



bioMD Limited

ACN 088 221 078

Prospectus

An Offer of New Shares at a price of \$0.20 for each New Share. For every one New Share allotted, four attaching New Options will be granted for no additional consideration. Each New Option is to be exercisable at \$0.25 for one fully paid ordinary share in the Company on or before 5.00pm WST on 30 August 2010.

The Offer opens on 3 October 2007 and will close at 5.00pm WST on 31 October 2007. The Directors reserve the right to close the Offer earlier or to extend the Closing Date without notice.

This Prospectus is dated 22 August 2007.

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IMPORTANT INFORMATION

This Prospectus is dated 22 August 2007.

A copy of this Prospectus was lodged with ASIC on 22 August 2007. Neither ASIC nor ASX, nor any of their officers, takes any responsibility for the contents of this Prospectus.

No applications for New Shares or New Options will be accepted nor will any New Shares or New Options be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia should consult their professional advisers on requisite formalities. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Investors can only apply for New Shares and New Options on the accompanying Application Form and on the terms and conditions referred to in this Prospectus. Please read carefully the instructions on the reverse of the Application Form regarding the application for New Shares and New Options pursuant to this Prospectus.

This Prospectus will be circulated and made generally available during the Exposure Period. It will also be posted on the Company's website. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the opening of the Offer. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for New Shares and New Options during the Exposure Period will not be accepted until the Exposure Period has expired and no preference will be given to persons who lodge their Application Forms during the Exposure Period.

This document is important and it should be read in its entirety. The New Shares and New Options to be issued pursuant to this Prospectus should be viewed as a speculative investment. Accordingly, before deciding to apply for New Shares and New Options, potential investors should consider whether or not such New Shares and New Options are a suitable investment having regard to their personal circumstances. If in doubt, potential investors should consult their stockbroker, solicitor, accountant or other professional adviser prior to completing and lodging an Application Form.

An investment in the Company is speculative in nature. Investment issues include intellectual property rights, reliance on personnel, technology, management of growth, other business issues, stock market fluctuations, competition risks, profitability, foreign currency exchange rate fluctuations, economic risks and external market factors, additional requirements for capital, research and development, regulatory issues and government regulations and risks of product indemnity and uninsured risks.



Investors are directed to Section 4 of this Prospectus which sets out certain key risks associated with making an investment in the Company.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Company Directors.

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in Section 7.

CORPORATE DIRECTORY

DIRECTORS

Robert N Scott – **Non-Executive Chairman**

Michael C Bennett – **Managing Director**

Robert E T Towner – **Executive Director**

COMPANY SECRETARY

Caroline L Bentley

REGISTERED OFFICE

Level 11

225 St Georges Terrace

PERTH WA 6000

PO Box 7209

Cloisters Square

PERTH WA 6850

Telephone: 61 8 9262 6777

Facsimile: 61 8 9322 3433

Website: www.biomd.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 2, Reserve Bank Building

45 St Georges Terrace

PERTH WA 6000

Telephone: 1300 557 010 (within Australia)

61 3 9415 4000 (outside Australia)

Facsimile: 61 8 9323 2033

SOLICITORS

Price Sierakowski

Level 24, 44 St Georges Terrace

PERTH WA 6000

AUDITORS

BDO Kendalls Audit and Assurance (WA) Pty Ltd

128 Hay Street

SUBIACO WA 6008

SECTION 1 DETAILS OF THE OFFER

IMPORTANT DATES FOR INVESTORS

Application for quotation of New Shares and New Options on ASX	21 August 2007
Record Date to determine Optionholder list	30 August 2007
Dispatch of Prospectus	5 September 2007
Shareholder Meeting	2 October 2007
Opening Date of the Offer	3 October 2007
Closing Date of the Offer	31 October 2007
Expected allotment date	5 November 2007
Expected date for dispatch of holding statements	6 November 2007
Expected date for quotation of New Shares and New Options	12 November 2007

This timetable is indicative only. The Directors generally reserve the right to vary the Opening Date and Closing Date without prior notice, which may have a consequential effect on other dates.

1. PURPOSE AND DETAILS OF THE ISSUE

1.1 PURPOSE OF THE ISSUE

The Company proposes to offer New Shares and attaching New Options to holders of Expiring Options. If fully subscribed, the Issue is expected to raise approximately \$1,262,092, subject to adjustment for rounding on calculation of the number of New Shares to be offered. The money raised from the Issue is expected to be applied to the general working capital for the Company and to meeting the costs associated with this Offer.

1.2 DETAILS OF THE ISSUE

The details of the Issue are as follows:

1.2.1 Number of Securities Offered

The Company offers for subscription approximately 6,310,463 New Shares, subject to adjustment on rounding calculation, together with four New Options for every one New Share issued being a total of approximately 25,241,852 New Options, subject to adjustment on rounding calculation.

1.2.2 Basis of Offer

The Offer to Optionholders is on the basis of one New Share for every ten Expiring Options held by each Optionholder at the Record Date. For every one New Share allotted, the applicant will receive four New Options. Fractions arising from the calculation of the number of New Shares to be offered to each Optionholder will be rounded down to the nearest whole number.

1.2.3 Issue Price

Each New Share is offered for subscription at an issue price of \$0.20. The issue price of \$0.20 per New Share is payable in full on application.

Each New Option will be issued for no additional consideration.

1.2.4 Record Date

The New Shares and New Options are offered to holders of Expiring Options registered at 5:00pm on 30 August 2007 with addresses in Australia and New Zealand.

1.2.5 Non-Renounceable Issue

The Offer of New Shares and New Options to the Optionholders is non-renounceable. This means Optionholders cannot sell or otherwise transfer their entitlements. Optionholders who do not accept their entitlements will receive no benefit and the New Shares and New Options to which these entitlements relate may be offered by the Directors to other prospective investors at the Directors' discretion, with Directors intending to give priority allocation to applicants who are shareholders of the Company and who do not hold Expiring Options.

1.2.6 Rights on Issue or Exercise of Securities

A summary of the rights attaching to Shares at the date of this Prospectus is set out under the heading "Rights Attaching to Shares" in section 3 of this Prospectus. New Shares will have the same rights as the Shares.

Each New Option issued will give the holder the right to subscribe for one fully paid ordinary share in the Company at an exercise price of \$0.25 per Share at any time up to 5:00pm 30 August 2010. The exercise price of the New Options and the number of Shares issued on exercise of the New Options may be adjusted in accordance with the terms and conditions of the New Options.

A summary of the terms and conditions on which the New Options are issued is outlined in section 3 of this Prospectus. The full terms and conditions on which the New Options are issued, are set out on the Form of Notice of Exercise of Options in section 8 of this Prospectus.

1.2.7 No Minimum Subscription

There is no minimum subscription for the Issue.

1.2.8 Offer Conditional

The Offer is conditional on the shareholders of the Company approving the issue of New Shares and New Options under Listing Rule 7.1 and 10.11 of the Listing Rules and section 208 of the Corporations Act.

The approval of shareholders will be sought at an extraordinary general meeting expected to be held on 2 October 2007.

The expected Opening Date for the Offer is 3 October 2007. If approval of the Company's shareholders is not obtained at the extraordinary general meeting, applications will be dealt with in accordance with section 724 of the Corporations Act. No interest will be payable on any returned Application Money.

1.2.9 Offer Not Underwritten

The Offer is not underwritten.

1.3 CAPITAL STRUCTURE

The pro-forma diluted issued share capital of the Company as at the date of this Prospectus is set out below to show the effect of the issue as at that date. The pro-forma capital structure table shows the impact of the New Shares assuming the issue is fully subscribed. The impact of the New Options is outlined below.

CAPITAL STRUCTURE

	Full Subscription	
	Number of Shares	%
Shares on issue at the date of this Prospectus	84,308,356	93%
Shares now offered under this Prospectus	6,310,463	7%
Total Shares on issue at the completion of the Offer	90,618,819	100%

In addition to the above Shares, the Company has 63,104,626 Expiring Options on issue. The Expiring Options are exercisable at \$0.20 on or before 30 August 2007. On the Opening Date the Expiring Options would have expired. Pursuant to the Offer the Company is intending to issue 25,241,852 New Options. The total number of Options on issue at the completion of the Offer would be 25,241,852, assuming the issue is fully subscribed. In addition to this, there are 3,650,000 unlisted employee/consultant incentive options on issue in the Company.

1.4 ALLOCATION AND ALLOTMENT OF SHARES

The Directors reserve the right to reject any application or to allot a lesser number of New Shares and New Options than that applied for. If the number of New Shares and New Options allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the New Shares and New Options, the allotment of the New Shares and New Options will occur as soon as practicable after the Offer closes. All New Shares issued pursuant to the Offer will rank pari passu in all respects with the existing Shares of the Company. All New Options will be granted on the terms and conditions outlined in Section 3. Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the New Shares and New Options.

Applicants who sell the New Shares and New Options before they receive their statement of shareholding will do so at their own risk.

1.5 APPLICATION MONIES TO BE HELD IN TRUST

The Application Monies for New Shares and New Options to be issued pursuant to the Offer will be held in a separate bank account on behalf of applicants until the New Shares and New Options are allotted.

1.6 EXPENSES OF THE ISSUE

The expenses which are payable by the Company for legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus in respect of the Issue are estimated to be approximately \$25,000. Should a short fall occur as a result of Optionholders not subscribing for their entitlement and the directors receive subscriptions from holders of an Australian Financial Services Licence a fee of up to 5% could be payable.

1.7 QUOTATION OF NEW SHARES AND NEW OPTIONS

The Company has applied to ASX for quotation of the New Shares and New Options within seven days after the date of this Prospectus. If an application for quotation of the New Shares and New Options is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official quotation of the New Shares and New Options within three months after the date of this Prospectus, applications will be dealt with in accordance with section 724 of the Corporations Act. No interest will be paid on any returned Application Money.

In addition, an application will be made to ASX for quotation of the Shares to be allotted on the exercise of the New Options within 10 Business Days of the allotment of the Shares pursuant to exercise of the New Options.

1.8 HOW TO APPLY FOR SHARES AND OPTIONS

An application for New Shares and New Options in response to this Offer may only be made on the Application Form that accompanies this Prospectus.

Instructions as to how to complete the Application Form are included on the reverse of the Application Form. Applications that are not made on an Application Form will not be accepted by the Company.

Applications for New Shares and New Options must be accompanied by the appropriate Application Money for the number of New Shares applied for in the Application Form. Cheques should be drawn on an Australian bank in Australian dollars and should be made payable to **bioMD Limited** –

Trust Account and be crossed “Not Negotiable”. Application Moneys sent by applicants in New Zealand must be in the form of a draft drawn on an Australian bank in Australian dollars.

The Offer is expected to open at 9.00am WST on 3 October 2007 (subject to section 727(3) of the Corporations Act) (“Opening Date”) and close at 5:00pm WST on 31 October 2007 (“Closing Date”). The Directors generally reserve the right to vary the Opening Date and the Closing Date for applications.

All Application Forms must be lodged at the Company’s registered office as listed in the corporate directory.

1.9 CHESS AND ISSUER SPONSORSHIP

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers make up the Company’s register of shares. The Company will not issue certificates to shareholders. Rather, holding statements (similar to bank statements) will be dispatched to shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for shareholders who elect to hold shares on the CHESS sub-register) or by the Company’s Share Registry (for shareholders who elect to hold their shares on the issuer sponsored sub-register). The statements will set out the number of New Shares allotted under the Prospectus and provide details of a shareholder’s Holder Identification Number (for shareholders who elect to hold shares on the CHESS sub register) or Shareholder Reference Number (for shareholders who elect to hold their shares on the issue sponsored sub-register). Updated holding statements will also be sent to each shareholder following the month in which the balance of their shareholding changes, and also as required by the ASX Listing Rules or the Corporations Act.

1.10 RISKS

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 4 of this Prospectus. The New Shares and New Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

Investment issues include intellectual property rights, reliance on personnel, technology, management of growth, other business issues, stock market fluctuations, competition risks, profitability, foreign currency exchange rate fluctuations, economic risks and external market factors, additional requirements for capital, research and development, regulatory issues and government regulations and risks of product indemnity and uninsured risks.

Investors are directed to Section 4 of this Prospectus which sets out certain key risks associated with making an investment in the Company.

1.11 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of New Shares and New Options in any jurisdiction outside Australia. It is the responsibility of non- Australian resident

investors to obtain all necessary approvals for the issue to them of New Shares and New Options offered pursuant to this Prospectus.

1.12 PRIVACY DISCLOSURE

Persons who apply for New Shares and New Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for New Shares and New Options, to provide facilities and services to shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Shares and New Options will not be processed. In accordance with privacy laws, information collected in relation to specific shareholders can be obtained by that shareholder through contacting the Company or the Share Registry

1.13 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of 7 days from the date of lodgment with ASIC. The exposure period may be extended by ASIC by a further period of up to 7 days.

The purpose of the exposure period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. During the exposure period, the Prospectus may be viewed online on the Company's website, www.biomd.com.au or a hard copy of the Prospectus will be made available upon request to the Company. Applications received during the exposure period will not be processed until after expiration of the exposure period. No preference will be conferred on applications received during the exposure period and all such applications will be treated as if they were simultaneously received on the Opening Date.

1.14 ELECTRONIC PROSPECTUS

In addition to issuing the Prospectus in printed form, a copy of the Prospectus is also available on the Company's website, www.biomd.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

1.15 ENQUIRIES

This document is important and should be read in its entirety. Persons who are in any doubt as to which course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Questions relating to the Offer can be directed to the Company on (08) 9262 6777.



Questions relating to the completion of the Application Forms can be directed to the Company's Share Registry, Computershare Investor Services Pty Limited on 1300 557 010 (within Australia) or 61 3 9415 4000 (outside Australia).

SECTION 2 COMPANY AND PROJECT OVERVIEW

The information provided in this Section is in summary form only. Investors should read the remainder of this Prospectus which contains more detailed information before making a decision to apply for Shares.

2.1 BACKGROUND

bioMD's focus in the global bioimplant market for human soft tissue repair commenced in late 2005. The Company has a 76.32% equity interest in Celxcel Pty Ltd, a subsidiary company which owns the exclusive rights to the platform technology (ADAPT Advanced Tissue Process) for treating and sterilizing animal tissues for implanting into humans.

2.2 PROJECT REVIEW

The ADAPT Advanced Tissue Process, a true Platform Technology in the human soft tissue repair market, has completed Research and Discovery milestones involving the use of bovine pericardium as a biomaterial patch. The biomaterial tissue patch has also completed numerous pre-clinical animal trials and has received Ethics Approval for a Phase II Human Clinical Trial.

Approval from the Ethics Committee of the University of Free State, Bloemfontein, South Africa is for a Phase II Human Clinical Trial of 50 patients suffering from heart deformities that require surgical reconstruction. The Company will supply Bovine pericardial patches treated with the ADAPT Advanced Tissue Process. The patches will be implanted over a 6-12 month period. Each implant will be followed for 12 months.

A fully registered manufacturing facility has been secured under a lease agreement for the manufacture of the biomaterial patches and their subsequent regulatory listing.

During the last six months the Company has commenced pre market evaluation of future products treated by the ADAPT Advanced Tissue Process. The products have possible uses in five distinct surgical disciplines:

- 1 Abdominal / Pelvic Floor / Hernia Repair
- 2 Heart Valves
- 3 Cardiovascular
- 4 Orthopaedics
- 5 Plastic Surgery

It is the Company's intention to commercialise products treated with the ADAPT Advanced Tissue Process into the global medical device market. Commercialisation could take the form of licensing the technology to global medical device companies within each specified surgical discipline.

The Company's cash reserves will be \$2.98 million at the completion of this offer.

SECTION 3 RIGHTS ATTACHING TO NEW SHARES AND NEW OPTIONS

3.1 RIGHTS ATTACHING TO NEW SHARES

The following is a summary of the more significant rights attaching to the New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders. To obtain such a statement, persons should seek independent legal advice.

The New Shares will be issued on the same terms and conditions as the fully paid ordinary shares in the Company. New Shares issued pursuant to the Offer will rank equally with the then issued ordinary shares in the Company.

Full details of the rights attaching to the Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. The following is a summary of the major provisions.

3.1.1 Voting Rights

Members are entitled to notice of, and to attend and vote at, general meetings of the Company.

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), every member present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each Share.

Except in the case of any resolution, which as a matter of law requires a special majority, questions arising at a general meeting are to be decided by a majority of votes cast by the members present at the meeting.

3.1.2 Capitalisation of Profits

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), the Directors may capitalise and distribute any undivided profits of the Company, which have not been distributed as a dividend, among such of the members as would be entitled to receive further shares or debentures and in the same proportion.

3.1.3 Rights on Winding Up

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding up will be divided among the members in the proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

However, a liquidator in a winding up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between the members or different classes of members.

3.1.4 Future Increases in Capital

Without prejudice to any special rights conferred on the holders of any Shares or class of Shares and subject to the Constitution and the ASX Listing Rules, the Directors may issue or grant options in respect of, or otherwise dispose of, Shares on such price and conditions as the Directors think fit.

3.1.5 Transfer of New Shares

A member may transfer Shares by a proper transfer effected in accordance with the ASX Listing Rules, ASX Business Rules or an instrument in writing in any usual form or in any other form approved by the Directors. The Directors may decline to register a transfer in the circumstances permitted under the ASX Listing Rules or the ASX Business Rules, or if the transfer is not in registrable form.

3.2 RIGHTS ATTACHING TO NEW OPTIONS

A copy of the Form of Notice of Exercise of Options required to exercise the New Options issued pursuant to this Prospectus has been included at section 8 of this Prospectus. This form contains a full statement of the terms of the New Options. The inclusion of this form requires no action by shareholders at this stage.

The terms and conditions of the New Options to be granted are summarised as follows:

- The New Options expire at 5:00pm on 30 August 2010 (“Expiry Date”). Any New Option which has not been exercised prior to the Expiry Date will automatically lapse.
- Each New Option entitles the holder to subscribe for one New Share upon payment of the exercise price of \$0.25 to the Company.
- The New Options are exercisable in whole or in part, by notice in writing to the Company, at any time prior to the Expiry Date.
- Holders of New Options will be permitted to participate in new issues of securities by the Company on the prior exercise of the New Options in which case the New Optionholders will be afforded at least ten (10) Business Days notice prior to and inclusive of the record date (to determine entitlements to the issue), to exercise the New Options.
- New Shares issued on exercise of the New Options will be issued not more than ten (10) Business Days after receipt of a properly executed “Form of Notice of Exercise of Options”.
- New Shares allotted or issued pursuant to the exercise of the New Options will rank equally with the then issued ordinary shares of the Company.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of issued capital of the Company, the number of New Options or exercise price of the New Options, or both, shall be reconstructed in a manner provided by the Listing Rules.



Reference should be made to the Form of Notice of Exercise of Options for a full statement of the terms of the New Options.

SECTION 4 RISK FACTORS

4.1 INVESTMENT RISKS

There are a number of risk factors that may impact on the future performance of the Company and the achievement of the Company's financial objectives. Some of these risks can be mitigated by appropriate safeguards and risk management systems, but many are outside the control of the Company and cannot be mitigated.

Investors need to consider the risks involved in an investment in the Company before making a decision whether or not to apply for New Shares and New Options. The principal risk factors include, but are not limited to, the following:

4.1.1 General Risk Factors

The Company operates in an industry sector characterised by dynamic economic change. Companies such as bioMD Limited seek to take advantage of competitive niches within this dynamic environment. The nature of the market is such that its characteristics can create uncertainty and risk.

4.1.2 Intellectual Property Rights

Securing rights to intellectual property and in particular to patents, is an integral part of securing potential product value in the outcomes of biomedical research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Because the patent positions of medical device companies can be highly uncertain and frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in medical device patents nor their enforceability can be predicted. There can be no assurance that any patents that the Company may own or control or licence now and in the future will afford the Company commercially significant protection of its intellectual property or its projects or have commercial application.

While the Company is not aware of any third party interests in its intellectual property rights and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological and medical discoveries and if any such disputes arise, they could adversely affect the Company.

4.1.3 Reliance On Personnel

The Company's success depends on identifying, hiring, training and retaining skilled personnel and senior management. The Company has entered into service contracts with its key executives. If a

significant number of staff were to leave the Company, within a short period of time, the Company may suffer operational difficulties.

4.1.4 Technology

Technologies within the industry have been changing over the past 5 to 10 years, resulting in profound effects on the nature and delivery of services. As a result, the timing of an investment can have a significant effect on an organisation's long term competitive position. Capital investment can be substantial with the potential for technologies to be superseded.

4.1.5 Management Of Growth

The Company intends to undertake a significant expansion of its operations requiring increases in expenditure. The further development of the business beyond the short-term horizon may require further capital expenditure. These expenditures are expected to provide a return over the medium term. In the event that the revenue does not grow, there can be no assurance that the Company will remain profitable.

4.1.6 Other Business Risks

The Company is exposed to a number of other business risks which include higher than anticipated operating costs, an increase in competition and loss or damage to the Company's intellectual property and other assets, all of which may have a material adverse affect on the business and financial position of the Company.

4.1.7 Stock Market Fluctuations

The Directors consider the Company to be a speculative investment. The extent to which investor interest will lead to the development of a trading market in the Company's securities or how liquid the market may be is not known. If investor interest in the Company declines, the price of the Company's securities can fluctuate irrespective of trading results. General equity market fluctuations may impact upon the market price of the Company's securities.

4.1.8 Competition Risks

Competition exists in developing products for existing and new markets, obtaining and sustaining proprietary rights to technology and marketing, selling and distributing products. New competing technologies can decrease the viability and financial value of the Company's Products and reduce pricing and/or profit margins.

Whilst the Company believes it can effectively compete with its competitors, no assurance can be given that competition will not intensify and the competitive nature of the industry will not have a material adverse affect on the Company's business.

4.1.9 Profitability

Future operating results depend to a large extent on management's ability to successfully manage expansion and growth, which necessarily requires expansion of all aspects of the business operations, such as revenue forecasting, addressing new markets, controlling expenses, implementing infrastructure and systems and managing its assets. Inability to control the costs and organisational

impacts of business growth or an unpredicted decline in the growth rate of revenues without a corresponding and timely reduction in expense growth or a failure to manage other issues arising from growth could materially and adversely affect the Company's operating results.

4.1.10 Foreign Currency Exchange Rate Fluctuation

Some parts of the Company's business are conducted outside Australia and in currencies other than the Australian dollar. Accordingly, the Company's income from, and the value of, those business will be affected by fluctuations in the rates by which those currencies are exchanged with Australian dollars. The Company does not have a foreign currency hedging policy.

4.1.11 Economic Risks And External Market Factors

Factors, such as, but not limited to, economic slow-down or recession, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, technological innovation, industrial disruption, international competition and taxation changes may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company.

4.1.12 Additional Requirements For Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its investments, the Company may require further financing in addition to amounts raised in the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and reduce its research and development programs as the case may be.

4.1.13 Research And Development

The Company can make no representations that any of its research and development will be successful, that the Company's development milestones will be achieved or that the Company will develop products that are commercially exploitable.

There are many risks inherent in the development of medical devices, particularly where there are in an early stage of development. Projects can be delayed or fail or research may cease to be viable for a range of unexpected scientific and commercial reasons.

4.1.14 Regulatory Issues And Government Regulations

Products derived from the Company's research, development or acquisition may be subject to numerous government regulatory approvals and controls throughout the world and these will affect both the timing and the cost of bringing these products to the market.

Delays or failures in obtaining regulatory approval for a product would be likely to have a serious adverse effect on the value of the Company and have a consequential impact on the financial performance of the Company.



The Company's operations are also subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. There can be no assurance that future legislation will not impose further government regulations, which may adversely affect the business or financial condition of the Company.

4.1.15 Risks Of Product Liability And Uninsured Risks

The Company's business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products. It will be necessary for the Company to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business.

However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of the Company.

SECTION 5 ADDITIONAL INFORMATION

5.1 CONTINUOUS REPORTING AND DISCLOSURE OBLIGATIONS

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act which are applicable to a prospectus for an offer of continuously quoted securities.

The Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the Listing Rules of ASX which require continuous disclosure to the market of any information the Company has which a reasonable person would expect to have as material effect on the price or value of its New Shares.

Copies of documents released to ASX and thereby lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who requests it during the application period for this Prospectus:

- the annual financial report for the Company for the financial year ended 30 June 2006 (being the annual financial report most recently lodged with ASIC by the Company);
- the interim financial report for the Company for the half year ended 31 December 2006; and
- continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of the copy of this Prospectus with ASIC.

5.2 MARKET PRICES OF SHARES

The highest and lowest closing prices of Shares on ASX during the six month period before the date of this Prospectus and the respective dates for those sales were:

- Low 8.6 cents on 16 May 2007; and
- High 16.5 cents on 18 June 2007.

5.3 LITIGATION

The Company is not involved in any material legal proceedings nor, so far as the Directors are aware, are any such proceedings pending against the Company.

5.4 DIRECTORS' INTERESTS

No Director holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in the offer of the securities the subject of this Prospectus, the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the securities the subject of this Prospectus, other than as set out below or elsewhere in this Prospectus.

No person has paid or agreed to pay any amount and no person has given or agreed to give any benefit to a Director to induce them to become or to qualify them as a Director or for services provided by the Director in connection with the formation or promotion of the Company or the offer of the securities the subject of this Prospectus other than as set out below or elsewhere in this Prospectus.

Details of the securities of the Company in which the Directors have a relevant interest as at the date of this Prospectus are as follows:

Name of Director	Position Held	Ordinary Shares	Options over Shares
Robert Scott	Chairman	275,000	1,667,500
Michael Bennett	Managing Director	8,125,938	5,653,219
Robert Towner	Executive	10,840,000	10,866,770

The following Directors held an interest in Expiring Options at the Record Date and will receive the same offer as all other holders of Expiring Options under the Issue, but may only apply for the New Shares and New Options with approval of shareholders, which approval will be sought at the extraordinary general meeting expected to be held on 2 October 2007:

Name of Director	Expiring Options held at Record Date
Robert Scott	1,067,500
Michael Bennett	5,053,219
Robert Towner	10,266,770

Directors are entitled to Directors' fees and other emoluments which are disclosed in the Company's annual financial reports.

5.5 CONSENTS

Computershare Investor Services Pty Limited has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Company's share registry of the Company in the form and context in which it is named. Computershare Investor Services Pty Limited has made no statement included in this Prospectus, nor a statement on which a statement in this Prospectus is based.

Price Sierakowski has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in the Prospectus as solicitors to the Issue in the form and context in which it is named. Price Sierakowski has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

BDO Kendalls Audit & Assurance (WA) Pty Ltd has given, and has not before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as auditor of the Company

in the form and context in which it is named. BDO Kendalls Audit & Assurance Pty Ltd has made no statement included in this Prospectus, nor a statement on which a statement in this Prospectus is based.

5.6 DISCLOSURE OF INTERESTS OF NON-DIRECTORS

No person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within 2 years before lodgement of this Prospectus with ASIC, any interest in the offer of the securities the subject of this Prospectus, the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the securities the subject of this Prospectus, other than as set out below or elsewhere in this Prospectus.

No person has paid or agreed to pay any amount and no person has given or agreed to give any benefit to an underwriter, or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, for services provided by that person in connection with the formation or promotion of the Company or the offer for the securities the subject of this Prospectus other than as set out below or elsewhere in this Prospectus.

Price Sierakowski has acted as legal advisers to the Company and has performed legal work in relation to the Issue. The Company estimates as at the date of this Prospectus that it will pay amounts totaling approximately \$12,000 (excluding GST and disbursements) to Price Sierakowski for this work. Work in relation to the Issue after the date of this Prospectus will be charged at usual rates.

Computershare Investor Services Pty Limited has acted as share register for the Company. The Company estimates as at the date of this Prospectus that it will pay amounts totaling approximately \$6,800 (excluding GST) to Computershare Investor Services Pty Limited in relation to the Issue.

SECTION 6 DIRECTORS' AUTHORISATION

This Prospectus is dated 22 August 2007 and is issued by bioMD Limited.

The Directors state that they have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of New Shares and New Options pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of bioMD Limited has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of bioMD Limited.



Michael Bennett
Managing Director
22 August 2007

SECTION 7 DEFINITIONS

“Applicant” means an applicant for New Shares and New Options who duly completes an Application Form and pays the applicable Application Money.

“Application Form” means the application form accompanying this Prospectus.

“Application Money” means the aggregate amount of money payable for New Shares applied for in the Application Form.

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means ASX Limited (ABN 98 008 624 691).

“Business Day” means any day which is defined to be a Business Day pursuant to Listing Rule 19.12 of the Listing Rules of ASX.

“CHESS” means Clearing House Electronic Sub-register System of ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

“Closing Date” means 5:00pm WST on 31 October 2007 or such other date as may be determined by the Directors consistently with this Prospectus.

“Company” means bioMD Limited (ACN 088 221 078) and where the context requires includes its subsidiary companies.

“Corporations Act” means Corporations Act 2001.

“Cth” means Commonwealth.

“Directors” means Directors of the Company.

“Dollars” or **“\$”** means dollars in Australian currency.

“Expiring Options” means options over unissued ordinary shares in the capital of the Company issued prior to the date of this Prospectus exercisable at \$0.20 per Share on or before 30 August 2007.

“Exposure Period” means the period of 7 days (or longer as ASIC may direct) from the date of lodgment of the Prospectus with ASIC.

“Form of Exercise of Options” means the form entitled “Form of Notice of Exercise of Options” included in this Prospectus.

“Issue” means the issue of New Shares and New Options under this Prospectus.

“Listing Rules” means the Listing Rules of ASX.

“New Option” means an option to acquire one fully paid ordinary share in the Company issued or to be issued pursuant to this Prospectus. Each New Option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of \$0.25 per share at any time up to 30 August 2010 (“Expiry Date”).

“New Share” means a fully paid ordinary share in the Company issued or to be issued pursuant to this Prospectus.

“Offer” means the offer of New Shares and New Options pursuant to this Prospectus.

“Opening Date” means 9:00am WST 3 October 2007 or such other date as may be determined by the Directors consistent with this Prospectus.

“Options” means options over unissued ordinary shares in the capital of the Company.

“Optionholder” means holders of Expiring Options at the Record Date.

“Prospectus” means this prospectus dated 22 August 2007.

“Record Date” means the record date to determine offers to New Shares and New Options in accordance with this Prospectus.

“SCH Business Rules” means the business rules of ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532) as the approved Securities Clearing House under the Corporations Act.

“Share” means a fully paid ordinary share in the Company.

“WST” means western standard time.

SECTION 8 FORM OF NOTICE OF EXERCISE OF OPTIONS

bioMD Limited

ACN 088 221 078

FORM OF NOTICE OF EXERCISE OF OPTIONS

To the Directors, bioMD Limited ("Company"), Level 11, 225 St Georges Terrace, Perth, WA, 6000

I/We, Mr/Mrs/Miss _____
First Names/Company Name Surname/Australian Company or Business Number
_____ State _____ P/Code _____

the registered holder(s) of options hereby exercise my/our New Options for:

(Number of ordinary shares in figures) (in words)

ordinary shares and enclose application money of \$0.25 per share \$ _____
(amount payable on exercise)

I/We whose full name(s) and address(es) appear above hereby apply for the number of Shares shown above. I/We agree to be bound by the constitution of the Company.

If the application is signed by an attorney, the attorney states that he has no notice of revocation of the power of attorney under authority of which this application is signed.

Usual signature(s) _____

Date: / / If a company affix company seal (if required).

TERMS AND CONDITIONS OF OPTIONS

The options are granted on the following terms and conditions –

1. Each New Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
2. The New Options shall expire at 5:00pm 30 August 2010 ("Expiry Date").
3. The New Options are exercisable at an exercise price of \$0.25 at any time on or before the Expiry Date.
4. The New Options are freely transferable.
5. All shares to be allotted pursuant to the exercise of New Options will be allotted within 10 Business Days of exercise of the New Options and will rank pari passu in all respects with the

Company's then existing ordinary fully paid shares. The Company will apply for official quotation by ASX of all shares issued upon exercise of the New Options on or before the third Business Day on which ASX is open after the date of allotment of the shares.

6. A holding statement will be issued for the New Options. Exercise of the New Options may be effected by completing this form or any "Notice of Exercise of Options" which may accompany the holding statement and delivering it to the Company together with the required exercise price. The Company will procure the issue of another holding statement for the balance of the New Options held and not yet exercised (if any).
7. There are no participating rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
8. In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of New Options or the exercise price of the New Options or both shall be reconstructed (as appropriate) in the manner required by the Listing Rules. In such event, the Company has the power to vary the number of New Options or the exercise price of the New Options or the number of the shares to be issued upon exercise of the New Options or any or all of these as the Directors reasonably consider necessary solely in order to comply with the Listing Rules.
9. The Company will at least 10 Business Days before the Expiry Date of the New Options send notices to the Optionholders stating the name of the optionholder, the number of New Options held and the number of securities to be issued on exercise of the New Option, the exercise price, the due date for payment, and the consequences of non-payment.

Guide to the Application Form

This Application Form relates to the offer of New Shares and New Options in bioMD Limited pursuant to the Prospectus dated 22 August 2007. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the New Shares and New Options of bioMD Limited and it is advisable to read this document before applying for New Shares and New Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete the all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of resistible titles to use on the Application Form are contained in the table below.

- A Insert the number of New Shares you wish to apply for. You are entitled to one (1) New Share for every 10 Expiring Options held at the Record Date.
- B Insert the relevant amount of Application Monies. To calculate your Application Monies, add the number of New Shares applied for multiplied by 20 cents.
- C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub –Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G bioMD Limited will apply to the ASX to participate in CHES, operated by the ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES sub-register of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two sub-registers will make up the Company’s principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES sub-register, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

- H Please complete cheque details as requested.

Make your cheque payable to “bioMD Limited– Trust Account” in Australian currency and cross it “Not Negotiable” Your cheque must be drawn on an Australian Bank, and the amount should agree with the amount shown in section B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- II Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in bioMD Limited upon and subject to the terms of this Prospectus, and agrees to take any number of New Shares equal to or less than the number of New Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Applications: Return your completed Application Form with cheque(s) attached to:

By post or in Person to the Computershare Investor Services Pty Ltd:

Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Application Forms must be received no later than 5:00pm WST on 31 October 2007 which may be changed immediately after the Opening Date at any time at the discretion of the Company

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to bioMD Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co

Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith and Son A/C>	John Smith and Son