


22 October 2009



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SAMPLEVILLE VIC 3030

Dear Shareholder

Renounceable Rights Issue – Information for Shareholders

On 14 October 2009, Sun Biomedical Limited (*the Company*) announced to ASX that it was to undertake a renounceable Rights Issue of New Ordinary Shares to Eligible Shareholders.

Renounceable Rights Issue

It is proposed that the Company issue 891,456,280 New Ordinary Shares at a price of \$0.001 per New Ordinary Share on the basis to acquire one New Ordinary Share for every one Share held at the Record Date of 29 October 2009.

This Offer is fully underwritten by Patersons Securities Limited.

The funds raised will be used as working capital to identify and assess potential growth opportunities.

Applications

In the event this Rights Issue is not fully subscribed, the Directors have determined to offer Eligible Shareholders and members of the public the right to apply for Shortfall Securities arising out of any shortfall.

The Entitlement and Acceptance Form will be dispatched together with the Offer Document. Eligible Shareholders must complete the Entitlement and Acceptance Form in order to take up their Entitlements and to apply for Shortfall Securities. Entitlement and Acceptance Forms must be properly completed and received by the Company's Share Registry no later than 5.00pm (AEDT) on 19 November 2009 in order for Applicants to be issued New Ordinary Shares and Shortfall Securities.

Optionholders will not be given an entitlement to participate in the Rights Issue unless they exercise their Options in sufficient time so as to appear on the Share Register prior to the Record Date of 29 October 2009.

Quotation

New Ordinary Shares issued under the Offer Document will rank equally with the Company's existing Shares.

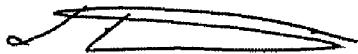
The Company has applied to ASX for quotation of the New Ordinary Shares on the Official List of the ASX. If approval is not granted by ASX within 3 months after the date of the Offer Document, the Company will not issue any New Ordinary Shares and will repay all Application monies without interest.

Enquiries

If you have any questions regarding this renounceable Rights Issue, please telephone the Company's Share Registry, Computershare Investor Services Pty Limited, on 1 300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

The Directors recommend this renounceable Rights Issue to you.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Terry Cuthbertson', written over a horizontal line.

Terry Cuthbertson
Chairman

Sun Biomedical Limited Renounceable Rights Issue - Information sheet

The following information is provided to Shareholders in accordance with the ASX Listing Rules. Full details of the Offer are contained in the Offer Document which will be sent to Eligible Shareholders on or about 5 November 2009.

If you are an International Shareholder, you may not apply for New Ordinary Shares under the Rights Issue, the rights to which you would have been entitled will be allocated to the Underwriter and sold if a viable market can be found for them, otherwise they will lapse. This information is provided to you for informational purposes only.

Is security holder approval required?	No.
Is the issue renounceable or non-renounceable?	Renounceable.
Ratio in which the ⁺ securities will be offered	1 New Ordinary Share for every 1 Share held at 7.00pm AEDT time on the Record Date.
⁺ Class of ⁺ securities issued or to be issued	Ordinary Shares.
Number of ⁺ securities issued or to be issued (if known) or maximum number which may be issued	891,456,280 Ordinary Shares.
Do the ⁺ securities rank equally in all respects from the date of allotment with an existing class of securities	Yes.
⁺ Record date to determine entitlements	7.00pm AEDT time on 29 October 2009.
Policy for deciding entitlements in relation to fractions	N/A
Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	British Virgin Islands Canada China Hong Kong Indonesia Mauritius Netherlands South Africa Switzerland Ukraine United Arab Emirates United Kingdom United States of America
Closing date for receipt of acceptances or renunciations	5.00pm AEDT time on 19 November 2009.

Name of any underwriters	Patersons Securities Limited.
Amount of any underwriting fee or commission	The Company is to pay the Underwriter a management fee of \$40,000, a selling fee of 1% of the amount raised under the Rights Issue, an underwriting commission equal to 5% of the dollar amount being underwritten and GST.
Names of any brokers to the issue	Not applicable.
Fee or commission payable to the broker to the issue	Not applicable.
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	5 November 2009.
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	22 October 2009.
Despatch date	27 November 2009.