

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 6 March 2014

LETTER TO OPTIONHOLDERS

Attached Notices will be sent today to Cardia Option holders -CENOB holders (**Option Expiry -30 June 2015**) and Unlisted Option holders (**Option Expiry- 15 July 2014**) advising them of the non-renounceable rights issue undertaken by Cardia Bioplastics Limited and giving them opportunity to exercise their options if they wish to participate.

**Rekha Bhambhani
Company Secretary**

6 March 2014

Dear Option Holder,

PARTICIPATION IN PRO-RATA NON-RENOUCEABLE RIGHTS ISSUE

The Directors of Cardia Bioplastics Limited ("CNN or 'the Company'") advise that the Company is undertaking a Pro-rata non-renounceable Rights Issue to eligible shareholders on the basis of one (1) new share for every three (3) shares held at 5pm on 18th March 2013 ("Record Date") at an issue price of \$0.003 (0.03 cents) with one free attaching option for every 3 new shares subscribed for.

Assuming none of the Company's existing options are exercised 898,697,389 new ordinary shares will be offered and up to approximately \$2.7 million will be raised.

The full terms and conditions of the Rights Issue are detailed in the Prospectus which can be viewed on the ASX website at asx.com.au. A copy of the Prospectus will be sent to each eligible shareholder.

The terms and conditions of the options you currently hold do not entitle you to participate in the above Pro-rata non Renounceable Rights Issue.

To participate in the Pro-rata non-renounceable Rights Issue, you must exercise your options in time for the new shares to be allotted prior to the Record date of 5 pm on **18th March 2013**.

To assist you in making that decision the highest and lowest closing prices for Cardia's fully paid ordinary shares on the ASX during the last 3 months were \$0.004 and \$0.002 respectively and for the options \$0.001 being the both lowest and highest price.

The closing prices of Cardia's fully paid ordinary shares and options on Wednesday 5th March 2014 were \$0.003 and nil respectively.

Exercise price per option is 1.5cents.

Notice of Exercise of Options form can be obtained from Advancedshare Registry by contacting them on (08) 93898033.

If you are in doubt as to the action you should take in relation to this notice, you should consult with your professional adviser for advice immediately.

If you do not wish to participate in the Rights Issue (in respect of your existing options), you do not need to take any action.

Should you have any questions in relation to the above matters, please contact our share registry on (08) 93898033.



Richard Tegoni
Chairman

6 March 2014

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The closing prices of Cardia's fully paid ordinary shares and options on Wednesday 5th March 2014 were \$0.003 and nil respectively.

Exercise price per option is 0.35 cents (\$0.0035).

Notice of Exercise of Options form can be obtained from Advancedshare Registry by contacting them on (08) 93898033.

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Richard Tegoni
Chairman