

Supplementary Prospectus

Medigard Limited ACN 090 003 044

Supplementary Prospectus

To a Prospectus dated 27 July 2010

Lodgement with Australian Securities & Investments Commission (ASIC)

This Supplementary Prospectus is dated 5 August 2010 and was lodged with the ASIC pursuant to Section 719(1) of the *Corporations Act* on the same date. The ASIC takes no responsibility as to the contents of this Supplementary Prospectus. This Supplementary Prospectus shall be read together with the contents of the Prospectus.

This document is important and should be read in its entirety in conjunction with the Prospectus dated 27 July 2010 (the Prospectus) and lodged with the Australian Securities & Investments Commission on the same date. If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, banker or accountant without delay.

Terms used in this Supplementary Prospectus

Terms used in this Supplementary Prospectus shall have the same meaning as ascribed to them in the Prospectus.

Additional Disclosure

The Directors wish to provide the following additional disclosure to investors in respect of the Offer.

ASX Announcement of 5 August 2010

The Company has released to the ASX on the same date as this Supplementary Prospectus an announcement (**Announcement**) withdrawing the ASX announcement by the Company on 26 May 2010.

In the Announcement the Company has advised the market of the following:

- After discussions with ASIC, the Company retracts certain statements relating to the manufacturing and distribution deals potentially delivering up to USD\$40 million revenue within 5 years (**Retracted Statements**) made in its ASX announcement on 26 May 2010.
 - The Company made the Retracted Statements to give its shareholders and the market generally an estimate on the potential revenue that could be generated in the medium term should all of its suite of products be successfully commercially exploited in the United States. The Retracted Statements were not couched in terms of and were never intended to give shareholders or investors statements or inferences in relation to Company profitability or any return on Company shares generally.
 - The Company notes that statements regarding the proposed revenue to be generated by it, should it successfully commercialise its entire suite of products, can only be made on a reasonable basis and if required, be verified by an independent expert. As the Company is seeking to commercialise at first instance its United States FDA approved blood collection device (**BCD**) and subsequently its range of retractable syringes it is not presently in a position to provide a statement in this regard and, consequentially withdraws the Retracted Statements.
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- The Company recommends that no investment decisions be made on the basis of the Retracted Statements.
- The Company will continue to make announcements regarding the status of the distribution and manufacture of the BCD and in relation to the subsequent commercialisation of its suite of retractable syringes in due course.

Effect of the Offer on the Company – Equity control and position

As at the date of the Prospectus, the Chairman of the Company, Mr Donald Channer and his related entities (**Channer**), control 31,683,696 Shares in the Company representing 42.79% of the share capital (**Channer Shareholding Percentage**). The extent to which the current Shareholders (including Channer) of the Company elect to accept their entitlement to New Shares under this Offer will have a potential impact upon the equity holding and control of the Company. However, Channer has confirmed to the Company that they will only accept such number of their entitlement to New Shares under the Offer in order to maintain the Channer Shareholding Percentage. Accordingly, the Channer Shareholding Percentage will not increase as a result of the Offer.

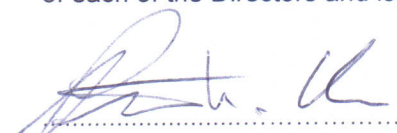
The above information may assist investors in determining whether they wish to apply for Shares pursuant to the Offer and the Prospectus.

Other Material Information

The Directors of the Company are not aware of any acts, matter or thing (not already described in the Prospectus) which may be material to the making of an informed assessment of:

- (a) the effect of the offer on the Company; or
- (b) the rights attaching to the Shares.

This Supplementary Prospectus has been signed by a Director of **Medigard Limited** with the authority of each of the Directors and is dated 5 August 2010.



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Peter Clark – Director