

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 18 February 2011

PROPOSED ISSUE OF NEW SECURITIES

The Board of Cardia Bioplastics Limited ("Cardia") advises that it is proposing to raise \$1.5 million by issue of 100 million Ordinary Shares.

The new securities will be issued to sophisticated and professional investors who do not need disclosure under Section 708 of the Corporations Act.

The issue price of the new shares will be \$0.015 per share. Placement of shares will be under the company's 15% placement capacity pursuant to Listing Rule 7.1.

The funds raised will be utilized for working capital purposes.

An Appendix 3B applying for quotation of the new securities will be lodged upon completion of the issue.

Pat Volpe
Chairman