PORTLAND ORTHOPAEDICS™

Portland Orthopaedics Limited
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STATEMENT OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES

Portland Orthopaedics Limited (**Company**) has 5,488,517 unlisted and 4,073,500 ASX listed options to subscribe for ordinary shares in the Company on issue.

Unlisted Options

The Company has granted 5,488,517 unlisted options to its current and former employees, directors and consultants. Options issued to employees and directors have been issued pursuant to the terms and conditions of its Executive and Staff Option Plan (**ESOP**) as at the time of issue. The terms and conditions of options issued to consultants are the same as the terms and conditions of options issued to employees and directors under the ESOP.

The ESOP terms and conditions have been varied on two occasions since 2003. The different ESOP terms and conditions applicable to the unlisted options and the number of unlisted options to which they apply are as follows:

- 5,000,000 options issued pursuant to the ESOP terms and conditions which are set out as annexure A;
- 75,414 options issued pursuant to the ESOP terms and conditions which are set out as annexure B; and
- 413,103 options issued pursuant to the ESOP terms and conditions which are set out as annexure C.

The number of unlisted options, exercise price, expiry date, number of vested unlisted options capable of exercise and the date of vesting of unvested unlisted options is set out below:

Number of Options	Issue Price	Exercise Price	Vesting and Expiry Dates
305,664	Nil	$1.63	All Options have vested and expire on dates between 1 January 2012 and 31 July 2018.
148,139	Nil	$0.20	All Options have vested and expire on dates between 1 January 2010 and 1 October 2010
34,714	Nil	$1.63	Options to vest on dates between 1 November 2005 and 2 March 2008 and expires on dates between 1 November 2015 and 2 March 2018
2,500,000	Nil	$0.30	Options to vest during the three year period commencing 12 months after admission of the Company to the official list of ASX and expiring 10 years after their vesting date.
2,500,000	Nil	$0.35	

Listed options

The Company has issued an additional 4,073,500 listed options to subscribe for shares on issue, the general terms of which are set out in the "Terms and Conditions of Options" document attached as annexure D.

The company has issued an additional 1,629,400 options for shares in this class, which are restricted securities and will be released from Escrow and quoted by the ASX 24 months after the quotation date.

David Edwards
Company Secretary
19 December 2005