

MEDIGARD LIMITED
[ABN 49 090 003 044]

NOTICE OF 2017 ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

TIME: 9:30am (AEST)

DATE: 30 November 2017

PLACE: Woodroffe Hotel, 22 White Street, Southport, Queensland

MEDIGARD LIMITED
ABN 49 090 003 044

NOTICE OF 2017 ANNUAL GENERAL MEETING

Notice is given that the 2017 Annual General Meeting (the **Meeting**) of Medigard Limited (the **Company** or **Medigard**) will be held at Woodroffe Hotel, 22 White Street, Southport, Queensland on Thursday, 30 November 2017 at 9:30am (AEST).

Further details in respect of each of the Resolutions proposed in this Notice of Annual General Meeting (**Notice**) are set out in the Explanatory Memorandum (the **Memorandum**) accompanying this Notice. The details of the resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

GENERAL BUSINESS

2017 Annual Financial Statements

To lay before the meeting and consider the 2017 Annual Financial Report of the Company in respect of the year ended 30 June 2017 together with the Directors' Report and the Auditor's Report.

RESOLUTION 1: NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, pass the following Resolution as a non-binding ordinary resolution:

"That the Company approve the adoption of the Remuneration Report, included in the Directors' Report, for the year ended 30 June 2017."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) a closely related party of such a member (referred to herein as "**Restricted Voters**").*

*However, a person ("**voter**") may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 1. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.*

Voting Notes:

Directors of the Company who are key management personnel whose remuneration details are included in the 2017 Remuneration Report, any other key management personnel whose remuneration details are included in the 2017 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

RESOLUTION 2: RE-ELECTION OF DR CHRIS BISHOP AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Chris Bishop, who retires as a Director by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3: APPROVAL TO ISSUE SHARES TO UNRELATED PARTIES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.3 and all other purposes, shareholders approve the issue of a total of 3,000,000 fully paid ordinary shares for no cash consideration to two consultants (each of whom is not a related party of the Company), or their respective nominees, at a deemed issue price which is the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded on the day the issue was made, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

The Company will disregard any votes cast on Resolution 3 by:

- persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the Resolution is passed; or
- any associates of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTIONS 4A, 4B and 4C: APPROVALS TO ISSUE SHARES TO RELATED PARTIES OR KEY MANAGEMENT PERSONNEL

Resolution 4A: To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue of 1,500,000 fully paid ordinary shares for no cash consideration to Dr Chris Bishop, a director of the Company, (and or his nominee(s)) at a deemed issue price which is the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded on the day the issue was made, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

Resolution 4B: To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue of 1,000,000 fully paid ordinary shares for no cash consideration to Mr Craig Cameron, a director of the Company, (and/or his nominee(s)) at a deemed issue price which is the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded on the day the issue was made, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

Resolution 4C: To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, shareholders approve the issue of 3,500,000 fully paid ordinary shares for no cash consideration to Ms Patricia Boero, a person named as one of the key management personnel of the Company, (and/or her nominee(s)), at a deemed issue price which is the volume weighted average market price for the Company’s shares calculated over the last 5 days on which sales in the Company’s shares were recorded on the day the issue was made, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolutions 4A to 4C (respectively) by:

- a person who is to receive securities in relation to the Company;
- persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the Resolution is passed; or
- any associates of those persons.

However, the Company need not disregard a vote on Resolutions 4A to 4C (respectively) if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 4A to 4C if:

- (a) the proxy is either:
 - (i) a member of the key management personnel; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with remuneration of a member of the key management personnel.

RESOLUTION 5: APPROVAL OF PLACEMENT FACILITY

To consider, and if thought fit, pass with or without amendment the following resolution as a **special resolution**:

“That for the purposes of ASX Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A.2 at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company’s ordinary shares calculated over the last fifteen (15) days on which trades of the Company’s ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Voting Note:

If as at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 Index; and/or
- has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of greater than \$300 million,

then this Resolution will be withdrawn.

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by:

- *persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and*
- *an associate of those persons.*

However, the Company need not disregard a vote on this Resolution if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated: 25 October 2017

By the order of the Board

Patricia Boero
Company Secretary

The accompanying Memorandum and the Proxy and Voting Instructions form part of this Notice.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00pm AEDT on 28 November 2017 (Melbourne time) are entitled to attend and vote at the Meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

Subject to the restrictions set out below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

Voting Restrictions on Resolution 1 (Remuneration Report)

The Remuneration Report identifies key management personnel (**Key Management Personnel**) for the year ended 30 June 2017. Their closely related parties (**Closely Related Parties**) are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are Key Management Personnel whose remuneration details are included in the 2017 Remuneration Report, any other Key Management Personnel whose remuneration details are included in the 2017 Remuneration Report, or any of their Closely Related Parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1, provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Voting Restrictions on Resolutions 4A to 4C

The Corporations Act 2011 (Cth) (as amended) imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (and/or voting undirected proxies) on, amongst other things, remuneration matters. Resolutions 4A to 4C are connected, directly or indirectly, with the remuneration of Key Management Personnel of the Company.

However, the Chair of a meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the Chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel. However, the Chair may not vote undirected proxies cast on behalf of Key Management Personnel or their Closely Related Parties on Resolution 4A to 4C.

If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on Resolutions 4A to 4C. In accordance with this express authority provided by you, the Chairman will vote in favour of Resolutions 4A to 4C (unless you are a member of the Key Management Personnel or a Closely Related Party, in which case your vote can not be cast on Resolutions 4A to 4C). If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the form.

The Chairman intends to vote all available undirected proxies in favour of each item of business.

Subject to the above, if you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on Resolutions 4A to 4C, he or she will not vote your proxy on that item of business.

Special Resolution

Resolution 5 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

MEDIGARD LIMITED
ABN 49 090 003 044
(the Company or Medigard)

2017 ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum (**Memorandum**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the Annual General Meeting (**Meeting**) to be held at Woodroffe Hotel, 22 White Street, Southport, Queensland on Thursday, 30 November 2017 at 9:30am (AEST). The Notice incorporates, and should be read together, with this Memorandum.

BUSINESS

2017 Annual Financial Statements

The 2017 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2017 will be laid before the Meeting.

There is no requirement for Shareholders to approve the Annual Financial Statements. However, Shareholders will have the opportunity to ask questions about, or make comments on, the 2017 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2017 Annual Financial Statements.

The Company's 2017 Annual Financial Statements are set out in the Company's 2017 Annual Report which can be obtained from the Company's website, www.medigard.com.au or upon request to the Company Secretary, Patricia Boero at the office of the Company, Suite 14, 30 Tedder Avenue, Main Beach, Qld (telephone 07 5578 7822).

Resolution 1: Non-binding Resolution - Remuneration Report

As a listed entity, the Company is required pursuant to the Corporations Act 2001 (Cth) (the **Corporations Act**), to propose a non-binding resolution regarding the 2017 Remuneration Report, which forms part of the Director's Report in the 2017 Annual Financial Statements. The vote is advisory only and does not bind the Directors or the Company.

Shareholders attending the 2017 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (**AGM**) (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a **spill resolution**) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election.

At the 2016 AGM greater than 75% of the votes cast on the adoption of the Remuneration Report contained in the Company's 2016 Annual Financial Statements were in favour of its adoption and therefore on this occasion a spill resolution will not be required in the event 25% or more of votes that are cast on Resolution 1 are against the adoption of the 2017 Remuneration Report. However, in the

event that 25% or more of votes that are cast on Resolution 1 are against the adoption of the 2017 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more for the same resolution at the 2018 AGM the consequences are that it may result in the re-election of the Board.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. In particular, Directors and other members of the key management personnel details of whose remuneration are included in the Remuneration Report or a closely related party of those persons must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Resolution 2: Re-Election of Dr Chris Bishop as a Director

Resolution 2 is a resolution for the re-election of Dr Chris Bishop as a Director of the Company.

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to but not exceeding one-third, but disregarding the Managing Director and Directors appointed to fill casual vacancies, are required to retire by rotation at each AGM. The Company has three Directors, none of whom is a CEO/Managing Director. Accordingly, one Director is required to retire by rotation at this Meeting.

Dr Bishop retires by rotation and, being eligible, offers himself for re-election.

Dr Bishop has significant experience in the development and manufacture of sophisticated electronic products including precision medical instruments and mobile wireless communication devices. Following an academic career, Dr Bishop helped establish and manage a research and management group and manufacturing division of a large Australian company.

The Board (with Dr Bishop abstaining) unanimously support the re-election of Dr Bishop as a Director of the Company.

Resolution 3: Approval to issue shares to unrelated parties

Resolution 3 seeks shareholder approval to issue a total of 3,000,000 shares to two consultants. The shares are to be issued as an incentive for and in recognition of ongoing assistance and support of the Company by the recipients.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The Company proposes to issue the shares to the following recipients or their respective nominee(s):

Proposed Recipient (or their nominee(s))	Number of shares
Mr Aaron Rodd	1,500,000
Mr Robert Krakowiak	1,500,000
TOTAL	3,000,000

The issue of a total of 3 million shares (if Resolution 3 is approved) will dilute the existing issued shares of the Company by 3.19%.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- The maximum number of securities to be issued is 3,000,000 shares, as set out in the table above.
- The Company will issue the shares as soon as practical following the date of the Meeting and, in any case, within three (3) months after the date of the Meeting.
- There is no cash consideration payable for the issue of the shares. The shares will be issued at a deemed issue price which is the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded on the day the issue was made (that is, 100% of the 5 day VWAP).
- No funds will be raised from issue of the shares.
- The shares will be fully paid ordinary shares of the Company having the same terms as, and ranking equally with, the Company's existing shares.
- A voting exclusion statement is contained in the Notice accompanying this Explanatory Memorandum.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolutions 4A to 4C: Approvals to issue shares to related parties or key management personnel

Resolutions 4A and 4B seek shareholder approval to issue shares to two Directors of the Company or their respective nominee(s). Resolution 4C seeks shareholder approval to issue shares to the Company's Chief Financial Officer and Secretary, who is a person named as one of the Company's key management personnel ("KMP") in the 2017 remuneration report (or her nominee(s)). As all three proposed recipients are key management personnel, the following is provided in respect of the 3 resolutions. However, each resolution is a separate resolution and none of resolutions 4A, 4B and 4C are subject to or conditional upon passing the other resolutions.

Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a director or other related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The Company proposes to issue a total of 6,000,000 fully paid ordinary shares to the following Directors or their respective nominee(s):

Resolution	Director/KMP (or his/her nominee(s))	Number of shares
4A	Dr Chris Bishop	1,500,000
4B	Mr Craig Cameron	1,000,000
4C	Ms Patricia Boero	3,500,000
TOTAL		6,000,000

The Board has formed the view that the issues of shares to each of the above proposed Directors (or their nominees) recipients does not require shareholder approval under section 208 of the Corporations Act, as the issue of shares constitutes reasonable remuneration in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered each of the above Directors' respective responsibilities and role, and his overall remuneration package and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

The issue of a total of 6 million shares (if Resolutions 4A, 4B and 4C are approved) will dilute the existing issued shares of the Company by 6.19%. If Resolutions 3, 4A 4B and 4C are approved, the issue of a total of 9 million shares will dilute the existing issued shares of the Company by 9%.

Resolutions 4A and 4B: ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information (together with the information common to all 3 resolutions, below):

- The shares will be issued to the Directors named in the table above (or their respective nominees).
- The maximum number of securities to be issued to Directors or their nominees is 2,500,000 shares, as set out in in the table above.
- The Company will issue the shares as soon as practical following the date of the Meeting and, in any case, within one (1) month after the date of the Meeting.

Resolution 4C: ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information (together with the information common to all 3 resolutions, below):

- The maximum number of securities to be issued is 3,500,000 shares, as set out in in the table above.
- The Company will issue the shares as soon as practical following the date of the Meeting and, in any case, within three (3) months after the date of the Meeting.

Resolutions 4A, 4B and 4C:

- There is no cash consideration payable for the issue of the shares. The shares will be issued at a deemed price which is the volume weighted average market price for the Company's shares calculated over the last 5 days on which sales in the Company's shares were recorded on the day the issue was made (that is, 100% of the 5 day VWAP).
- No funds will be raised from issue of the shares.
- The shares will be fully paid ordinary shares of the Company having the same terms as, and ranking equally with, the Company's existing shares.

- A voting exclusion statement is contained in the Notice accompanying this Explanatory Memorandum.

As Dr Bishop and Mr Cameron (or their nominee(s)) will receive shares if Resolutions 4A and 4B are passed, they do not make any recommendation in respect of Resolutions 4A and 4B. Mr Don Channer (who will not receive shares) believes that Resolutions 4A and 4B are in the best interests of the Company and recommends that Shareholders vote in favour of the resolutions.

The Directors believe that Resolutions 4C is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of that resolution.

Resolution 5: Approval of placement facility

ASX has introduced fund raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12-month period after an annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is, at the date of the Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any 10% Placement Facility for funding of existing activities or new projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as in connection with joint venture agreements or arrangements, as payments to consultants or contractors or in connection with the acquisition of new projects (although the Company presently has no current proposal to do so).

The Company has not previously obtained shareholder approval to make issues under ASX Listing Rule 7.1A, and therefore no shares have previously been issued under ASX Listing Rules 7.1A.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

DESCRIPTION OF LISTING RULE 7.1A

- Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

- Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, being ordinary shares (ASX code: **MGZ**).

- Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may, during the 10% Placement Period (defined below), issue a number of equity securities calculated in accordance with the following formula:

$(A \times D) - E$

where:

A is the number of shares on issue 12 months before the date of the issue or agreement to issue:

(i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid shares that became fully paid in the 12 months;

(iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;

(iv) less the number of fully paid shares cancelled in the 12 months.

Note: "A" is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

- ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Memorandum, the Company has 91,007,472 fully paid ordinary shares on issue and therefore would have capacity to issue:

(i) 13,651,120 ordinary shares under Listing Rule 7.1 (15% capacity); and

(ii) subject to shareholders approving this Resolution 5, 9,100,747 ordinary shares under Listing Rule 7.1A (10% capacity).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer above).

- Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

- ASX Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

SPECIFIC INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- Any equity security issued will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days immediately before:
 - (i) The date on which the price at which the equity securities are to be issued is agreed; or
 - (ii) If the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- If Resolution 5 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the quantum of funds raised by the issue of the equity securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of the Notice. The table also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the closing price of the Company's shares on 20 October 2017.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.0075 50% decrease in Deemed Price	\$0.015 Deemed Price	\$0.0225 50% Increase in Deemed Price
Current Variable A 9,100,747 shares	10% Voting Dilution	9,100,747	9,100,747	9,100,747
	Funds raised	68,256	136,511	204,767
50% increase in current Variable A 136,511,208 shares	10% Voting Dilution	13,651,121	13,651,121	13,651,121
	Funds raised	102,383	204,767	307,150
100% increase in current Variable A 182,014,944 shares	10% Voting Dilution	18,201,494	18,201,494	18,201,494
	Funds raised	136,511	273,022	409,534

The table above has been prepared on the following assumptions:

- The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.
- No options are exercised into fully paid ordinary securities or convertible notes converted before the date of the issue of securities under ASX Listing Rule 7.1A.
- The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.
- The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule".
- The price of ordinary securities is deemed for the purposes of the table above to be \$0.015 (1.5 cents), being the closing price of the Company's listed securities on ASX on 20 October 2017 (**Deemed Price**). The Deemed Price is indicative only and does not consider the up to 25% discount to market that the securities may be placed at.

- *The table does not take into account the issue of any securities for which shareholder approval is being sought at this Meeting.*
- *The table does not demonstrate the effect of listed options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.*

The Company may seek to issue the equity securities for the following purposes:

- Non-cash consideration – including in connection with joint venture arrangements or agreements, payment of contractors or consultants or in connection with the acquisition of new projects (although the Company presently has no proposal to do so). In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- Cash consideration – in such circumstances, the Company intends to use the funds raised towards advancing existing Company projects, the acquisition of new projects and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company has not previously obtained shareholder approval under ASX Listing Rule 7.1A and therefore no issues of securities have previously been made under ASX Listing Rule 7.1A.

A voting exclusion statement is included in the Notice to which this Memorandum relates. At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors of the Company unanimously recommend shareholders vote in favour of Resolution 5.



All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:30am AEST on Tuesday 28 November 2017.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:30am AEST on Tuesday 28 November 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Medigard Limited

ABN 49 090 003 004

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Medigard Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Woodroffe Hotel, 22 White Street, Southport QLD 4215 on Thursday 30 November 2017 at 9:30am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 4a, 4b and 4c, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 4a, 4b and 4c are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 4a, 4b and 4c). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Dr Chris Bishop as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4A	Approval to issue shares to related parties or Key Management Personnel – Dr Chris Bishop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4B	Approval to issue shares to related parties or Key Management Personnel – Mr Craig Cameron	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4C	Approval to issue shares to related parties or Key Management Personnel – Ms Patricia Boero	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Special	Approval of Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017