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ASX Announcement

Medigard's New KT009 Program and Corporate activities

Key points

- KT009 development program is well defined and aims at a clinical study within 3 years
- Medigard envisages further capital raisings to fund KT009 program

In this announcement we seek to explain some of the corporate activities to support the KT009 program.

What is the financial position of Medigard ?

Medigard has limited cash on hand and a convertible note (CN) obligation, so the Company envisages raising capital in the near term.

The finalisation of the CN is presently under discussion.

What capital raising activity is likely ?

At this stage the Company is considering a range of alternatives. The Company will need to raise further capital in the near term, and further capital in tranches to fund the KT009 Development Program and corporate costs.

Funds can be raised through some combination of placement under the existing capacity to issue further shares, a share purchase plan (SPP) or further placements subject to shareholder approval.

A placement under the existing capacity would enable Medigard to raise around \$800,000 – depending upon the then present share price and the actual discount offered.

In December 2017 Medigard conducted a SPP which was well supported by shareholders. With the KT009 program in hand, a further SPP (which must be more than 12 months after a previous SPP) would enable existing shareholders to purchase shares at a discount to the then present share price and participate in a capital raising.

Activities for further stages of the KT009 program will require further funding - estimated at around \$15 million if the program is taken into larger Phase II trials with GMP KT009.

The Company is seeking to engage with a Share Broker with experience in the Life Sciences/Biotechnology sectors. The recent positive view on the KT009 program is likely to assist in this endeavour.

It should be stressed that no fund raising activities have been initiated at this time.

Other plans for Medigard ?

The Company is also looking to add another development program to its portfolio. Negotiations are presently underway but at an early stage.

We will keep shareholders up to date with progress over the following months.

Please feel free to contact me any time at ian.dixon@medigard.com.au.

Yours sincerely Ian Dixon

Executive Director

11th December 2018