Australian Stock Exchange Announcement

NON-RENOUNCEABLE RIGHTS ISSUE

Friday, 21 September 2007

HIGHLIGHTS

• 1 for 10 non-renounceable Rights Issue at 28 cents per share to raise up to $1.98 million

• Proceeds from Rights Issue to be applied towards commissioning of full scale manufacturing and packaging facilities as well as marketing and distribution of the Company's products in Australia and internationally

• Participants in the Rights Issue will receive one free Attaching Option for every 2 shares they apply for under the Rights Issue

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CAPITAL RAISING

Safety Medical Products Limited (ASX Code: SFP) is pleased to announce a capital raising strategy to provide working capital and to fund direct costs associated with the Company's move into full production of its SecureTouch safety syringe in late 2007.

A Notice under section 708AA of the Corporations Act was released to ASX on 21 September 2007, and is available for review on the ASX website (www.asx.com.au) as well as on the Company's website (www.safetymed.com.au).

USE OF FUNDS

The net proceeds from the Rights Issue will be used as working capital to finance costs associated with the commencement of full scale production of the Company's SecureTouch syringe.

As previously announced to market, SafetyMed intends to commence production during October from the Company's production base in Salisbury, South Australia, with sales commencing in the domestic market immediately thereafter.

The first SecureTouch syringes will be marketed throughout the Australian Pharmacy Sector, a result of the extensive sales network and distribution capacity the Company has inherited through its acquisition of Bagot Press earlier in 2007.

A significant component of the capital requirement is associated with the purchase and commissioning of a purpose built Multi-vac automated blister packaging machine.

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This equipment is essential to ensure that medical grade individual blister packaging of the SecureTouch Syringes will keep pace with the SecureTouch Automated Assembly Machine built by ProControl Systems.

Extensive marketing and awareness campaigns will also be undertaken to maximize sales in the Health Industry's wholesale and contract supply markets Internationally through Exel as well as in Australia and New Zealand.

KEY OFFER TERMS

Key terms of the Rights Issue are as follows:

1. Pro-rata non-renounceable rights issue of approximately 7,090,887 Shares at an issue price of 28 cents each to raise approximately $1,985,448 (before expenses of the issue), to eligible shareholders, registered at 5:00 pm (Adelaide time) on 2 October 2007.

2. Shares are offered under the Rights Issue on the basis of one Share for every ten Shares held at the Record Date. The Shares, when issued, will rank equally in all respects with the Company's existing issued Shares.

3. Eligible Shareholders that apply for Shares under the Rights Issue will also receive, for every two shares applied for, one free option exercisable at $1.00 on or before 31 December 2010 (**Attaching Options**).

4. The Attaching Options will be issued on the same terms as the Company's existing SFPOA $1.00 options. If all Shares are taken up under the Rights Issue, approximately 3,545,443 Attaching Options will be issued.

5. Fractional entitlements to Shares and Attaching Options will be rounded down to the nearest whole number.

6. The Directors reserve the right to issue any shortfall in subscription for Shares under the Rights Issue, at their discretion within 3 months after the close of the Rights Issue.

SUMMARY OF KEY DATES*

Announcement of the Rights Issue	21 September 2007
"Ex" date	25 September 2007
Record Date to determine Entitlements under the Rights Issue	2 October 2007
Dispatch of Entitlement & Acceptance Forms	3 October 2007
Closing Date	19 October 2007
Date of Quotation of New Shares on ASX on a deferred settlement basis	22 October 2007
Dispatch of shareholder statements for new Shares	26 October 2007

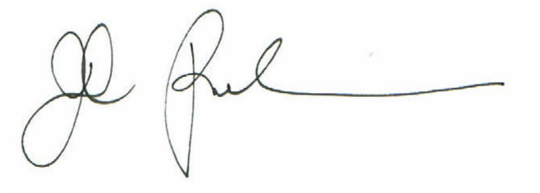
*These dates are indicative and the Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary any of the above dates.

Option holders cannot participate in the issue without first exercising their options.

The Directors have determined that it is unreasonable to allow Shareholders (**Overseas Shareholders**) whose registered addresses are located outside of Australia and New Zealand to participate in the Rights Issue having regard to the:

- number of Overseas Shareholders;
- number and value of new shares Overseas Shareholders would be offered; and
- cost of complying with the legal requirements, and requirements of regulatory authorities, applying in the locations of Overseas Shareholders.

Yours Sincerely



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