CARDIA TECHNOLOGIES LIMITED

ACN 064 755 237

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

DATE: **1st August 2006**

NOTICE OF GENERAL MEETING

A Notice of a General Meeting of Shareholders of Cardia Technologies Ltd to be held on Wednesday 30th August 2006 together with the accompanying documents will be despatched to shareholders on Wednesday 2nd August 2006.

The Notice and accompanying documents are attached.

JOHN WILSON
Company Secretary

CARDIA TECHNOLOGIES LTD
REGISTERED OFFICE
Suite 510 Level 5 Pacific Tower 737-741 Burwood Road Hawthorn Victoria 3122 Australia
Telephone +61 3 9813 3228 Facsimile +61 3 9813 2668 Email: cardia@bigpond.com

CARDIA TECHNOLOGIES LIMITED

(ACN 064 755 237)

NOTICE OF GENERAL MEETING

Date of Meeting
30 August 2006

Time of Meeting
9.00AM AEST

Place of Meeting
Ground Floor
Pacific Tower
737 Burwood Road
Hawthorn Victoria 3122

CARDIA TECHNOLOGIES LIMITED

(ACN 064 755 237)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING OF SHAREHOLDERS OF CARDIA TECHNOLOGIES LIMITED (ACN 064 755 237) ("COMPANY") WILL BE HELD AT GROUND FLOOR, PACIFIC TOWER, 737 BURWOOD ROAD MELBOURNE IN THE STATE OF VICTORIA ON 30 AUGUST 2006 AT 9.00AM (AEST)

AGENDA

BUSINESS:

Special: To consider and, if thought fit, to pass each of the following resolutions as Ordinary Resolutions.

Resolution 1: Ratification of Placement of 30,000,000 Shares.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

"That pursuant to Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited the issue and allotment of a total of 30,000,000 ordinary shares in the capital of the Company at an issue price of $0.02 (2 cents) per share to Captain Starlight Nominees Pty Ltd is hereby approved, ratified and confirmed"

Resolution 2: Placement of Options

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

Approval of Placement of 30,000,000 Options to acquire Ordinary Shares at an exercise price of $0.10 to the allottee~~s~~ of the 30,000,000 ordinary shares allotted on 17 May 2006 to Captain Starlight Nominees Pty Ltd as an Excluded Offeree in accordance with the provisions of Section 708 of the Corporations Act 2001

"That, inasmuch as the Company issued and allotted a total of 30,000,000 ordinary shares to Captain Starlight Nominees Pty Ltd as an Excluded Offeree within the meaning of Section 708 of the Corporations Act 2001 at an issue price of $0.02 (2 cents) per share on 17 May 2006 as announced to ASX on the 10 May 2006 and inasmuch as it was a term of the agreement under which such shares were issued and allotted to such offeree that subject to shareholder approval they also be granted free options to acquire ordinary shares which options shall be exercisable at $0.10 (10 cents) at any time up to 5.00PM AEST on 31 December 2007: IT IS HEREBY RESOLVED THAT in accordance with Section 708 of the Corporations Act 2001 and the provisions of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited that the Company grant to the allottee of the 30,000,000 ordinary shares referred to above, one (1) option to acquire an ordinary share exercisable at $0.10 (10 cents) at any time up to 5.00PM AEST on 31 December 2007 for every share so issued and allotted with such options to be granted on the terms otherwise set out in note 3 to this notice of meeting and with such options to be granted free of additional cost to the grantees."

By Order of the Board of
Cardia Technologies Limited

P Volpe
Director
Dated: 31 JULY 2006

NOTES

1. **Voting**

(a) Cardia has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the shares of Cardia that are quoted on the Australian Stock Exchange as at 7.00pm on 28 August 2006, will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the meeting.

(b) A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.

(c) A proxy duly appointed need not be a Member. In the case of joint holders all must sign.

(d) A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.

(e) Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:

    (i) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or

    (ii) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Law or causes such personal representative to attend the meeting with such form of appointment or certificate; or

    (iii) has appointed an attorney;

    and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.

(f) Proxies and corporate appointment of representative forms may be returned to the Company by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Cardia Technologies Limited at its registered office:

    Suite 510
    Level 5
    737 Burwood Road
    Hawthorn Vic 3122.
    Facsimile: **+61 3 9813 2668**

(g) Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Act. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:

    (i) 2 directors of the company; or

    (ii) a director and a company secretary of the company; or

    (iii) for a proprietary company that has a sole director who is also the sole company secretary - that director.

    For Cardia Technologies Limited to rely on the assumptions set out in Sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable.

    In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature. If a member is a company that has a sole director and has dispensed with the requirement for a secretary under the Corporations Act 2001 then the sole director of the company must state that next to his or her signature.

(h) Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.

(i) Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

2. **Resolution 1: Ratification of the placement of shares**

Voting Exclusion Statement: Allottee of Shares
The Company advises that it will disregard any votes cast on the resolution by the allottee of the shares the subject of resolution 1 or any associate thereof within the meaning of the Corporations Act 2001.However, the Company will not disregard a vote if :

(a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The terms of the securities issued on 17 May 2006 were the same as previous issues of ordinary shares

The funds raised will be used for working capital purposes generally and to assist in preparing documentation in support of the proposed float by Initial Public Offering of the Company's subsidiary Aquenox Pty Ltd which will convert to public company status for this purpose.

3. **Resolution 2: Approval for grant of options**

In accordance with the provisions of Listing Rule the following information is provided:

(a) **Maximum Number of Securities proposed to be placed**: The maximum number of securities proposed to be placed is 30,000,000 options to acquire ordinary shares as set out in the resolution.

(b) **Date by which Securities will be placed**. The securities will be issued and allotted, by not later than 5 September 2006 being a date not more than 1 month from the date of the meeting.

(c) **Price at which Securities proposed to be placed**. As set out in the resolution the options are to placed or granted free of cost to the grantees as they are being granted in accordance with the terms of the issue and allotment of the shares made to them on 17 May 2006: which shares were issued at an issue price of $0.02 (2 cents).

(d) **Name of allottee of Securities proposed to be placed.** The name of the proposed allottee of the options is Captain Starlight Nominees Pty Ltd the allottee of the shares issued and allotted as advised to ASX on 10 May 2006 The allottee is an excluded offeree under Section 708 of the Corporations Act 2001. It is not a Related Party of the Company.

(e) **Terms of Securities proposed to be placed.** The options will rank pari passu with the options previously granted on the same terms.

The terms of the options are as follows.

i. Each option entitles the holder to subscribe for 1 ordinary share in Cardia Technologies Limited ACN 064 755 237 ("the Company") upon the payment of $0.10 (10 cents).
ii. The options will lapse at 5.00pm (AEST) on 31 December 2007 ("Expiry Date").
iii. The options are transferable.
iv. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
v. Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 12 business days before books closing date to exercise the options.
vi. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
vii. The options shall be exercisable at any time up to 5.00pm (AEST) on the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the option holder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
viii. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
ix. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects."

(f) **No funds raised.** No funds will be raised from the grant of options. A total of $600,000 was raised from the placement of shares in respect of which the options were granted. Those funds are to be applied to working capital purposes generally and to assist in preparing documentation in support of the proposed float by Initial Public Offering of the Company's subsidiary Aquenox Pty Ltd which will convert to public company status for this purpose.

(g) **Voting Exclusion Statement: Proposed Grantees.** The Company advises that it will disregard any votes cast on the resolution by the allottee of the 30,000,000 shares allotted on 17 May 2006 being the proposed grantee of the Options or any associate of such person within the meaning of the Corporations Act 2001. However, the Company will not disregard a vote if:

i. it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

ii. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXY FORM
CARDIA TECHNOLOGIES LIMITED (ACN 064 755 237)

The Company Secretary
Cardia Technologies Limited
Suite 510
Level 5
737 Burwood Road
Hawthorn Vic 3122

I/We (name of shareholder)..

of (address) ....

being a member/members of Cardia Technologies Limited HEREBY APPOINT

(name) ....

of (address) ....

and/or failing him (name) ....

of (address) ....

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Ground Floor, Pacific Tower, 737 Burwood Road, Hawthorn Vic 3122 on 30 AUGUST 2006 at 9.00AM AEST and at any adjournment of the meeting.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. Otherwise the Proxy is to vote for or against the resolutions referred to in the notice convening the General Meeting as follows:

	FOR	AGAINST	ABSTAIN
Resolution 1: To ratify placement	☐	☐	☐
Resolution 2: To approve grant of Options to grantees of Shares	☐	☐	☐

This Proxy is appointed to represent ___ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents ____% of my total votes. My total voting right is ________ shares. If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolution to be considered by the meeting and any adjournment of the meeting.

Signature(s)

Date ☐

Individual or Joint Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
☐	☐	☐
Director/Company Secretary	Director	Sole Director & Sole Company Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.

2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
   (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
   (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Act or causes such personal representative to attend the meeting with such form of appointment or certificate; or
   (c) has appointed an attorney;

   and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to the Company
   (a) Proxies and corporate appointment of representative forms may be returned to the Company by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Cardia Technologies Limited at its registered office:

       Suite 510
       Level 5
       737 Burwood Road
       Hawthorn Vic 3122.
       Facsimile: **+61 3 9813 2668**
6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Act. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
   - 2 directors of the company; or
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary - that director.

   For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. **In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature. If a member is a company that has a sole director and has dispensed with the requirement for a secretary under the Corporations Act 2001 then the sole director of the company must state that next to his or her signature.**
7. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.
9. Inasmuch as the Chairman of the meeting is appointed as proxy for a securityholder if the securityholder does not nominate another person as his primary proxy and inasmuch as, in the absence of a primary proxy so appointed, the proxy form also provides for the Chairman of the meeting to act as proxy, the following information is given pursuant to Listing Rule 14.2.

<u>Chairman's Voting Intention in relation to Undirected Proxies</u>

Subject to the operation of the express voting exclusions contained in the notes to the notice of meeting and their operation in accordance with the requirements of Listing Rule 10.13.6 it is the Chairman's intention to vote undirected proxy in favour of each resolution to be put to the meeting.

If you do <u>not</u> wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

☐