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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

19 March 2015

Dear Optionholder

## NON-RENOUNCEABLE ENTITLEMENT OFFER

I am writing to you in relation to your option holding in Admedus Ltd (**Company**) (ASX:AHZ).

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**).

In accordance with the Listing Rules, the Company, by this letter, gives you notice of your right to participate in the Entitlement Offer, subject to the requirements detailed below.

To participate in the Entitlement Offer, you will need to have exercised your options and been issued the resulting shares prior to the record date for the Entitlement Offer, being 26 March 2015 (**Record Date**). Notice of exercise of options and payment of the exercise price of the options must be received by Computershare Investor Services Limited on or before Monday, 23 March 2015. Notices of exercise of options received after this date cannot be assured of the allotment of Shares by the Record Date for the Entitlement Offer.

The Entitlement Offer is available to Admedus shareholders (**Shareholders**) registered on the Record Date 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, or the United Kingdom.

If you require an option exercise form, please contact the Company on +61 8 9266 0100.

The Company will dispatch the Offer Document to Shareholders of the Company on or about 30 March 2015. The Offer Document outlines the Entitlement Offer in detail. The Offer Document will be lodged with ASX today and will be available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and also on the Company's website at [www.admedus.com](http://www.admedus.com).

The Entitlement Offer is not being underwritten.

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.

## Use of Funds

Completion of the Offer and Placement will raise approximately \$28M (before costs), assuming that no Options are exercised prior to the Record Date.

The funds raised from the Offer 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 <sup>1</sup>	\$3.5M
Additional immunotherapy R&D <sup>1</sup>	\$2M
Provide further working capital	\$2.5M
Cost of the Offer	\$1.5M
<b>Total funds raised under the Offer</b>	<b>\$28M</b>

<sup>1</sup> Further investment into the therapeutic vaccines

## 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.

## No Adjustments to Option Exercise Prices

Under the terms of your options there will be no adjustment to the exercise price of your options due to the Entitlement Offer.

## Overseas Shareholders

The offer made under the Offer Document and any accompanying form does not, and is not intended to, constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Offer Document or the New Shares under the Entitlement Offer. As set forth in the Offer Document, the distribution of the Offer Document in jurisdictions outside Australia and New Zealand is restricted by law and persons who come into possession of the Offer Document should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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'.

Stephen Mann  
Company Secretary