PORTLAND ORTHOPAEDICS

4th August 2008

Australian Stock Exchange
Companies Announcements Office
20 Bridge Street
Sydney NSW 2000

Dear Sirs

Appendix 3B - Rights Issue Details

The Board of Portland Orthopaedics Limited ("Portland") is pleased to present its Appendix 3B containing details of the recent Rights Issue.

As a result of the Rights Issue 76,260,886 new fully paid ordinary shares have been issued to existing shareholders.

Yours faithfully

R. P. Gregson

Richard Gregson
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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

Portland Orthopaedics Limited

ABN

92 086 839 992

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 shares in Portland Orthopaedics Limited
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	76,260,886 ordinary shares
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)	Fully paid ordinary shares

4	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	The shares will rank equally in all respects with existing quoted ordinary shares.	
5	Issue price or consideration	$0.025 cents per share.	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Resulting from Rights Issue which closed on 25 July 2008. Providing funds for future expenditure on working capital	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	4 August 2008	

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	Open Bal 162,999,356 Quotation 76,260,886 Close Bal. 239,260,239	**Ordinary Shares (PLD)**
		Open Bal. 9,485,900 Quotation - Close Bal 9,485,900	**Listed Options (PLDO)**

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	10,848,517	**Unquoted Employee Share Options subject to ESOP Scheme.** Options with various exercise prices and expiry dates no later than 10 years from date of issue.

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?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 share for each existing share
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	3 July 2008
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 Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	United States of America, United Arab Emirates and Japan

19	Closing date for receipt of acceptances or renunciations	25 July 2008
20	Names of any underwriters	GBS Venture Partners Pty Limited
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 +security holders	N/A
25	If the issue is contingent on +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	7 July 2008
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	25 June 2008
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements *in full* through a broker?	N/A
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	4 August 2008

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

(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 +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

Name	Units	%I/C	Rank
Equity Partners Two Pty Ltd	74,025,613	30.94	1
GBS Venture Partners Ltd (GBS Bioventures II A/C)	53,796,541	22.48	2
GBS Venture Management Pty Ltd (Australian Bioscience A/C)	20,222,421	8.45	3
JP Morgan Nominees Australia Ltd	20,179,749	8.43	4
Mr Ronald Sekel	8,897,810	3.72	5
Citicorp Nominees Pty Ltd	2,532,500	1.06	6
Dixon Trust Pty Ltd	1,345,334	0.56	7
LPA No. 2 Pty Ltd	1,066,668	0.45	8
Mr Richard John Goodwin & Mrs Esmae Ruth Goodwin	960,000	0.40	9
Mr Eric Patrick Merrigan & Mrs Sandra Maree Merrigan	933,334	0.39	10
Bond Street Custodians Ltd	800,000	0.33	11
Brisaja Pty Ltd	800,000	0.33	12
Carmant Pty Ltd	761,404	0.32	13
Mr Maxwell Henry Lee	759,066	0.32	14
Asia Union Investments Pty Ltd	694,505	0.29	15
Ms Serene Lim & Mr Nicholas Russell Ward	500,000	0.21	16
Mr Timothy William Hext	450,000	0.19	17
Connaught Consultants Finance Pty Ltd	409,334	0.17	18
N.A. Investments (VIC) Pty Ltd	394,390	0.16	19
Mr Philip Douglas Chisholm	386,030	0.16	20
Report Total	**189,914,699**	**79.38**	
Remainder	**49,345,543**	**20.62**	
Grand Total	**239,260,242**	**100.00**	

36 ☒ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000	13
1,001 - 5,000	190
5,001 - 10,000	279
10,001 - 100,000	739
100,001 and over	121

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

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)		

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: Date: 15 July 2008.

Print name: John Brassil
CEO

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+ See chapter 19 for defined terms.