

ASX and Media Release

Friday 16 July 2013

COMPANY UPDATE

The Board of Medivac Limited (**MDV** or the **Company**) provides the market with the following update:

Metamizer Business

MDV has received an offer to acquire the rights to manufacture and distribute the Metamizer and the associated Intellectual Property, subject a royalty payable over at least the next three (3) years, based on whether a previously foreshadowed sale to Sri Lanka is finalised. In the event that the Sri Lankan deal does not proceed the royalty will be ongoing. In the event the Sri Lankan deal is consummated, the royalty will be higher. MDV estimates that the transaction will deliver \$1 million in cash over the next 3 years.

The parties have signed a non-binding non-exclusive Heads of Agreement and will negotiate the final terms of the agreement over the next week or so.

In the meantime, discussions will continue with other parties that have expressed interest in the Metamizer. One interested party is looking to manufacture in China under licence. Another has been discussing a joint venture to place and manage the Metamizer in hospital and other locations, initially in Australia then South Asia.

Funding for expansion of Republica Capital business

The Board has decided to seek Convertible Note funding as a means of expanding the funds invested in its wholly owned subsidiary Republica Capital P/L.

The amount of funding sought will be a formula based on third party verification of the value of its existing loan portfolio. Where there has not been a transaction involving investment by others, existing investments will be excluded from the calculation of "Directors Existing Market Valuation" (DEMV). This will ensure that the portfolio has an appropriate mix of new investments when compared to more mature investments.

The Board intends to limit the new injection of capital to an amount that does not exceed the DEMV of the portfolio. As existing investments gain market acceptance through third party transactions, Republica will arrange funding then add to the portfolio.

At the moment, the portfolio has \$800,000 in DEMV. The balance of the portfolio, which totals \$1.878 million at face value in 4 loans, awaits transactions to establish their DEMV.

The Board believes that this will provide both a prudent restraint and a sound footing from which to expand the Republica business.

Valuation Range of Republica Capital Portfolio

Using the DEMV as a Base Case and the upside built into each convertible note agreement as the Optimistic Case the Board's estimate of the range of valuation for the portfolio is:

Pre third party valuation portfolio:	\$0 to \$3.171 M
DEMV portfolio:	\$0.8 M
Total	\$0.8 M to 3.971 M

*All valuations assume no increase in value after IPO.

*Base case for Pre third party valuations assumes no value for any loan.

MDV Convertible Note Issue to fund Republica Capital portfolio expansion

Based on the Board's formula, MDV will now seek to place \$800,000 in convertible notes to sophisticated investors. A copy of the presentation to investors and terms offered will be announced separately.

Appointment of Managing Director

Current Executive Chairman Kieran Honour is also the investment manager of the Republica Capital portfolio. In order to free up time for Kieran to manage and expand the Republica Capital business, the Board has appointed current non-executive director Rodger Johnston as Managing Director of the holding company to oversee the Medivac investment and manage corporate and listing matters.

The Board will review other aspects of the Board's structure and expects to make recommendations to shareholders at the AGM.

Further Updates

The Board will provide a further update on progress at the time that the company announces its results.

-Ends

For further information, please contact:

Kieran Honour
Executive Chairman
0414 478 039