

ASX ANNOUNCEMENT

CHAIRMAN'S LETTER TO SHAREHOLDERS

Brisbane, Australia 7 June 2016

Attached is a letter from Admedus Limited's (ASX:AHZ) Chairman, Mr. Wayne Paterson.

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About Admedus Limited

Admedus (ASX: AHZ) is a specialist healthcare company. Our focus is on investing in and developing next generation technologies with world class partners, acquiring strategic assets to grow product and service offerings and expanding revenues from our existing, profitable medical sales and distribution business. The company has assets from research & development through clinical development as well as sales, marketing and distribution.

Admedus has commercialised its innovative tissue engineering technology for regenerative medicine in four continents. We also have a major interest in developing the next generation of vaccines with a Brisbane-based research group led by Professor Ian Frazer. The vaccine programmes target disease with significant global potential, such as Herpes and Human Papillomavirus.

Further information on the company can be found on www.admedus.com

7 June 2016

Dear Shareholders,

It has now been several weeks since Admedus announced changes to its management structure and I wanted to take the opportunity to update you on events since then, as well as provide clear direction on what to expect from the Company moving forward.

Following the resignation of the CEO and my subsequent move to the role (ad interim) the team has introduced a global restructuring initiative to address issues such as costs, commercial performance and strategic priorities.

The key objectives of the restructuring initiative are to improve commercial effectiveness, as well as accelerate the Company's path to profitability significantly. The initiative will also address all facets of our R&D programs to ensure we are prioritising our resources to projects that are the most likely to succeed and benefit the Company and Shareholders.

Specifically, management and the Board of Directors are undertaking the following in detail:

- Strategy review (portfolio prioritisation);
- Operational review (global commercial operations);
- Organizational review (global organisational structure);
- Financial review (global finances targeting OPEX reductions);
- Clinical program review (global review of R&D initiatives and clinical trials across the organisation); and
- Manufacturing review (targeting yield and cost improvements).

As you would appreciate, this is a large undertaking and we have set ambitious timelines to report back to the market on the specifics of the programs, as well as implementation timelines and deliverables for the coming year. We will be particularly focused on OPEX reductions, as well as performance improvement initiatives and providing a clear path to profitability.

I will deliver the results of the restructuring initiative at a Shareholder webinar on or before Monday, 11 July 2016. Further details regarding the webinar will be made available to the market closer to the time.

Best regards,

A handwritten signature in black ink, appearing to be 'Wayne Paterson', written in a cursive style.

Wayne Paterson
Chairman