

17 September 2008

Ms Kim-Ly Nguyen  
Senior Adviser  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**Issue of New Shares on Conversion of Convertible Notes and Issue of Incentive Shares**

We advise that 1,235,294 fully paid ordinary shares of Medical Therapies Limited (**Company**) were issued today. The shares were issued:

- as to 352,941 – on conversion of 352,941 of the Company's convertible notes; and
- as to 882,353 – for no additional consideration to the converting note holders as an incentive for them to convert.

The combined effect of these issues is the same as if the convertible notes had converted at the rate on 3.5 shares per convertible note (instead of the nominal 1:1). Appendix 3B is attached in respect of the issue of these shares. The incentive shares are issued within the available limit under listing Rule 7.1.

In respect of the shares the subject of the attached Appendix 3B, the Company gives notice under section 708A(5)(e) of the Corporations Act 2001 (**Act**) as follows:

- the shares were issued by the Company to the noteholders without disclosure by the Company under part 6D.2 of the Act;
- at the date of this notice, the Company has complied with:
  - chapter 2M of the Act relating to financial reports and audit that are applicable to the Company; and
  - section 674 of the Act relating to continuous disclosure; and
- at the date of this notice, there is no excluded information for the purpose of section 708A(6)(e) of the Act that needs to be set out in this notice.

Yours faithfully

**Medical Therapies Limited**



MARIA HALASZ  
CEO and Managing Director

MEDICAL THERAPIES LIMITED  
ACN 111 304 119

AUSTRALIA  
Level 6 / 40 King Street, Sydney, NSW, 2000  
T +61 2 9299 0311 F +61 2 9299 2198  
WEB [www.medicaltherapies.com.au](http://www.medicaltherapies.com.au)

JAPAN  
Level 28, Shinagawa Intercity Tower A  
2-15-1, Konan, Minato-ku  
Tokyo 108-6028  
T +81 3 6717 4503 F +81 3 6717 4545

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

MEDICAL THERAPIES LIMITED

ABN

69 111 304 119

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Ordinary Fully Paid Shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1,235,294  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | On conversion of 352,941 convertible notes at an effective rate of 3.5 ordinary shares for each convertible note |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>17 cents (issue price of each convertible note)</p>				
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Conversion of convertible notes</p>				
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>17 September 2008</p>				
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1433 989 1478">Number</th> <th data-bbox="989 1433 1283 1478"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1700">84,795,355</td> <td data-bbox="989 1478 1283 1700">ORD FULLY PAID</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	84,795,355	ORD FULLY PAID
Number	<sup>+</sup> Class				
84,795,355	ORD FULLY PAID				

---

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	10,000,000	Ordinary shares escrowed till 1 July 2009
	10,000,000	Ordinary shares escrowed till 1 July 2010
	1,000,000	OPT 20c Exp 31.12.08
	500,000	OPT 45c Exp 31.12.09
	499,995	OPT 18c Exp 8.01.12
	205,000	OPT 20c Exp 31.12.08
	7,327,054	CONV NOTES
	50,000	OPT 30c Exp 8.01.12

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
---	-----

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	N/A
--	-----

12 Is the issue renounceable or non-renounceable?	N/A
---	-----

13 Ratio in which the +securities will be offered	N/A
---	-----

14 +Class of +securities to which the offer relates	N/A
---	-----

15 +Record date to determine entitlements	N/A
---	-----

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
---	-----

17 Policy for deciding entitlements in relation to fractions	N/A
--	-----

18 Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.</small>  <small>Cross reference: rule 7.7.</small>	N/A
--	-----

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

---

+ See chapter 19 for defined terms.

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 <sup>+</sup>Despatch date N/A

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1 (other than options)
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

---

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

--

39 Class of +securities for which  
 quotation is sought

--

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

--

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

--

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

---

+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

  
.....  
(CEO and Managing Director)

Date: 17 September 2008

Print name: MARIA HALASZ