



ASX ANNOUNCEMENT

10 May 2006

\$32.5 Million Capital Raising

HeartWare Limited (ASX:HTW) is pleased to announce that it has received commitments for \$32.5 million from institutional and sophisticated investors in Australia and the United States.

The capital raising closed over-subscribed with an issue price of A\$1.10, representing a 3% discount to the closing price of the Company's shares on 5 May 2006.

The successful completion of the capital raising will mark another achievement in the commercialization of the Company's heart pump technology, with first revenues expected in 2007.

The proceeds of the capital raising will be used for the commercialization and further development of the Company's HVAD technology (including completion of the EU and Australian clinical trials and commencement of the US trials), the advancement of the miniaturized-VAD (MVAD) program, a manufacturing scale-up and general working capital.

HeartWare CEO, Mr Stuart McConchie, commented:

"HeartWare is very pleased with the strong support of institutional and sophisticated investors both domestically and overseas. This funding is an important step for HeartWare as it progresses through clinical trials with the world's smallest third generation heart pump.

With the placement being finalized and the Company on-track to meet its objective of completing all twenty implants for the EU trial before the end of 2006, the Company is well-positioned to progress toward commercial sales of its HVAD.

We would also like to take this opportunity to thank our team for their assistance with the capital raising including our Corporate Advisers, Inteq Limited, and Co-Lead Managers, Wilson HTM and eG Capital."

In accordance with ASX Listing Rule 3.10.3, the Company provides the following information:

- (a) Under the capital raising (and subject to the shareholder approval referred to below), the Company will issue a maximum of approximately 29.6 million fully paid ordinary shares.
- (b) The shares to be issued under the capital raising will rank equally in all respects from the date of allotment with existing ordinary shares.
- (c) As set out in HeartWare's Notice of Meeting (dated 13 April 2006), the Company will seek shareholder approval to issue shares up to a total value of \$30 million under the capital raising at the Company's forthcoming Annual General Meeting, which will be held on 23 May 2006. The balance of funds to be raised under the capital raising (i.e. \$2.5 million) will be issued by the Company



pursuant to its 15% allocation entitlement under ASX Listing Rule 7.1 (and subject to the above shareholder approval being obtained).

Shareholder Share Purchase Plan

In addition to the above, the Company is pleased to offer Australian shareholders the opportunity to participate in a Share Purchase Plan (“SPP”) at A\$1.10 per share, being the same issue price as the capital raising.

Under the SPP, Australian shareholders may apply for shares in the Company up to a maximum of A\$5,000 per shareholder.

The Record Date for the SPP has been set at 4.00pm (AEST) on Friday, 12 May 2006 and offer documents for the SPP are expected to be forwarded to eligible shareholders on or about Friday, 19 May 2006.

The funds raised under the SPP will be used for to the same purposes as set out above in relation to the capital raising.

About HeartWare

HeartWare is developing a family of proprietary circulatory assist devices to treat patients with congestive heart failure. HeartWare’s lead device, the HVAD, commenced human clinical trials in March 2006. First sales are anticipated in late 2007. With a volume of 45cc, the HVAD is the smallest “3rd generation” pump and the only full output device implantable within the pericardial space.

In parallel with the HVAD clinical development, HeartWare is pursuing its MVAD program, aimed at developing a family of miniaturized cardiac assist devices, implantable by minimally invasive surgical techniques. The current MVAD prototype, approximately one tenth the volume of the HVAD, commenced animal studies in August 2005.

For further information:

www.heartware.com.au

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