



ADVANCED SURGICAL DESIGN & MANUFACTURE LIMITED

11 March 2013

**Advanced Surgical Design & Manufacture Limited – Non-Renounceable Rights Issue
Notice to Ineligible Shareholders**

Dear Shareholder

On 22 February 2013, Advanced Surgical Design & Manufacture Limited (ASDM) announced a non-renounceable rights issue of up to approximately 13,818,782 new fully paid ordinary shares (Rights Issue) under which its Eligible Shareholders are being offered 1 fully paid ordinary share in ASDM (New Share) for every 3 fully paid ordinary shares held on the Record Date, at an issue price of \$0.11 per share. The Record Date is Tuesday, 5 March 2013.

The Rights Issue is being implemented under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act), as modified by ASIC Class Order 08/35.

The Rights Issue (if fully subscribed) will raise up to approximately \$1,520,000 before costs. ASDM intends to use the proceeds from the Rights Issue to provide additional working capital and for sales channel development.

Documents for the Rights Issue were lodged with the ASX on 25 February 2013 and are being mailed to Eligible Shareholders.

This Rights Issue offer will be made to those shareholders of ASDM with registered addresses in Australia and New Zealand only (Eligible Shareholders).

ASDM has decided that it is unreasonable to make the offer to shareholders with registered addresses outside of Australia and New Zealand (Ineligible Shareholders) due to the small number of such Shareholders, and the cost of complying with regulatory requirements in jurisdictions outside of Australia and New Zealand.

You are not entitled to participate in the Rights Issue and subscribe for New Shares as you are an Ineligible Shareholder.

This notice is to inform you about the Rights Issue. It is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter.

If you have any questions in relation to this letter, please contact the Company's share registry, Link Market Services Limited, by telephone on 1300 554 474 (within Australia) and +61 2 8280 7111 (outside Australia) between 8:30a.m. and 5:30p.m. (AEDT) Monday to Friday.

Yours faithfully

Richard Ulrick
Company Secretary