATIONS ACT 2001

This notice is given by Cardia Bioplastics Limited ACN (064 755 237) ("Cardia") to section 708AA (2)(f) of the Corporations Act 2001 (Cth) **(the Act)**.

Cardia has announced a non-renounceable 1 for 3 entitlement offer to shareholders who are registered at 7.00 pm AEST on 30 August 2010 (Entitlement Offer). Under the Entitlement Offer Cardia will issue fully paid ordinary shares (New Shares) at an issue price of \$0.015 each to raise approximately \$3.7million (before expenses of the issue). Cardia confirms that the Entitlement Offer is being offered without a disclosure document pursuant to section 708AA of the Act.

In accordance with section 708AA (2)(f) of the Act, Cardia hereby gives notice that:

1. Cardia will offer the New Shares for issue without disclosure to Eligible Shareholders under Part 6D.2 of the Act.
2. As at the date of this notice, Cardia has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to Cardia; and
 - (b) section 674 of the Act.
3. As at the date of this notice, there is no information
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document for the purpose of making an informed assessment of:

- i) the assets and liabilities, financial position and performance ,profits and losses and prospects of Cardia; or
 - ii) the rights and liabilities attaching to the New Shares.
- 4. The potential effect of the Entitlement Offer will have on the control of Cardia and the consequences of that effect are as follows:
 - (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, the Entitlement Offer will have no significant effect on the control of Cardia;
 - (b) if particular Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, the shareholding interests of those Eligible Shareholders may be diluted;
 - (c) the proportional interests of shareholders with registered addresses outside Australia and New Zealand may be diluted because those shareholders are not entitled to participate in the Entitlement Offer; and
 - (d) in the event that the Entitlements Issue is not fully subscribed, any shortfall will first be offered to Eligible Shareholders by allowing those shareholders to subscribe for additional shares at the time of the Offer within 2 months from the Closing Date. If particular Eligible Shareholders do not take up any of the shortfall (if any), the shareholding interests of those Eligible Shareholders may be diluted. The Directors may place any remaining shortfall to other third parties (subject to the Corporations Act) and the effect of such a placement will be to dilute the shareholding interests of Eligible Shareholders who did not take up any or all of their Entitlement or any of the shortfall (if any).

Pat Volpe
Chairman