PORTLAND ORTHOPAEDICS

Announcement

Rights Issue-Cleansing Statement

25 June 2008, Sydney.

Notice under section 708AA(2)(f) of the Corporations Act 2001

On 24 June 2008, Portland Orthopaedics Limited (**Company**) (ASX: PLD) announced its intention to undertake a non-renounceable rights issue of approximately 162.9 million shares (**New Shares**) on the basis of one New Share for every one ordinary share held at 7.00pm on 3rd July 2008 (**Record Date**) at a price of 2.5 cents per New Share.

The Company gives notice under section 708AA(2)(f) of the Corporations Act 2001 (**Corporations Act**) that:

1. *the Company will offer the New Shares without disclosure to investors under Part 6D.2 of the Corporations Act;*
2. *as at the date of this notice, the Company has complied with:*
    - *the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and*
    - *section 674 of the Corporations Act; and*
3. *as at the date of this notice, there is no excluded information (as that term is defined in section 708AA(8) of the Corporations Act) that is required to be disclosed for the purposes of 708AA(7)(d) of the Corporations Act.*

An Offer Document and an Entitlement and Acceptance Form will be mailed to eligible shareholders on or before 7 July 2008.

It is noted that key Portland shareholders have given an irrevocable commitment to subscribe for a minimum of their full entitlements under the Rights Issue, including:

- The Chairman of Portland Mr John Lee and his associates;
- The Chief Technology Officer, Director and Founder, Ron Sekel and associates'
- The Chief Executive Officer of Portland, Mr John Brassil and his associates, and members of his family; and

Phone: + 61 2 9700 1533
Fax: + 61 2 9666 8544
Web: www.portland-orthopaedics.com
Post: Unit 3, 44 McCauley St Matraville 2033
ABN: 92 082 839 992

- The Chief Financial Officer and Company Secretary of Portland, James Wynn and his associates.

If the three largest shareholders of the Company and the above listed key members of the Board and senior management subscribe for their full entitlements under the Offer, and no other Shareholder subscribes for their entitlements under the Offer, the capital structure of Portland Orthopaedics will be as follows:

Shareholder	Shares	% holding
GBS Venture Partners	84,037,924	30.65
Equity Partners	84,051,226	30.65
Savings Australia	40,359,498	14.72
Mr Ronald Sekel	13,795,620	5.03
Remaining Shareholders	51,940,556	18.95
Total	**274,184,824**	**100**

Although the issues of New Shares to these or other major shareholders under the Rights Issue may increase their percentage holding in the Company, it is not expected to have a material effect on the control of the Company.

For your information, a copy of the Offer Document for the Rights Issue will be made available on Portland's website http://www.pldortho.com.

For further information please contact:
James A Wynn
Company Secretary
Portland
(02) 9700 1533
End: