



Level 3
20 Clarke Street
Crows Nest 2065

Tel: 9467 0400
Fax: 9467 0467

5th October 2007

SHARE PLACEMENT AND SHARE PURCHASE PLAN

Share Placement

SomnoMed Limited today announced it has completed a placement of 157,894,739 new ordinary shares with “Sophisticated Investors” at \$0.019 per share to raise \$3 million before costs of the issue.

The net proceeds of the issue will strengthen the Company’s financial position and provide the company with sufficient resources to take advantage of the global growth opportunities for its Somnomed MAS sleep apnea and snoring device.

The share placement is subject to shareholder approval, which will be sought at a general meeting to be held on or around 16th November 2007. The Company expects that the notice of general meeting and explanatory materials will be dispatched to shareholders shortly.

Share Purchase Plan

At the same time the board of directors considered the position of its existing shareholders and looked for a way to offer all shareholders the opportunity to participate in this investment at the same price as the sophisticated investors, who are taking the placement of shares.

As a result the Company is also pleased to announce that it has established a share purchase plan (“SPP”) and that it will offer shareholders, who are on the Company’s share register as at 5.00pm (Sydney time) on Wednesday 17th October 2007 (the “Record Date”) an invitation to participate in the SPP to increase their holding in the Company at a price of \$0.019 per share.

The Company is seeking to raise a maximum of \$2,900,000 under this offer. The additional funds raised via the SPP will provide additional funding for working capital and sufficient resources for the Company to take advantage of the global growth opportunities. Formal SPP documents and application forms, which allow shareholders to purchase additional ordinary shares under the SPP will be posted to shareholders, who are on the register at the Record Date.

The indicative timetable for the SPP is set out below:

Announcement of Share Purchase Plan	5th October 2007
Record Date	17th October 2007
Dispatch of Offer	18th October 2007
Share Purchase Plan offer closes	9th November 2007
Allotment and Issue of Shares	16th November 2007

The terms and conditions of the Company's Share Purchase Plan are contained in the SomnoMed Limited Share Purchase Plan Rules.



T A Flitcroft
Company Secretary
SomnoMed Limited