

**ALLEGRA ORTHOPAEDICS LIMITED
ACN 066 281 132**

**RIGHTS ISSUE
OFFER DOCUMENT**

For a non-renounceable pro rata Rights Issue of New Shares at an issue price of \$0.125 per Share on the basis of two (2) New Shares for every fifteen (15) Shares held at the Record Date to raise up to approximately \$1,219,003 before costs.

The last date for acceptance and payment in full is 5.00 p.m. AEST on Friday 7 April 2017.

This Offer of Shares is made on the terms and conditions of the Rights Issue set out in this Offer Document and the accompanying Entitlement and Acceptance Form.

Important Notice

This document is not a prospectus or other disclosure document under the Corporations Act. It does not necessarily contain all of the information that a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

This is an important document and requires your immediate attention. It should be read in its entirety and before you decide whether to participate in the Rights Issue.

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1. CORPORATE DIRECTORY

Company	Allegra Orthopaedics Limited
ACN	066 281 132
Directors	Peter Kazacos- Non-Executive Chairman Tony Hartnell – Non-Executive Director Sean Mulhearn – Non-Executive Director
Company Secretary	Justyn Stedwell
Registered Office	Level 8, 18-20 Orion Road Lane Cove NSW 2066
Telephone	+612 9119 9200
Facsimile	+612 9439 4441
Share Registry	Link Market Services Limited
Auditor	Crowe Horwath
ASX Code	AMT (Shares)

2. IMPORTANT INFORMATION

2.1 Important Notice

It is important to ensure that you read this Offer Document and accompanying Entitlement and Acceptance Form in full before deciding to participate in the Rights Issue.

The Corporations Act allows listed companies to make a pro-rata Rights Issue of securities to existing Shareholders without a disclosure document. The Offer to which this Offer Document relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35 and accordingly, this Offer Document is not required to be lodged or registered with ASIC.

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act. The Offer Document is provided for information purposes only and is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Document does not necessarily contain all of the information, which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

This Offer is made without taking into account the individual investment objectives, financial position, taxation situation or particular needs of each Eligible Shareholder. In deciding whether to take up the Offer of New Shares under the Rights Issue, you should seek your own independent financial, legal or taxation advice in respect of the Offer. The Company is not licensed to provide financial product advice in relation to the Company's Shares or any other financial products. No cooling off regimes applies to the acquisition of the New Shares under the Rights Issue.

The information in this Offer Document is not intended as financial advice. Moreover, none of the information in this Offer Document is directed to any person in any country in which the distribution of such information is unlawful.

If you apply for New Shares in the Rights Issue by making a BPay® payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of Shares may change. This means it is possible that, up to or after the date you receive New Shares under the Rights Issue, you may be able to buy Shares at a lower price than issued under the Rights Issue.

The Company reserves the right to reject any application for New Shares under the Offer which the Board believes is completed by:

- a) U.S. Person or a person acting for the account or benefit of a U.S. Person; or
- b) a person within or acting for the account or benefit of any person located within, the United States, (collectively, Prohibited Persons); or
- c) a person within, or acting for the account or benefit of any person located within, another jurisdiction where, in the reasonable opinion of the Board, it would be unlawful or impracticable for Allegra to issue the New Shares under the Rights Issue.

The New Shares offered under the Rights Issue have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any U.S. state, and therefore, may not be directly or indirectly, offered, sold or resold to Prohibited Persons.

Persons or nominees acting for the account or benefit of any person are specifically prohibited from extending the Offer to persons who are Prohibited Persons and are not themselves eligible to participate if they act for the account or benefit of a Prohibited Person.

2.2 Defined terms

Certain terms and abbreviations used in this Offer Document have defined meanings, which are explained in the Glossary of Terms at the end of this Offer Document.

2.3 Regular reporting and disclosure

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. All announcements made by the Company are available from the ASX website www.asx.com.au (ASX code: AMT). The contents of any ASIC or ASX filing are not incorporated into this Offer Document. This Offer Document should be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should have regard to the publicly available information in relation to the Company before making a decision whether to invest.

2.4 Forward-looking statements

This Offer Document and ASX announcements made by the Company may contain certain “forward-looking” statements. The words “intends”, “expected”, “proposed”, “forecast”, “target”, and “will” and other similar expressions are intended to identify forward looking statements. Forward- looking statements, opinions and estimates provided in this Offer Document and ASX announcements are based on assumptions and contingencies which are subject to change without notice but are considered reasonable as at the date of this Offer Document. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. Forward looking statements are subject to various risk factors that could cause actual results to differ materially. These risk factors are summarised in section 7 of this Offer Document.

2.5 Privacy Act

If you complete the Entitlement and Acceptance Form accompanying this Offer Document you will be providing personal information to the Company albeit directly to its Share Registry. The Company will use that information to assess your application.

The information may also be used for other purposes from time to time and may be disclosed to persons inspecting the register, regulatory bodies (including The Australian Taxation Office), authorised securities brokers, print service providers, mail houses and the Share Registry itself.

You can access, correct and update the personal information that the Company holds about you. Please contact the Share Registry, Link Market Services, on 1300 420 208, if you wish to do so.

Collection, maintenance and disclosure of certain personal information is governed by legislation including The Privacy Act 1988 (Cth) (as amended) and the Corporations Act. If you do not provide the information required to be completed on the Entitlement and Acceptance Form the Company may not be able to accept or process your application.

2.6 Financial Amounts and Time

All references to currency are to Australian dollars and all references to time are to AEST time, unless otherwise indicated.

2.7 Enquiries

If you have any enquiries in relation to the Offer please contact the Company's Share Registry, Link Market Services on 1300 420 208, or the Company Secretary, Justyn Stedwell, on +61 (0) 3 9041 6663 during normal business hours.

3. CHAIRMAN'S LETTER

Dear Shareholder,

Allegra Orthopaedics Limited is pleased to provide Eligible Shareholders the opportunity to participate in a non-renounceable pro rata Rights Issue. The Rights Issue provides Eligible Shareholders with an opportunity to further participate in the growth of the Company by acquiring New Shares without brokerage cost.

This is an important Right because it enables existing shareholders to avoid dilution of their interest in the Company.

The Offer will raise up to \$1,219,003 before costs if fully subscribed. Funds raised from the Offer will be used to fund to (1) continue funding the Sr-HT-Gahnite bone substitute project and (2) increase its investment in surgical instrumentation and inventory to support the Company's expanding surgeon numbers base.

The Offer will provide Eligible Shareholders with the opportunity to subscribe for two (2) New Shares for each fifteen (15) Shares held on the Record Date at the issue price of \$0.125 (0.125 cents) per New Share. The Issue Price represents a 51.9% discount to closing price of Shares as traded on ASX on 8 March 2017.

The Rights under the Offer will be non-renounceable, which means that Eligible Shareholders who do not wish to take up all or some of their Entitlement under the Offer are not able to sell their Rights. Please note the Offer is only available to those shareholders with a registered address in Australia or New Zealand.

Eligible Shareholders that subscribe for their full Entitlement under the Offer may subscribe for any number of Shortfall Shares by completing the relevant section of the Entitlement and Acceptance Form. Shortfall Shares will be issued at the same price and on the same terms as the New Shares and an Eligible Shareholder may only make an application for Shortfall Shares if they apply for their maximum Entitlement. In the event of oversubscriptions for Shortfall Shares, Shortfall Share applications will be scaled back on a pro-rata basis based on the number of Shortfall Shares applied for. If, following acceptance of all applications for Shortfall Shares there is a remaining Shortfall, then the directors retain the right to place any remaining Shortfall from the Offer at their discretion.

The details of the Rights Issue are set out in this Offer Document. I encourage Shareholders to read this Offer Document in its entirety and consider participating in the Offer.

Please note that the Closing Date for acceptances is 5.00 p.m. AEST on 7 April 2017. If you wish to participate in this Offer of New Shares it is essential that your Application is received by the Share Registry by this time.

On behalf of the Board of Directors, I would like to take this opportunity to thank all Shareholders for your continued support and we look forward to further progress in 2017.

Yours faithfully,

Peter Kazacos
Non-Executive Chairman

4. DETAILS OF THE RIGHTS ISSUE

4.1 The Offer

The Company is making a non-renounceable pro rata offer to Eligible Shareholders to apply for New Shares. Each Eligible Shareholders is entitled to apply for two (2) New Shares for each fifteen (15) Shares held on the Record Date, at an issue price of \$0.125 (12.5 cents) per New Share. An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Offer Document.

All Eligible Shareholders who accept the Offer will receive their Entitlement in full. To the extent that an Eligible Shareholder does not take up their Entitlement, the interest of that Shareholder in the Company will be diluted.

Pursuant to the Rights Issue, the Company will issue up to approximately 9,752,027 New Shares to raise up to approximately \$1,219,003 before costs.

The Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act.

4.2 Indicative timetable

The key dates for the Rights Issue are set out below:

Event	Date
Announcement of Rights Issue and Appendix 3B lodged with ASX	Thursday, 23 February 2017
Rights Issue Document and cleansing notice lodged with ASX	Thursday, 9 March 2017
Notice to Shareholders containing information required by Appendix 3B	Friday, 10 March 2017
Ex date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	Monday, 13 March 2017
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Tuesday, 14 March 2017
Dispatch of Rights Issue Document and Entitlement and Acceptance Form	Friday, 17 March 2017
Rights Issue opens for acceptances	Friday, 17 March 2017
Last day to extend offer closing date	Thursday, 23 March 2017
Closing Date	Friday, 7 April 2017
Securities quoted on a deferred settlement basis.	Monday, 10 April 2017

Notification to ASX of under subscriptions	By Wednesday, 12 April 2017
Allotment of New Shares/ Issue Date Deferred settlement trading ends	By Thursday, 13 April 2017
Normal (T+2) trading commences	Tuesday, 18 April 2017

This timetable is indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.

4.3 Eligible Shareholders

Eligible Shareholders are those Shareholders who:

- are registered as a holder of Shares at 7.00pm (AEDT) on the Record Date;
- have an address on the Company's share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an Offer under the Rights Issue.

4.4 Shareholders outside of Australia

This Rights Issue is not being made to any Shareholder who, as at the Record Date, has an address on the Company's share register outside of Australia or New Zealand (**Ineligible Shareholders**).

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to register or qualify the New Shares or the Rights Issue or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand, including the United States. The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is

not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Shareholders who hold Shares on behalf of persons who reside outside Australia and New Zealand, are in the United States, or are U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933 as amended) (U.S. Securities Act) (U.S. Persons) or who act for the account or benefit of a U.S. Person are not entitled to participate in the Rights Issue.

Accordingly, Ineligible Shareholders will not be entitled to participate in the Offer. Instead, the Company will appoint a 'nominee' for Ineligible Shareholders in accordance with section 615 of the Corporations Act.

The Company will issue to the nominee the New Shares that Ineligible Shareholders would have been offered under the Offer had they been eligible to participate and the Nominee will then attempt to sell those New Shares. The net proceeds above the Issue Price (in Australian dollars), if any, of the sale of the relevant New Shares will be distributed to the Ineligible Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting for costs). There is no assurance that the Nominee will be able to sell the New Shares at a price that will result in Ineligible Shareholders receiving any net proceeds.

4.5 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws and regulations. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those foreign laws and regulations.

4.6 Director participation

Directors of Allegra who are Eligible Shareholders may participate in the Rights Issue. Directors are not eligible to participate in any Shortfall Offer.

Each Director's interest in the Shares of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting power (%)	Entitlement (Shares)	\$
Peter Kazacos	1,045,084	1.43%	139,345	17,418
Tony Hartnell	202,332	0.28%	26,978	3,372
Sean Mulhearn	Nil	0%	Nil	Nil

4.7 Share rights

The New Shares issued under the Rights Issue will rank equally in all respects with existing Shares quoted on the ASX, with the same voting rights, dividend rights and other entitlements, from the issue date.

The Company will apply to ASX for official quotation of New Shares.

4.8 Costs of participation in the Rights Issue

No brokerage, stamp duty or other transaction costs will apply to the Application for, and issue of, New Shares under the Rights Issue.

4.9 Non-renounceable

The Rights Issue is non-renounceable and non-transferable so Eligible Shareholders cannot transfer their right to acquire New Shares under the Rights Issue to a third party.

4.10 Shortfall Offer

Any Entitlement not taken up by Shareholders will become part of the Shortfall Offer.

Shareholders are offered the opportunity to apply for any Shortfall Shares (e.g. all Shares that other shareholders choose not to subscribe for pursuant to their Entitlement).

Eligible Shareholders that subscribe for their full Entitlement under the Offer may apply for any number of Shortfall Shares by completing the relevant section of the Entitlement and Acceptance Form. Shortfall Shares will be issued at the same price and on the same terms as the New Shares and an Eligible Shareholder may only make an application for Shortfall Shares if they apply for their maximum Entitlement.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. If the Company receives applications for Shortfall Shares that would result in the Offer being oversubscribed, then the Company will scale back applications for Shortfall Shares pro-rata based on the number of Shortfall Shares applied for by each applicant.

Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned. Furthermore, the Company will not issue Shortfall Shares where to do so would result in a breach of the Corporations Act or the Listing Rules.

The Company will ensure that no person, entity or Shareholder will, through the allocation of Shortfall Shares, acquire a holding of, or (in the case of existing Shareholders) increase their holding to, an amount in excess of 19.99% of all the Shares on issue following the completion of the Offer.

If following acceptance of all applications for Shortfall Shares there is a remaining Shortfall at the Closing Date, then the directors retain the right to place any remaining Shortfall from the Offer at their discretion to Shareholders or Non-Shareholders (subject to the Corporations Act and Listing Rules). Any offer to Non-Shareholders of Shares from any Shortfall is a separate offer to this Offer Document and will remain open for up

to three months following the Closing Date. Any Shares offered to Non-Shareholders from the Shortfall will be at the same issue price and terms as New Shares.

4.11 Underwriting

The Rights Issue is not underwritten.

4.12 Closing Date

The Closing Date for acceptance of your Entitlement is 5.00 p.m. AEST on Friday, 7 April 2017. If you wish to participate in this Offer of New Shares it is essential that your completed Entitlement and Acceptance Form along with your Application Money are received by the Company's Share Registry by the Closing Date.

The Company reserves the right to cancel the Rights Issue at any time prior to allotment of New Shares.

4.13 Allotment and Official Quotation of New Shares

Application has been made by the Company to ASX for official quotation by ASX of the New Shares. New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. Allotment of New Shares will take place as soon as practicable after the Closing Date and in accordance with the ASX Listing Rules.

If ASX does not grant permission for official quotation of the New Shares within three months after the date of this Offer Document, none of the New Shares will be granted and all Application Money will be refunded without interest.

5. PURPOSE AND EFFECT OF RIGHTS ISSUE

5.1 Amount to be raised

The Offer will raise up \$1,219,003 before costs if fully subscribed. The exact amount of funds raised from the Rights Issue will depend on the level of participation of Eligible Shareholders.

5.2 Use of funds raised

Funds raised from the Offer will be used to fund to (1) continue funding the Sr-HT-Gahnite bone substitute project and (2) increase its investment in surgical instrumentation and inventory to support the Company's expanding surgeon numbers base.

5.3 Impact of Rights Issue on Capital Structure

Shares	Number
Existing Shares	73,140,205
New Shares to be issued pursuant to this Rights Issue	Up to 9,752,027
Shares on issue after this Rights Issue	Up to 82,892,232

5.4 Potential dilution

The equity of existing Shareholders who take up their full Entitlement under Rights Issue will not be diluted as a result of the Offer. The equity of existing Shareholders who do not participate in the Rights Issue will be diluted. The equity of existing Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent.

Where there is a Shortfall and a Shortfall Offer is made to non-shareholders, such non-shareholders may acquire an interest in the Company. In this circumstance, the equity which the non-shareholders acquire in the Company will depend on the level of existing Shareholders' participation in the Rights Issue.

5.5 Effect of the Rights Issue on control of the Company

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- a) from 20% or below to above 20%; or
- b) from a starting point of above 20% and below 90%.

One of the exceptions to section 606(1) is where that increase occurs as a result of taking up entitlements under a 'rights issue'. The Company intends that the Offer will fall within this exception.

However, an increase in voting power that occurs as a result of acquiring Shares under the Shortfall Offer will not fall within that exception. Accordingly, if you wish to apply

for Shortfall Shares, it is your responsibility to ensure that if you are issued with Shares under the Offer you will not be in breach of section 606(1) of the Corporations Act. If you are in any doubt as to the consequences of applying for Shares under the Shortfall Offer, you should seek independent legal advice.

The Company's largest Shareholder is Robinwood Investments Pty Ltd (**Robinwood**), which holds a relevant interest in 31,996,321 Shares, giving it a voting power of 43.75%. Robinwood has advised the Company that, as at the date of this Offer Document, its current intention is to subscribe for its full Entitlement. Robinwood's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that under each scenario, Robinwood takes up its full Entitlement.

Event	Shares issued to Robinwood	Total Shares on issue	Voting power of Robinwood
Date of Offer Document	-	73,140,205	43.75%
Completion of Offer:	-	-	-
• Fully subscribed	4,266,176	82,892,232	43.75%
• 75% subscribed	4,266,176	80,454,226	45.07%
• 50% subscribed	4,266,176	78,016,219	46.48%
• 43.75% (being the Entitlement of Robinwood)	4,266,176	77,406,381	46.85%

Note: The above table assumes that no Shares are issued pursuant to the Shortfall Offer. The Directors however anticipate strong support from existing Eligible Shareholders and do not expect there to be any significant shortfall, and that any such shortfall is likely to be issued pursuant to the Shortfall Offer.

5.6 Market Price of Shares

The highest and lowest closing price of Shares on ASX during the 3 months immediately preceding the lodgement of this Offer Document with ASX and the most recent respective dates of those closing prices were:

Highest: \$0.265 on 7 March 2017
 Lowest: \$0.14 on 19 December 2016

The last available market closing sale price of Shares on ASX immediately prior to the date of this Offer Document was \$0.26 on 8 March 2017.

6. OTHER INFORMATION

6.1 ASX Announcements

Details of the financial position and performance of the Company and its current activities and operations are set out in announcements made by Allegra to the ASX and are available from the ASX website, www.asx.com.au, (ASX code: AMT).

6.2 Disclosing Entity

The Company is a 'disclosing entity' for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Copies of documents lodged by the Company with ASIC may be obtained from, or inspected at, an ASIC office.

6.3 Termination or Variation of Rights Issue

Allegra, at its discretion, reserves the right at any time to:

- c) amend or vary these Rights Issue Terms and Conditions;
- d) waive compliance with any provision of these Rights Issue Terms and Conditions;
- e) withdraw the Rights Issue or suspend or terminate the Rights Issue;
- f) subject to the ASX Listing Rules, vary the timetable for the Rights Issue (including by accepting late Applications, either generally or in particular cases); and
- g) not accept an Application, not issue New Shares, or issue New Shares to a value less than that applied for under the Rights Issue.

Any such waiver, amendment, variation, suspension or withdrawal will be binding on all Eligible Shareholders even where Allegra does not notify you of the event. If the Rights Issue is cancelled all application monies will be refunded (without interest) as soon as reasonably practicable.

6.4 Dispute Resolution

Allegra may settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Rights Issue, whether generally or in relation to any participant or application, and the decision of Allegra will be conclusive and binding on all participants and other persons to whom the determination relates.

Allegra reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Allegra under these conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

6.5 Governing Law

The Rights Issue and these terms and conditions shall in all respects be governed by and shall be construed in accordance with the laws of New South Wales.

6.6 Constitution

Shareholders will be bound by the constitution of Allegra and these Rights Issue Terms and Conditions by accepting the Offer to acquire New Shares under the Rights Issue.

6.7 Contact

If you have any questions regarding the Rights Issue or how to deal with this Offer, please contact your professional advisor or stockbroker.

If you require information on how to complete the Entitlement and Acceptance Form please contact the Company's Share Registry, Link Market Services, on 1300 420 208 (within Australia) or +61 1300 420 208 (from outside Australia),).

For general enquiries please contact the Company Secretary of Allegra, Justyn Stedwell, on +61 (0) 3 9 041 6663.

7. RISKS

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company.

7.1 Speculative Investment

Shareholders should consider that the investment in the Company is speculative. The New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.2 Trading in New Shares may not be liquid

There may be relatively few potential buyers or sellers of the New Shares on ASX at any time. This may increase the volatility of the market price of the New Shares. It may also affect the prevailing market price at which Shareholders are able to sell their New Shares. This may result in Shareholders receiving a market price for their New Shares that is less or more than the price that Shareholders paid.

7.3 Competition

Industries in which the Company, its subsidiaries and business partners operate are subject to technological change and competition. The Company, its subsidiaries and business partners face competition from other organisations, many of which may have significantly greater financial, technical and marketing resources than the Company. The Company, its subsidiaries and business partners have faced and are expected to continue to face, additional competition from existing competitors and from new entrants into its markets.

Increased competition could result in margin reductions, lower customer numbers, under-utilisation of employees and/or contractors, reduced operating margins and loss of market share. Any of these occurrences could adversely affect the Company's business, operating results and financial condition.

7.4 Dependence on Key Customers and Business Partners

The Company's business is reliant on business relationships and contracts with a number of key customers and/or business partners. A material proportion of the Company's future revenues are expected to be generated from such relationships and/or contracts with key customers and/or business partners. Loss or termination of key customers and/or business partnerships and/or contracts for any reason may have a significant adverse impact on the business, revenues and profitability of the Company.

7.5 Economic Risks

The Company and its subsidiaries are affected by general business cycles and general economic conditions, including but not limited to movements in interest and inflation rates, currency exchange rates, disposable income levels and consumer sentiment. These factors may have an adverse effect on the Company's earnings.

7.6 Market Conditions

The market price of the New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

7.7 Foreign Investment Risk

The Company may operate in foreign jurisdictions. As a result the Company may be subject to political, economic and other uncertainties including but not limited to foreign exchange restrictions, currency fluctuation, royalty and tax increases and other risks arising out of foreign government sovereignty over the areas in which the Company's operations may be conducted.

7.8 Reliance on Key Personnel

The Company's success will depend in part on the continued services of its key employees. The loss of services of one or more of the Company's key employees could have a material adverse effect on the Company's business, operating results and financial condition. This risk is addressed in part by the existence of employment contracts with executives and senior management. The Company does not have, nor does it intend to take out, key man insurance in respect of any of its key employees.

7.9 Funding

Funding of the Company's future operations and business activities may be reliant on future debt or equity funding. Failure to gain such funding in the future as and when required may result in the Company being unable to finance its operations and ultimately being unable to operate as a going concern.

7.10 Regulatory Changes

Changes in government policies in any country, in particular Australia, may affect the Company's revenues and profitability and the value of an investment in the Company.

7.11 Litigation

The Company may be exposed to litigation that may materially adversely affect the financial position of the Company and could negatively impact Allegra through increased costs and payments for damages.

8. APPLICATION FOR NEW SHARES

8.1 How to apply for New Shares

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

If you are an Eligible Shareholder and you wish to participate in the Rights Issue, please follow the instructions set out on the enclosed personalised Entitlement and Acceptance Form and send this form together with your cheque or money order made payable to "" to:

Mail to:

Allegra Orthopaedics Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney South NSW 2001

Hand delivery to:

Allegra Orthopaedics Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Alternatively you can make payment by BPAY®¹ as shown on the Entitlement and Acceptance Form. If you pay by BPay you do not need to return the Entitlement and Acceptance Form.

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form by indicating the number of New Shares you wish accept.

The Application Amount for taking up part of your Entitlement is calculated as follows:

Application Amount = Number of New Shares applied for x \$0.125

If you are taking up your full Entitlements and wish to apply for Shortfall Shares, complete the Entitlement and Acceptance Form by indicating the number of Shortfall Shares you wish to apply for.

The Application Amount for taking up your full Entitlement plus applying for any Shortfall Shares is calculated as follows:

Application Amount = Full Entitlement + (Number of Shortfall Shares applied for x \$0.125)

If you DO NOT WISH TO TAKE UP any part of your Entitlement you are not required to take any action. Although you will continue to own the same number of Shares, your percentage shareholding in the Company may be diluted by the Rights Issue.

If you wish to participate you should ensure that your Entitlement and Acceptance Form and payment is received by no later than 5:00 pm AEST on Friday, 7 April 2017. Please ensure you allow adequate time for mail deliveries.

8.2 Payment Instructions

The issue price of \$0.125 per New Share is payable in full on exercise of your Entitlement.

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Application Money must be received at the Company's Share Registry in cleared funds by no later than the Closing Date of 5.00 p.m. AEST on Friday, 7 April 2017 (or such other date as the Company may determine).

You may pay the Application Money by cheque, bank draft, money order or BPay. In choosing a payment method, Shareholders should be aware of the time required to process payments by cheque, bank draft, money order and BPay.

Cash will not be accepted and receipts will not be issued. Please note that funds are unable to be directly debited from your bank account.

If you provide insufficient funds to meet the Application Money payable, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Money will allow for, or your Application may be rejected.

8.3 Payment by Cheque, Bank Draft or Money Order

To pay by cheque, bank draft or money order, your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to "Allegra Orthopaedics Limited" and crossed "Not Negotiable". Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Entitlement and Acceptance Form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated.

8.4 Payment by BPAY

Payment can be made using BPay in accordance with the instructions for BPay set out in your Entitlement and Acceptance Form using the biller code and unique reference number on the form. If you require further information in relation to using BPay please contact your bank, credit union or building society

If you are applying for New Shares and your payment is being made by BPay you do not need to return your Entitlement and Acceptance Form. Your payment must be received by no later than 5:00 p.m. AEST on 7 April 2016. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

8.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement & Acceptance Form or payment by BPay constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or payment by BPay has been made, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Board's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

You will not be able to withdraw or revoke your application once you have sent us the completed Entitlement and Acceptance Form and payment or payment has been made by BPay.

8.6 Application Representations

By returning a completed Entitlement and Acceptance Form and cheque or money order or by making a payment via BPay you:

- a) confirm that you have read and accepted this Offer Document and the Entitlement and Acceptance Form in full;
- b) authorise the Company to register you as the holder(s) of New Shares issued to you;
- c) warrant that all details and statements in your Entitlement and Acceptance Form are true and complete and not misleading;
- d) warrant that you are an Eligible Shareholder as at the Record Date and agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Rights Issue and of your holding of Shares on the Record Date;
- e) irrevocably and unconditionally agree to (and to be bound by) the Rights Issue Terms and Conditions, the terms of the Entitlement and Acceptance Form and the Company's constitution;
- f) represent and warrant that your acceptance of the Offer does not breach any applicable laws;
- g) acknowledge and agree that:
 - i. your Application is, to the extent permitted by law, irrevocable and unconditional and cannot be varied;
 - ii. you, and each person for whose account or benefit you are acting, are not in the United States and not a U.S. Person and not acting for the account or benefit of a U.S. Person;
 - iii. the New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and accordingly, the New Shares may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable United States securities laws;
 - iv. you have not, and will not, send any materials relating to the Rights Issue to any person in the United States or to any person who is, or is acting for the account or benefit of, a U.S. Person;
 - v. you are responsible for any dishonour fees or other costs Allegra may incur in presenting a cheque for payment that is dishonoured;

- vi. no interest will be paid on any application monies held pending the issue of the New Shares or subsequently returned to you for any reason;
- vii. you have not been provided with taxation, investment or financial product advice by Allegra, its advisers or agents nor have they any obligation to provide this advice in relation to your consideration as to whether or not to participate in the Rights Issue;
- viii. Allegra (and its officers and agents) may correct minor or easily rectified errors in, or omissions from, your Entitlement and Acceptance Form (if you submitted one) and to complete the Application Form by the insertion of any missing minor detail (if you submitted one); and
- ix. Allegra may determine that your Entitlement and Acceptance Form is valid (if you submitted one), in accordance with these Rights Issue Terms and Conditions, even if the Entitlement and Acceptance Form is incomplete, contains errors or is otherwise defective.

9. GLOSSARY OF TERMS

AEST means Australian Eastern Standard Time.

AEDT Means Australian Eastern Daylights Savings Time.

Allegra or Company means Allegra Orthopaedics Limited ACN 066 281 132.

Application means an application to participate in the Rights Issue by a Shareholder who completes an Entitlement and Acceptance Form or applies via BPay.

Application Money or Application Amount means the amount payable for New Shares under this Offer Document.

ASIC means the Australian Securities and Investments Commission.

ASX means the means ASX Limited or the securities exchange operated by it (as the case requires).

ASX Listing Rules or Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Board means the Board of Directors of the Company.

Closing Date means the time and date by which Applications must be received, being 5.00pm AEST, Friday, 7 April 2017 (unless the Rights Issue is extended).

Link Market Services, Registry or Share Registry means Link Market Services Limited.

Corporations Act means Corporations Act 2001 (Cth).

Eligible Shareholders means members of the Company eligible to participate in the Offer as determined under section 4.3.

Entitlement means 2 New Shares for every 15 Shares held in the Company as at the Record Date.

Entitlement and Acceptance Form or Application Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Directors means the Directors of the Company.

Ineligible Shareholders means the registered holders of Shares on the Record Date with a registered address outside of either Australia or New Zealand.

Market Price has the same meaning as that term is defined in the Listing Rules of the Australian Securities Exchange.

New Shares means Shares to be issued pursuant to the Rights Issue.

Rights Issue or Offer means a non-renounceable offer of ordinary fully paid shares in the Company to Eligible Shareholders pursuant to this Offer Document.

Offer the offer of New Shares pursuant to the Rights Issue.

Offer Document means this Rights Issue Offer Document.

Offer Price, Issue Price or Rights Issue Price means \$0.125 (12.5 cent) per New Share.

Opening Date means the time and date on which Offers under the Rights Issue are first made and from which Applications may be submitted, being 9:00 am AEDT on Friday, 17 March 2017.

Record Date means 7.00pm AEDT on Tuesday, 14 March 2017.

Rights means the right of an Eligible Shareholder to their Entitlement.

Rights Issue means the non-renounceable pro rata offer of New Shares under this Offer Document.

Rights Issue Terms and Conditions or Terms and Conditions means terms and conditions set out in the Offer Document.

Shares means fully paid ordinary shares in the Company.

Shareholder means a holder of Shares as at the Record Date.

Shortfall means Entitlements to New Shares not taken up under the Rights Issue.

Shortfall Offer means an offer of Shares out of any Shortfall.

Shortfall Shares means Shares issued pursuant to any Shortfall Offer.

Words importing the singular include the plural and vice versa.

All references to currency are in Australian dollars.

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (AEST) on 14 March 2017:

Entitlement to New Shares (on a 2 New Shares for 15 basis):

Amount payable on full acceptance at A\$0.125 per Share:

Offer Closes 5.00 pm (AEST):	7 April 2017
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 2 New Shares for every 15 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.125 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Document. The Offer Document contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Document. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document.

If you do not have a paper copy of the Offer Document, you can obtain a paper copy at no charge, by calling the Allegra Orthopaedics Limited Offer Information Line on 1300 420 208 (within Australia) or +61 1300 420 208 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5.00 pm (AEST) on 7 April 2017. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5.00 pm (AEST) on 7 April 2017.



Billers Code: [XXXXXXX]

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED

Please detach and enclose with payment



ACN 066 281 132



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Number of additional New Shares

C Total number of New Shares accepted (add Boxes A and B)

[] [] [] [] [] [] [] [] [] []	+	[] [] [] [] [] [] [] [] [] []	=	[] [] [] [] [] [] [] [] [] []
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D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Allegra Orthopaedics Rights Offer” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
[] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] []	A\$ [] [] [] [] [] [] [] [] [] []

E CONTACT DETAILS – Telephone Number

Telephone Number – After Hours

Contact Name

() [] [] [] [] [] [] [] [] [] []	() [] [] [] [] [] [] [] [] [] []	[] [] [] [] [] [] [] [] [] []
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ALLEGRA ORTHOPAEDICS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Allegra Orthopaedics Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.125.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Allegra Orthopaedics Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Allegra Orthopaedics Rights Offer" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Allegra Orthopaedics Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Document electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Allegra Orthopaedics Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Allegra Orthopaedics Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5.00 pm (AEST) on 7 April 2017. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Allegra Orthopaedics Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Allegra Orthopaedics Limited Offer Information Line on 1300 420 208 (within Australia) or +61 1300 420 208 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.