



ACN 064 755 237

**TO: COMPANY ANNOUNCEMENTS OFFICE
AUSTRALIAN STOCK EXCHANGE**

DATE: 22nd February 2006

PROPOSED ISSUE OF SECURITIES

The attached letter has been sent today to all Cardia optionholders advising them of the above issue and giving them the opportunity to exercise their options if they wish to participate.

**JOHN WILSON
Company Secretary**

CARDIA TECHNOLOGIES LTD

REGISTERED OFFICE

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22nd February 2006

Dear Optionholder,

Proposed New Issue of Securities

On 27th January 2006 Cardia announced that it proposed to make a new issue of securities in the form of a pro-rata issue to existing shareholders.

The new issue will be on the basis of one (1) new share for each three (3) shares held and one (1) free option for every new share subscribed for. The issue price of the shares will be two (2) cents and the options will be exercisable at ten (10) cents each on or before 31st December 2007.

This letter is to provide all existing optionholders with the details of the new issue and to remind them that should they wish to participate they have to exercise their options before the Record Date which is likely to be Friday 3rd March 2006.

To assist you in making that decision the highest and lowest closing prices for the Company's ordinary fully paid shares on the ASX during the last 3 months were \$0.032 and \$0.019 respectively and for the options \$0.017 and \$0.004.

The closing prices on Tuesday 21st February 2006 were \$0.021 and \$0.006 respectively.

Yours faithfully,

JOHN WILSON
Company Secretary

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