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19 March 2015

Dear Shareholder

NOTICE TO ELIGIBLE SHAREHOLDERS OF ENTITLEMENT OFFER

We write to you as the registered holder of shares in Admedus Ltd (**Admedus** or **Company**) as at today's date.

As announced on 18 March 2015, the Company is undertaking a non-renounceable pro-rata entitlement offer on the basis of 1 new share (**New Share**) for every 7 shares held at an issue price of \$0.07 per New Share (**Entitlement Offer**) to raise up to \$16,141,138 (before costs). The Entitlement Offer will be pursuant to an offer document (**Offer Document**).

The Entitlement Offer will not be underwritten.

The Entitlement Offer is available to Admedus shareholders (**Shareholders**) registered on the record date of 7.00pm (AWST) on 26 March 2015 whose registered address is in Australia or New Zealand, as well as certain professional and/or sophisticated Shareholders whose registered address is in Belgium, Denmark, Germany, Luxembourg, the Netherlands, the United Kingdom, Hong Kong or Singapore (**Eligible Shareholders**).

Purpose of the Entitlement Offer

Completion of the issue of the New Shares offered by the Offer Document and Placement will result in an increase in the cash on hand of up to approximately \$28M (before the payment of associated costs).

The funds raised from the Offer and Placement are proposed to be expended as follows:

Description	Approximate \$
Ongoing sales team build and support	\$9M
CardioCel [®] cardiovascular expansion studies	\$3M
Expansion of regenerative tissue portfolio	\$3.5M
Additional regulatory filings	\$1M
Tissue manufacturing scale up and process development	\$2M
HPV Phase I/II preparation and study plus manufacturing ¹	\$3.5M
Additional immunotherapy R&D ¹	\$2M
Provide further working capital	\$2.5M
Cost of the Offer	\$1.5M
Total funds raised under the Offer	\$28M

¹ Further investment into the therapeutic vaccines

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Offer and Placement	Wednesday, 18 March 2015
Lodgement of Appendix 3B and Cleansing Statement	Wednesday, 18 March 2015
Dispatch notice of rights issue to shareholders and optionholders	Thursday, 19 March 2015
Lodgement of Offer Document	Friday, 20 March 2015
Rights issue Ex Date	Tuesday, 24 March 2015
Settlement of Shares under the Placement	Tuesday, 24 March 2015
Issue of Shares under the Placement	Wednesday, 25 March 2015
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer)	Thursday, 26 March 2015
Offer Document and Entitlement and Shortfall Forms dispatched to Eligible Shareholders	Monday, 30 March 2015
Rights issue offer Opening Date	Monday, 30 March 2015
Last day to notify ASX of any extension to the Rights issue Closing Date	Wednesday, 8 April 2015
Rights issue Closing Date*	Tuesday, 14 April 2015
Rights issue Shares quoted on a deferred settlement basis	Wednesday, 15 April 2015
Company to notify ASX of under subscriptions (if any)	Thursday, 16 April 2015
Rights issue and Shortfall Shares** issued	Monday, 20 April 2015
Dispatch holding statements for Rights issue and Shortfall Shares**	Tuesday, 21 April 2015

This timetable is indicative only and may be subject to change. The Company reserves the right to amend this indicative timetable at any time, subject to the Corporations Act and the Listing Rules.

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** Shortfall offer is subject to Eligible Shareholders not taking up all of their rights to New Shares under the Offer.

Shortfall Offer

In the event that the Offer is not fully subscribed, the directors reserve the right, subject to any restrictions imposed by the *Corporations Act 2001 (Cth)* and Listing Rules, to issue shortfall shares at their sole discretion (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to the Offer Document and may remain open after the Closing Date. The issue price of the shortfall shares will be \$0.07 each, being the same price as the New Shares being offered under the Offer.

Capital Structure of the Company

The table below details the capital structure of the Company on completion of the Entitlement Offer:

	Number of Shares	Number of Options
Balance at the date of Offer Document (together with the Placement Shares)	1,614,113,791	107,683,401 ⁽¹⁾
To be issued under the Entitlement Offer ⁽²⁾	230,587,684	Nil
Balance after the Entitlement Offer	1,844,701,475	107,683,401⁽¹⁾

- (1) The 107,683,401 Options consist of:
- (i) 4,100,000 Options with an exercise price of \$0.21 and an expiry date of 5 November 2019;
 - (ii) 15,000,000 Options with an exercise price of \$0.17 and an expiry date of 21 May 2019;
 - (iii) 2,000,000 Options with an exercise price of \$0.245 and an expiry date of 1 February 2019;
 - (iv) 3,000,000 Options with an exercise price of \$0.17 and an expiry date of 1 July 2018;
 - (v) 9,000,000 Options with an exercise price of \$0.27 and an expiry date of 16 December 2018;
 - (vi) 15,050,067 Options with an exercise price of \$0.095 and an expiry date of 18 June 2018;
 - (vii) 2,000,000 Options with an exercise price of \$0.06 and an expiry date of 1 March 2018;
 - (viii) 2,466,667 Options with an exercise price of \$0.06 and an expiry date of 18 May 2017;
 - (ix) 3,666,667 Options with an exercise price of \$0.06 and an expiry date of 10 July 2016; and
 - (x) 51,400,000 Options with an exercise price of \$0.06 and an expiry date of 10 July 2016.

- (2) The number of New Shares to be issued under the Offer assumes that no Options are exercised before the Record Date.

Offer Document

Details of the Entitlement Offer are contained in the Offer Document which will be lodged with ASX on 20 March 2015. The Offer Document is available on the Company's website, www.admedus.com, and the ASX website. The Offer Document will be posted to Eligible Shareholders on 30 March 2015 along with the entitlement and acceptance form.

The directors encourage you to read the Offer Document carefully and seek advice from your professional adviser if you have any queries. This notice is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

Should you have any queries in relation to the Entitlement Offer, please do not hesitate to contact the Company on +61 8 9266 0100.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Mann', written in a cursive style.

Stephen Mann
Company Secretary