



June 7, 2005

Companies Announcements Office
Australian Stock Exchange Ltd
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir:

PLACEMENT AGREEMENT

Further to the approval of shareholders at the General Meeting held on June 3, 2005, Medec Limited ("Company") advises that it has signed a Placement Agreement ("Agreement") with VEM Aktienbank AG, an investment bank of Munich Germany to issue up to 15,000,000 ordinary fully paid shares in two tranches of up to 7,500,000 shares, the first tranche being at a price of 20 cents each and the second tranche at a price of 23 cents each..

Yours faithfully

Lloyd A Halvorson
Company Secretary

MEDEC Limited

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