

HEARTWARE LIMITED

ABN 34 111 970 257



HeartWare
Level 46

2 Park Street

Sydney NSW 2000

Ph: (+61 2) 8215 7600

Fax: (+61 2) 8215 7650

www.heartware.com.au

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

23 May 2006

BY E-LODGEMENT

Dear Sir / Madam

Completion of \$32.6 Million Capital Raising

The Company advises the ASX of the following:

- (a) On 10 May 2006, the Company confirmed that it had received commitments to raise approximately \$32.6 million pursuant to a private placement to sophisticated and institutional investors in Australia and overseas (subject to shareholder approval).
- (b) Earlier today, the Company confirmed that Resolution No. 6, titled "Approval of Share Issue", had been passed by a majority of shareholders at the Company's Annual General Meeting (also held earlier today) in connection with the capital raising referred to above.

On the basis of the above, the Company is please to confirm that it has now completed the capital raising referred to at (a) above.

Attached is an Appendix 3B and Section 708A(5)(e) notice.

Yours faithfully

David McIntyre
**Chief Financial Officer &
Company Secretary**

HEARTWARE LIMITED

ABN 34 111 970 257



Suite 4, Level 46
2 Park Street
Sydney NSW 2000
Ph: (+61 2) 8215 7600
Fax: (+61 2) 8215 7650
www.heartware.com.au

Manager of Company Announcements
Australian Stock Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

23 May 2006

Dear Sir

Section 708A(5)(e) Notice

Earlier today, HeartWare Limited ('the Company') announced the successful completion of a placement of 29,679,220 million ordinary shares to raise approximately \$32.6 million ('the placement').

The *Corporations Act 2001* ('the Act') restricts the on-sale of securities without a disclosure document, unless the relevant sale satisfies an exemption as set out in section 708 or 708A of the Act. The on-sale of ordinary shares issued pursuant to the placement satisfies the exemption as prescribed in section 708A(5) of the Act.

As at 23 May 2006, the Company gives notice under section 708A(5)(e) of the Act that:

- (a) the Company issued ordinary shares under the placement without a disclosure document under Part 6D.2 of the Act;
- (b) the Company has complied with the requirements of Chapter 2M (as they apply to the Company) and section 674 of the Act; and
- (c) there is no information that:
 - (i.) has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
 - (ii.) investors and their professional advisors would reasonable require for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (b) the rights and liabilities attaching to the Company's ordinary share.

Yours sincerely

David McIntyre
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

HEARTWARE LIMITED

ABN

34 111 970 257

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (quoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 29,679,220 fully paid ordinary shares (quoted) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Not applicable |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5 Issue price or consideration	A\$1.10 per fully paid ordinary share, being a total consideration of A\$32,647,142.00
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Private placement to sophisticated and institutional investors in Australia and overseas. 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.
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	23 May 2006

+ See chapter 19 for defined terms.

	Number	*Class
8	Number and *class of all *securities quoted on ASX (including the securities in clause 2 if applicable)	98,772,273 Fully paid ordinary shares.

	Number	*Class
9	Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	87,003,221 Fully paid ordinary shares (subject to escrow). 6,113,636 Options (unquoted) exercisable at various prices between A\$0.60 and A\$1.50 per option pursuant to the ESOP (which lapse 5 years from their respective grant dates). 4,621,804 Options (unquoted) exercisable at A\$0.20 per option pursuant to the ESOP (which lapse 5 years from the grant date). 3,145,766 Options (unquoted) exercisable at A\$0.50 per option pursuant to the ESOP (which lapse 10 years from the grant date). 1,000,000 Options (unquoted) exercisable at A\$1.41 per option pursuant to the ESOP (which lapse 10 years from the grant date). 764,204 Options (unquoted) exercisable at prices between A\$0.65 and A\$0.70 per option pursuant to the ESOP (which lapse 7 years from the grant date). 1,500,000 Incentive Options (unquoted) exercisable at various prices between A\$0.60 and A\$1.50 per option (which lapse 5 years from their grant date). 1 Convertible note (unquoted) for A\$1.42 million accruing interest at 2% per annum calculated monthly in arrears. Principal and capitalised interest are repayable on 24 January 2007. The note is convertible at anytime into ordinary shares at the rate of A\$1.00 per ordinary share.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
----	--	-----

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	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.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	N/A
25	If the issue is contingent on *security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do *security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

+ See chapter 19 for defined terms.

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36 ☐ If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional *securities

Entities that have ticked box 34(b)

38 Number of securities for which
*quotation is sought

39 Class of *securities for which
quotation is sought

40 Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> <tr> <td style="height: 80px;"></td> <td></td> </tr> </table>	Number	⁺ Class		
Number	⁺ Class					

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those ⁺securities should not be granted ⁺quotation.

 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.

 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..

(Director/Company secretary)

Date:23 May 2006.....

Print name: ..David McIntyre.....

== == == == ==

+ See chapter 19 for defined terms.