

MEDIGARD

MEDIGARD LIMITED
Suite 14, 30 Tedder Avenue, Main Beach QLD 4217 Australia
Telephone +61 7 5528 5640
E-mail: office@medigard.com.au www.medigard.com.au
ABN 49 090 003 044

ASX ANNOUNCEMENT

Update on Suspension¹ of Trading in the Company's shares on ASX

In the seven weeks since the ASX suspended trading in the Company's shares, the Board has continued efforts to recapitalise the Company and demonstrate future compliance with Listing Rules 12.1 - 12.2, to thereby have trading in the Company's shares reinstated.

As part of those efforts the Company has conducted productive discussions with the holder of convertible notes on issue by the Company. The holder has indicated that the notes will not be settled by the issue of shares in Medigard and, as an interim measure, the holder has extended the due date for settlement of the notes to 30 June 2019 pending further discussions on settlement terms and timing. This allows the Board leeway to advance arrangements for recapitalisation.

In addition, to improve the Company's balance sheet the Directors have agreed in principle, subject to arranging a viable recapitalisation and shareholder approval, to convert their existing loans to the Company, of approximately \$393,000, into shares.

As reported earlier, the Company has a development program underway for the KT009 product to treat degenerative disk disease with an injectable product. An escalation of activity in the KT009 program requires additional funding which is also being considered as part of the current recapitalisation.

The Board remains positive about the prospects and promise of the KT009 product to treat degenerative disk disease as an injectable biologic product.

More information will be provided to Shareholders as it becomes available.

Yours faithfully

PATRICIA BOERO
Company Secretary

1 On Friday 8th March 2019 the Australian Stock Exchange (ASX) suspended trading in the Company's shares for an indefinite period. The ASX had reviewed the Company's Half Year Accounts (lodged on 26 February 2019) and formed the view that the Company's level of operations and financial conditions were not considered adequate to warrant the continued quotation of its securities under Listing Rules 12.1 and 12.2

For the information of Shareholders, the relevant Listing Rules are outlined below:

- Listing Rule 12.1 – the level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.*
- Listing Rule 12.1 – an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*

The suspension will continue until the Company is able to demonstrate compliance with Listing Rules 12.1 and 12.2. At this stage it is not possible to put a more definitive timeframe on this, however the Board understands that Shareholders want to be able to trade shares and have liquidity for their investment.

The Company is not de-listed and is still operating as a going-concern.