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1 August 2016

Dear Shareholder

NOTICE TO INELIGIBLE SHAREHOLDERS OF RENOUNCEABLE ENTITLEMENT OFFER

I am writing to you as the registered holder of shares in Admedus Ltd (**Company**).

As announced on 29 July 2016, the Company is undertaking a renounceable pro-rata entitlement offer on the basis of 1 new share (**New Share**) for every 9 shares in the Company (**Share**) held by eligible shareholders at an issue price of \$0.33 per New Share (**Entitlement Offer**) to raise up to approximately \$8.3 million (before costs). The Entitlement Offer will be made pursuant to a prospectus in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Offer Document**). If the Entitlement Offer is fully subscribed, approximately 25,173,093 New Shares will be issued (subject to rounding and assuming that no options are exercised prior to the Record Date).

The Company also announced on 29 July 2016 that it had completed a placement of New Shares to sophisticated and institutional investors of approximately 30 million Shares at an issue price of \$0.33 per New Share to raise approximately \$10 million (before costs) (**Placement**).

Completion of the Entitlement Offer and Placement will together raise up to approximately \$18.3 million (before costs). The Company is undertaking the capital raising to strengthen the Company's financial position. The funds raised will be used to scale up manufacturing to meet market demand for new product and IP development, for new market expansion across emerging markets and new product ranges, for further development and investment in immunotherapy programmes, for clinical and post market studies, and for general working capital purposes.

The Entitlement Offer is only available to shareholders whose registered address is in Australia, New Zealand, Singapore or the United Kingdom as recorded with the Company's share registry as at 5.00pm (WST) on 15 August 2016 (**Record Date**) (**Eligible Shareholders**).

Ineligible Shareholders

The Company has determined that it would be unreasonable to extend participation in the Entitlement Offer to shareholders who do not have a registered address in Australia, New Zealand, Singapore or the United Kingdom on the Record Date (**Ineligible Shareholders**) having regard to:

- (a) the number of Ineligible Shareholders;
- (b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and
- (c) the cost of complying with overseas legal and regulatory requirements.

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Company sends letters to Foreign Shareholders and Eligible Shareholders	1 August 2016
Lodgement of Prospectus with ASIC and provision of a copy to ASX	2 August 2016
'Ex' Date	12 August 2016
Entitlement Trading Commencement Date	12 August 2016
Record Date (at 5.00pm WST)	15 August 2016
Prospectus dispatched to Eligible Shareholders	18 August 2016
Opening Date	18 August 2016
Entitlement Trading End Date	22 August 2016
Shares quoted on a deferred settlement basis	23 August 2016
Closing Date (at 3.00pm WST)*	29 August 2016
Notify ASX and Lead Manager of any Shortfall**	1 September 2016
Anticipated issue date of New Shares	5 September 2016
Deferred settlement trading ends	5 September 2016
Anticipated date for dispatch of holding statements	6 September 2016
Anticipated date for commencement of trading of New Shares	6 September 2016

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 Entitlement Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

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

Shortfall Offer

If the Entitlement 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 New Shares not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) at their sole discretion (**Shortfall Offer**).

The Shortfall Offer will be 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 \$0.33 each, being the same price as the New Shares being offered under the Entitlement Offer.

Trading of Entitlements

An Eligible Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer (**Entitlement**) is renounceable, which means that Eligible Shareholders that do not wish to exercise all or a portion of their Entitlement may choose to sell their Entitlement on ASX. The trading of Entitlements will commence on 12 August 2016 and cease on 22 August 2016. Details of how Eligible Shareholders may trade their Entitlements will be included in the Offer Document.

For the purposes of ASX Listing Rule 7.7, the Company has appointed Patersons Securities Limited (**Patersons**) as a nominee to sell the Entitlements which would have been offered to Ineligible Holders had they been entitled to participate in the Entitlement Offer (**Ineligible Shareholder Entitlements**), and to account to Ineligible Shareholders for their proportion of the sale proceeds net of expenses. Patersons will attempt to sell the Ineligible Shareholder Entitlements on ASX and if the Ineligible Shareholder Entitlements are unable to be sold on ASX (due to there being no market for Entitlements), then the Ineligible Shareholder Entitlements will be sold off-market for nominal consideration. Any interest earned on the proceeds of the sale of Ineligible Shareholder Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholder.

Notwithstanding that Patersons must sell the Ineligible Shareholder Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

The ability to procure subscribers for the Ineligible Shareholder Entitlements or to sell the Ineligible Shareholder Entitlements on ASX and the price at which the Ineligible Shareholder Entitlements can be sold will depend on various factors, including market conditions and available liquidity. To the maximum extent permitted by law, neither the Company nor Patersons, nor their respective related bodies corporate, nor the Directors, officers, employees, agents or advisors of any of them, will be liable for a failure to sell the Ineligible Shareholder Entitlements at any particular price.

Offer Document

The Company expects to lodge the Offer Document with ASIC and ASX on 2 August 2016, at which time it will be available on the ASX website at www.asx.com.au and also on the Company's website at www.admedus.com. The Company expects to dispatch the Offer Document to Shareholders of the Company on or about 18 August 2016. The Offer Document will outline the Entitlement Offer in detail.

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



Stephen Mann
Company Secretary

