

MEDIA RELEASE

Conditional Placement

SYDNEY 17 October 2016 – Allegra Orthopaedics Limited (Allegra) (ASX: AMT) advises that it has entered into a conditional placement agreement with Robinwood Investments Pty Limited (“Robinwood”). The placement agreement relates to the proposed issue of 9,438,957 fully paid ordinary shares (“New Shares”) in Allegra at an issue price of \$0.08 per share to Robinwood (“Proposed Transaction”) to raise approximately \$755,117.

Robinwood is a substantial shareholder of Allegra holding 21,391,879 ordinary shares, or 33.50% of Allegra’s total issued ordinary shares. If the Proposed Transaction is approved by shareholders, Robinwood’s shareholding will increase to 42.15% and the shareholding of Robinwood and its associates will total 43.76% of Allegra’s total issued ordinary shares.

Robinwood is considered a related party of Allegra under Section 228(4) of the Corporations Act, on the basis that it is controlled by Dr. Nicholas Hartnell, who is a director and the majority shareholder of Robinwood, and he, as the son of Mr. Anthony Hartnell, a director of Allegra, is a related party of Allegra under Section 228(3) of the Act.

It is a condition precedent to the Proposed Transaction that Allegra, at its Annual General Meeting to be held on 30 November 2016, first obtains the approval of the Company’s shareholders other than Robinwood and its associates in accordance with Item 7 of section 611 of the Corporations Act. The Proposed Transaction also requires shareholder approval as an issue of shares to a related party under ASX Listing Rule 10.12 and is regarded as the giving of a financial benefit to a related party under section 208 of the Corporations Act.

Robinwood provided a loan facility of \$1 million on commercial terms to Allegra in June 2016, which is currently drawn down to \$700,000. The loan is due for full repayment on 30 December 2016.

Proceeds from the Proposed Transaction are intended to be utilised by the Company in funding its ongoing operations, for general working purposes and to meet its obligations including the repayment of the loan.

Moore Stephens (Vic) Pty Ltd, as an independent expert, has been engaged to provide an opinion on whether the Proposed Transaction is fair and reasonable to Allegra’s shareholders not associated with the Proposed Transaction.

Allegra Orthopaedics Limited

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The Notice of Annual General Meeting including more details in relation to the Proposed Transaction and the independent expert report are expected to be sent to shareholders within the next fortnight.

Contact details:

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ABOUT ALLEGRA ORTHOPAEDICS

Allegra's mission is to deliver to its customers the highest quality medical products in conjunction with unparalleled customer support.

Allegra's principal product is the Active Total Knee, which has significantly improved the quality of life for people globally. Allegra also partners with suppliers to develop mutually beneficial relationships for distribution of internationally recognised products to bring to the Australian market.

Allegra is also the global licensee to a composite biocompatible ceramic material known as Sr-HT- Gahnite from the University of Sydney for veterinary and orthopaedic solutions. The Sr-HT-Gahnite is still under development and preliminary studies have duplicated the mechanical strength of the bone. Preclinical studies currently being performed indicate good bioactivity and ingrowth of bone into the synthetic scaffold prepared from the ceramic material. Importantly, it is 100 times mechanically stronger than synthetic bone substitute materials in clinical use.

The company continues to build upon its extensive portfolio of patents. It has extensive research relationships with universities, companies and surgeon inventors. Our partnerships are creating innovative products which will deliver significant shareholder value.

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