



**Eastland Medical  
Systems Ltd**

7 March 2011

Dear Shareholder

**EASTLAND MEDICAL SYSTEMS LIMITED - SHARE PURCHASE PLAN**

A.C.N. 090 987 250

Eastland Medical Systems Limited ("**Eastland**" or the "**Company**") is pleased to be able to provide eligible shareholders with the opportunity to participate in the 2011 Eastland Share Purchase Plan ("**SPP**") enabling eligible shareholders in Eastland, irrespective of the size of their shareholding, to purchase shares in Eastland without brokerage costs and at a discount to the prevailing market place. This letter constitutes an Offer for the purposes of the Plan. Participation in the Plan is entirely optional.

The Directors of Eastland are pleased to offer existing shareholders the opportunity to invest in the Company at \$0.03 per share through the SPP.

The formal details of the Plan are set out in the attached Terms of the Eastland Medical Systems Limited Share Purchase Plan ("**Terms**"), and I encourage you to read them in their entirety (and seek professional advice) before you decide whether to participate. An application form is also attached. The Terms and the application form are incorporated into this Offer.

**SPP Key Dates\***

Date	Event	
7 March 2011	Record Date	Date for determining eligibility to participate in the SPP offer.
14 March 2011	Opening Date	SPP opens.
28 March 2011	Closing Date	SPP closes. Applications must be received by 5.00 pm AWST.
30 March 2011	Allotment Date	Shares allotted. Trading is expected to commence on ASX on next Trading Day.
31 March 2011	Dispatch date	Transaction confirmation dispatched to shareholders.

*\*Eastland has the discretion to alter Key Dates. All times are Australian Western Standard Time (AWST).*

Net funds raised will be used to fund the ongoing clinical development and regulatory programme for and for working capital purposes.

Under the SPP, eligible shareholders are being invited to subscribe for either:

\$1,000	\$2,000	\$5,000	\$10,000	\$15,000
33,333 shares	66,667 shares	166,667 shares	333,333 shares	500,000 shares

*Note - in calculating the number of shares to be offered under the SPP, Eastland has rounded up any fractional entitlement to shares to correspond with the monetary amount paid.*

Participation in the Offer is entirely at your discretion. By accepting the Offer to purchase shares under the SPP, you agree to be bound by the enclosed Terms and Conditions and the constitution of Eastland.

I encourage you to submit your application as soon as possible by either:

- returning the enclosed Application Form together with your cheque for the relevant amount as indicated on the Application Form; or
- paying the relevant amount by BPAY® and returning the enclosed Application Form together with your BPAY receipt,

by the closing time of **5.00 pm AWST on 28 03 2011**. Please refer to the instructions on the enclosed Application form.

If you have any questions about what to do, you should consult your legal, financial or other professional adviser.

Yours sincerely

Peter I. Jooste QC  
Chairman

For personal use only



## HOW TO ACCEPT THE SHARE PURCHASE PLAN OFFER

### APPLYING FOR SHARES & PAYMENT DETAILS

You may apply for Shares under the SPP by utilising the payment options detailed below. By making your payment using either BPay or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the SPP as set out in the SPP Offer Document and this Application Form.

You may apply for Shares by making your payment via BPay. If you pay via BPay, you do not need to return this Application Form. Your BPay reference number is quoted below and is unique to the SPP. Your payment must be received by no later than 5.00pm AWST on 28 March 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It may also take up to 24 hours for funds to appear in the recipient's account; therefore it is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

You may also apply for Shares by completing this Application Form and paying by cheque, bank draft or money order. Your cheque, bank draft or money order must be made payable to "Eastland Medical Systems – Share Offer Account", drawn on an Australian branch of a financial institution, expressed in Australian currency and crossed "Not Negotiable". Please ensure you submit the correct amount. Incorrect payments will result in your application being dealt with as set out in the SPP Offer Document. Please complete cheque details in the boxes provided above in the Application Form.

Your Application Form should be paper clipped to your cheque, bank draft or money order (please do not staple), posted to the address below and received by ASR no later than 5.00pm WST on 28 March 2011. You should allow sufficient time for this to occur. You will need to affix the appropriate postage. Cheques may be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected.

Cash will not be accepted. A receipt for payment will not be forwarded. Neither ASR nor Eastland accepts any responsibility if you lodge the Application Form at any other address or by any other means.

### CONTACT DETAILS

Please enter the name of a contact person and telephone number. These details will only be used in the event that ASR has a query regarding this Application Form.

### PRIVACY STATEMENT

Personal information is collected on this form by ASR, as registrar for securities issuers (**the issuer**), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASR. In accordance with the *Corporations Act 2001 (Cth)*, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASR. You can contact ASR using the details provided on the front of this form.

**If you have any enquiries concerning this Application Form or your entitlement, please contact ASR on (61 8) 9389 8033.**

This form may not be used to notify your change of address. For information, please contact ASR on (61 8) 9389 8033 or visit [www.advancedshare.com.au](http://www.advancedshare.com.au) (certificated/issuer sponsored holders only). **CHESSE holders must contact their Controlling Participant to notify a change of address.**

### PAYMENT INSTRUCTIONS

#### PAYMENT BY BPAY



BPAY - Make this payment via internet or phone banking.  
BPAY VIEW - View and pay using internet banking. Registration Number - your Reference Number as quoted on the front of this form (Payment Instructions box)

#### PAYMENT BY CHEQUE

All cheques (expressed in Australian currency) are to be made payable to EASTLAND MEDICAL SYSTEMS - SHARE OFFER ACCOUNT and crossed "Not Negotiable".

Do not forward cash as receipts will not be issued.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

### PLEASE NOTE

Cash payments will not be accepted via the mail or at Advanced Share Registry Ltd.

Direct bank transfer is not permitted.

Eastland Medical Systems Ltd may reject any application submitted for this offer, in its absolute discretion, or if this form is not completed in accordance with this offer, or is incomplete, or if the correct amount payable is not tendered with this form or has not been paid electronically using BPay.

Receipt by Eastland Medical Systems Ltd of this form duly completed, together with the full subscription amount, will constitute irrevocable acceptance in accordance with the Share Purchase Plan Terms and Conditions and the Constitution of Eastland Medical Systems Ltd by the shareholder named on this form. A signature on this form is not required.

## **EASTLAND MEDICAL SYSTEMS LTD - SHARE PURCHASE PLAN**

Pursuant to the Eastland Medical Systems Ltd Share Purchase Plan (SPP), Eastland Medical Systems Ltd (Eastland) ACN 090 987 250 offers eligible Shareholders the ability to acquire between 33,333 and 500,000 fully paid ordinary shares in Eastland at \$0.03 per fully paid ordinary share ("Offer").

Please carefully read the full Terms and Conditions relating to the Offer and the terms below, as you will be bound by them.

### **TERMS AND CONDITIONS**

#### **1. Opening and closing date of the Offer**

The Offer opens on 14 03 2011. The Offer closes at 5.00 pm (AWST) on 28 03 2011.

#### **2. Eligibility**

You are eligible to participate in the SPP only if you were a holder of fully paid ordinary shares in Eastland (Shares) at 5.00 pm (AWST time) on 07 03 2011 (Record Date) with a registered address in either Australia or New Zealand. The Eastland Board has determined that it is not practical for holders of shares resident, or with registered addresses, in other jurisdictions to participate in the SPP. Each offer to eligible shareholders is made on the same terms and conditions. The offer is non-renounceable (ie you may not transfer your right to apply for SPP Shares to anyone else).

#### **3. Issue Price**

The purchase price for each Share offered for issue under the SPP (SPP Share) is **A\$0.03 (SPP Price)**. The issue price of \$0.03 represents a discount of 20% to the 30 day volume weighted average price and 14% to the closing price of the Company's shares.

You should note that the market price of Shares may rise or fall between the date of this offer and the date when the SPP Shares are issued to you. Any such change in the share price will not affect the SPP Price. This means that the SPP Price may be either higher or lower than the price of shares at the time the SPP Shares are issued to you. Accordingly, you should seek your own financial advice in relation to this offer.

#### **4. No Transaction Costs**

No brokerage, commissions or other transaction costs are payable by shareholders in respect of the acquisition of SPP Shares.

#### **5. Anticipated Issue and Quotation Dates**

The SPP Shares are expected to be issued and quoted on the ASX on or around **31 03 2011**. As soon as practicable after that date, you will receive a transaction confirmation advice confirming the number of Shares that have been issued to you.

#### **6. Rights Attaching to Shares**

All SPP Shares will be issued on the same terms as the other ordinary shares in Eastland quoted on the Australian Stock Exchange (ASX), and once issued, will rank equally with existing shares. Eastland will apply for the SPP Shares to be quoted on the ASX.

#### **7. Number of SPP Shares Offered**

If you are eligible to apply for shares under the SPP, you may select one of the following offers:

33,333	Shares for a total cost of	\$1,000.00
66,667	Shares for a total cost of	\$2,000.00
166,667	Shares for a total cost of	\$5,000.00
333,333	Shares for a total cost of	\$10,000.00
500,000	Shares for a total cost of	\$15,000.00

Any fractional entitlement to Shares has been rounded up to correspond with the amount paid.

#### **8. Maximum Applications**

The offer under the SPP needs to comply with the requirements of ASIC Class Order 02/831. Under those requirements, the maximum number of SPP Shares which may be applied for (namely 500,000 Shares) applies irrespective of how many Shares you hold on the Record Date.

This limit also applies to you even if you receive more than one offer from Eastland (for example, if you are both a sole and joint eligible shareholder, or if you are a shareholder with more than one holding under a separate account, you can only apply for SPP Shares once). To the extent that you hold Shares on behalf of another person, that other person is entitled to participate in the SPP only if their beneficial holding is expressly noted on the register of members.

#### **9. Custodians, trustees and nominees:**

If you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] or in any more specific ASIC relief granted to Eastland in relation to the SPP (Custodian) and hold Shares on behalf of one or more persons (each a **Participating Beneficiary**), you may apply for up to a maximum of \$15,000 worth of SPP Shares for each Participating Beneficiary, subject to providing a notice in writing to Eastland (the **Custodian Certificate**) certifying the following:

- ◆ you are a Custodian (as that term is defined in ASIC Class Order [CO 09/425]);
  - ◆ either or both of the following:
    - you held Shares on behalf of one or more persons that were not Custodians (each a **Participating Beneficiary (Direct Holding)**);
    - that another custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of one or more persons (each a **Participating Beneficiary**), and you hold the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian (**Downstream Holding**),
- at 5.00pm (WST) on 7 March 2011, and that each Participating Beneficiary has subsequently instructed you (in respect of a Direct Holding) and/or the Downstream Custodian (in respect of a Downstream Holding) to apply for SPP Shares on their behalf under the Offer;
- ◆ the number of Participating Beneficiaries;
  - ◆ the name and address of each Participating Beneficiary;
  - ◆ in respect of each Participating Beneficiary – the number of Shares that you hold on behalf of each Participating Beneficiary;
  - ◆ in respect of a Downstream Holding – the number or the dollar amount of Shares which each Participating Beneficiary has instructed the Downstream Custodian to apply for on their behalf;
    - that there are no Participating Beneficiaries in respect of which the total of the Application price exceeds A\$15,000 worth of Shares, calculated by reference to Shares applied for by you as Custodian on their behalf: the SPP; and
    - any other Shares issued to you as Custodian in the 12 months before your Application under an arrangement similar to the SPP, in each case, as a result of an instruction given by them to you as Custodian or the Downstream Custodian to apply for Shares on their behalf;
    - that a copy of the Offer was given to each Participating Beneficiary; and
    - in respect of a Downstream Holding – the name and address of each Custodian who holds beneficial interests in the Shares that you hold in relation to each Participating Beneficiary; and
  - ◆ each Participating Beneficiary has a registered address in either Australia or New Zealand at 5.00pm (WST) on the Record Date.
- For the purposes of ASIC Class Order [CO 09/425] you are a "Custodian" if you are a registered holder that:
- ◆ holds an Australian financial services licence that:
    - covers the provision of a "custodial or depository service" (as defined in section 766E of the *Corporations Act 2001 (Cth)* (the **Corporations Act**)); or
    - includes a condition requiring the holder to comply with ASIC Class Order [CO 02/294]; or
  - ◆ is exempt under:
    - paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001*; or
    - under ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184]; or
    - paragraph 911A(2)(h) of the *Corporations Act*;

from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service;

- ◆ is a trustee of a:
  - self managed superannuation fund as defined in section 17A of the *Superannuation Industry (Supervision) Act 1993*; or
  - superannuation master trust as defined in ASIC Class Order [CO 09/425]; or
- ◆ is the responsible entity of an IDPS-like scheme (as defined in ASIC Class Order [CO 02/296]); or
- ◆ is the registered holder of Shares and is noted on the register of members of Eastland as holding the Shares on account of another person.

If a Custodian holds Shares jointly on behalf of two or more persons, the \$15,000 limit applies jointly in relation to those persons as if the Custodian held the Shares on behalf of a single person, and the Custodian is taken to have been instructed to apply for SPP Shares on behalf of those persons if the Custodian has received such an instruction in accordance with the terms on which the SPP Shares are held, or if the terms do not cover the giving of instructions of this kind, the Custodian has received such an instruction from any of those persons.

Custodians wishing to participate on behalf of one or more beneficiaries must submit a Custodian Certificate to Eastland. If you are a Custodian, please contact Advanced Share Registry Services (**Share Registry**) by phone on +61 8 9389 8033, to obtain further information on how to apply and the form of certification to be given to Eastland. **Do not return the enclosed Application Form if you wish to apply as Custodian.**

Eastland reserves the right to reject any application for SPP Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

#### 10. Participation Optional

Participation in the SPP is entirely at your option. If you are in any doubt as to whether you should participate in the SPP or how such participation will affect you (including taxation implications), you should contact a professional adviser. We make no recommendations as to the desirability or otherwise of your participation in the SPP.

#### 11. Change of Offer

Eastland may extend, change, suspend or terminate the SPP or these Terms and Conditions at any time whether because of a change of law, ASIC requirements or policy or any other circumstance relevant to the SPP or Eastland. If Eastland does this, it will post a notice on Eastland's website. Failure to notify shareholders of changes to, suspension or termination of the SPP or these Terms and Conditions will not invalidate the change, suspension or termination. Eastland reserves the right to issue no SPP Shares or fewer SPP Shares than an eligible shareholder applies for under the SPP if Eastland believes the issue of those SPP Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule. No interest will be paid on any money refunded. Eastland's rights to change, suspend or terminate the SPP may be exercised by the Board or any delegate of the Board.

#### 12. Dispute Resolution

Eastland may settle any dispute in relation to the SPP or the terms and conditions of the SPP in any manner it thinks fit, whether generally or in relation to any shareholder, applications or Shares. Eastland's decision will be conclusive and binding.

#### 13. How to Apply for SPP Shares

If you would like to apply for SPP shares, you must either:

##### By Cheque:

- complete the enclosed Application Form;
- prepare a cheque for the appropriate amount, in Australian dollars payable to **Eastland Medical Systems - Share Offer Account**; and
- send the Application Form and cheque to Advanced Share Registry Ltd

or

##### By BPay®

- complete the enclosed Application Form;
- pay electronically using BPay®; and
- You do not need to return this application form
- Your BPay reference number is unique to the SPP

Do not forward cash. Receipts for payment will not be issued. Cheques will only be accepted if they are drawn in Australian currency on an Australian financial institution.

Applications must be received by **5.00 pm (AWST) on 28 03 2011**. Applications received after that time may not be accepted.

By completing an Application Form, you agree to be bound by these terms and conditions and Eastland's Constitution. Applications and payments may not be withdrawn once Eastland has received them. Application money will not bear interest as against Eastland under any circumstances.

#### 14. Enquiries

If you have any questions in respect of the SPP, please contact the Share Registry, Advanced Share Registry Ltd by phone on (08) 9389 8033.

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