

Admedus Limited

ACN 088 221 078

Prospectus

A pro rata renounceable partially underwritten entitlement offer of 5 New Shares for every 7 Existing Shares held at an issue price of \$0.08 per New Share to raise up to \$20.2 million.

Each New Share includes one free attaching New Option with an exercise price of \$0.08 that expires three years from the date of issue.

The Entitlement Offer is partially underwritten for \$9.1 million and commitments have been received from existing Shareholders for a further \$4 million.

Up to a further \$6.3 million in underwriting will be provided if Admedus Limited does not raise a minimum amount under the Entitlement Offer.

Last date for acceptance and payment is 5:00 pm (AEDT) on Thursday, 13 December 2018 (unless extended)

This document is important and requires your immediate attention. It should be read in its entirety. Admedus Limited is subject to regular reporting and disclosure obligations. A copy of this document, and other documents lodged with the Australian Securities and Investments Commission (ASIC) may be obtained from, or inspected at, an ASIC office.

If you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

This is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA

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IMPORTANT NOTICES

This Prospectus is dated 28 November 2018 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Prospectus expires 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that Admedus is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Admedus may make additional announcements after the date of this Prospectus and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than Admedus has authorised or caused the issue of this Prospectus, or takes any responsibility for, or makes, any statements, representations or undertakings in this Prospectus or for any action you take in reliance on this Prospectus.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and New Options through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Prospectus and you have acted in accordance with, and agree to the terms of, the Entitlement Offer as detailed in this Prospectus.

Foreign offers

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Prospectus does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States of America and the New Shares and New Options may not be offered or sold, directly or indirectly, to persons in the United States of America, unless Admedus has otherwise determined that a person in the United States of America may participate.

This Prospectus is not to be distributed in, and no offer of New Shares and New Options is to be made in countries other than Australia, New Zealand, Hong Kong, Singapore and the Philippines to the extent the offer can be made in accordance with applicable securities laws (see section 1.13 for restrictions). The distribution of this Prospectus (including an electronic copy) in other jurisdictions may be restricted by law and, therefore, persons who come into possession of this Prospectus should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements, the New Shares or the New Options, or otherwise permit the public offering of the New Shares and New Options, in any jurisdiction other than Australia.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Each Application will be subject to all requisite authorities and clearances being obtained for Admedus to lawfully receive any or all of the Application Monies.

Definitions, currency and time

Defined terms used in this Prospectus are contained in section 8. All references to currency are to Australian dollars and all references to time are to the time in Brisbane, Australia unless otherwise indicated.

Taxation consequences for Applicants

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares and New Options. Admedus considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares and New Options under this Prospectus, the conversion of New Options into Shares, or the subsequent disposal of any New Shares and New Options. Admedus recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Admedus collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Admedus.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Admedus (directly or through the Share Registry). Admedus collects, holds and will use that information to assess your Application. Admedus collects your personal information to process and administer your shareholding in Admedus and to provide related services to you. Admedus may disclose your personal information for purposes related to your shareholding in Admedus, including to the Share Registry, Admedus' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Admedus holds about you. To make a request for access to your personal information held by (or on behalf of) Admedus, please contact Admedus through the Share Registry.

Governing law

This Prospectus, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

No representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation in connection with the Entitlement Offer not contained in the Prospectus may not be relied upon as having been authorised by Admedus or any of its officers. Except as required by law, and only to the extent so required, none of Admedus, or any other person, warrants or guarantees the future performance of Admedus or any return on any investment made pursuant to this Prospectus.

Past performance

Investors should note that Admedus' past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Admedus' future performance including Admedus' future financial position or share price performance.

Forward looking statements

This Prospectus contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Admedus and certain plans and objectives of the management of Admedus. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Admedus, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Admedus. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Prospectus in light of those disclosures.

Risks

Refer to section 5 of the Prospectus for a summary of general and specific risk factors that may affect Admedus.

Trading of New Shares and New Options

Admedus will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares and New Options they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Admedus or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares and New Options in error or to which they do not hold or are not entitled.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional adviser.

CHAIRMAN'S LETTER

28 November 2018

Dear Shareholder

As a valued Shareholder of Admedus Limited (**Admedus** or **Company**), I am pleased to offer you the opportunity to participate in a pro rata renounceable partially underwritten offer of 5 new fully paid ordinary shares for each 7 shares currently held (**New Shares**) at an issue price of \$0.08 per New Share. Each New Share will be accompanied by an attaching listed option with an exercise price of \$0.08 per option that expires three years from the date of issue (**New Options**).

The offer of New Shares and New Options (**Entitlement Offer**) will raise up to approximately \$20.2 million before offer costs. Based on Shareholder commitments and underwriting, the Entitlement Offer will raise a minimum net cash amount of approximately \$12 million for Admedus (being the gross proceeds received less underwriting fees and repayment of an existing loan).¹

Update on recapitalisation plan

As Shareholders would know, Admedus shares have been suspended from trading on ASX since 6 August 2018 while Admedus has been working on a recapitalisation plan. Part of that plan included the placement to Star Bright Holding Limited (**Star Bright**) in September 2018 which raised \$7.7 million and the provision of loan from Star Bright for \$5 million to repay the Company's previous loan facility with Partners for Growth.

The finalisation of Admedus' recapitalisation plan is the Entitlement Offer presented in this Prospectus, a restructure of the business' operations to reduce certain overhead costs, and a proposed divestment of the Infusion business. Should these all eventuate, Admedus is expected to be funded for the next 12 months and will be well placed to capitalise on its growing ADAPT® business.

Further information about the Company and its latest activities is contained in section 3.

Entitlement offer

The proceeds of the Entitlement Offer will provide funds for Admedus to:

- repay the existing loan from Star Bright to the amount of \$5 million plus any accrued interest;
- meet certain restructuring costs;
- fund research and development, including the Transcatheter Aortic Valve Replacement (**TAVR**) project;
- fund general working capital and operational costs; and
- pay certain costs of the Entitlement Offer (primarily underwriters' fees).

¹ In determining whether a net cash amount of \$12 million has been raised, the Company may also treat any expected proceeds that would be received on completion from any unconditional sale and purchase agreement that has been entered into for the sale of the Infusion business before the close of the Entitlement Offer as contributing to determining whether a net cash amount of \$12 million has been raised.

The issue price of \$0.08 per New Share under the Entitlement Offer represents a discount of:

- 40.74% to the last traded price of Shares on ASX on 1 August 2018 of \$0.135; and
- 28.29% to the volume weighted average issue price paid by Star Bright under the recent placement completed on 5 September 2018 of approximately \$0.112.²

The number of New Shares and New Options that you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed with this Prospectus.

An Entitlement under the Entitlement Offer is renounceable and therefore if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Friday, 30 November 2018 and Thursday, 6 December 2018 (inclusive) or transfer all or part of your Entitlement directly to another person. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on the ASX and the price you may be able to achieve.

In the event that Eligible Shareholders do not take up all of their Entitlements in full, a Shortfall Facility will be available to provide an opportunity for those Eligible Shareholders that have taken up their full Entitlements to apply for additional New Shares and New Options (**Additional Shares**). The allocation of any Additional Shares under the Shortfall Facility will be at the discretion of the Directors of Admedus in accordance with the policy set out in section 1.5.

Support for the Entitlement Offer and underwriting arrangements

The Entitlement Offer is partially underwritten by several investors for \$9.1 million before underwriter fees. This includes \$6 million in underwriting from SIO Partners, LP (**SIO**) (as detailed below) and major shareholder Star Bright, which has agreed to provide underwriting for an amount of \$1 million and will also take up its Entitlement in full under the Entitlement Offer (of approximately \$4 million).

Up to a further \$6.3 million in underwriting will be provided by SIO if Admedus does not raise sufficient funds under the Entitlement Offer so that a minimum net cash amount (being gross proceeds less underwriting fees and repayment of the Star Bright loan) of approximately \$12 million has been raised.

SIO has agreed with Admedus to underwrite the Entitlement Offer for \$6 million and has also agreed to act as a funder of last resort and provide further underwriting (up to \$6.3 million) if Admedus does not receive a net cash amount of \$12 million³ under the Entitlement Offer. This is a condition of SIO's underwriting. The fee structure for the underwriting arrangement with SIO is tiered, as follows:

² The placement to Star Bright consisted of two tranches at different issue prices, as described in Admedus' ASX announcement on 3 September 2018. The figure of \$0.112 represents the volume weighted average issue price paid by Star Bright.

³ The net cash amount of \$12 million will include amounts provided by SIO and other underwriters net of any fees and expenses payable to those underwriters and any proceeds raised from Eligible Shareholders. However, the net cash amount excludes any amounts raised from Star Bright given that Star Bright has committed \$5 million in total and a corresponding amount (\$5 million) must be applied towards the repayment of the principal owing under the loan from Star Bright and therefore does not increase the cash held by the Company post Entitlement Offer.

In determining whether a net cash amount of \$12 million has been raised, the Company may also treat any expected proceeds on completion from any unconditional sale and purchase agreement that has been entered into for the sale of the Infusion business before the close of the Entitlement Offer as contributing to determining whether a net cash amount of \$12 million has been raised.

- for the initial \$6 million in underwriting (**Initial Underwriting**), SIO will be paid a fee of 3% (exclusive of GST); and
- if SIO is required to provide further underwriting in excess of \$6 million (**Extra Underwriting**) because the Entitlement Offer will not raise a net cash amount of \$12 million,⁴ SIO will be paid a fee of 12.5% (exclusive of GST) on the Initial Underwriting instead of 3% and a fee of 25% (exclusive of GST) on whatever amount SIO takes up over \$6 million.

This underwriting structure ensures that Admedus will raise at least \$12 million in net cash under the Entitlement Offer, as the amount of Extra Underwriting that SIO will provide is such amount so as to ensure that net cash of \$12 million⁴ is raised. Based on current commitments and other underwriting, the maximum amount of Extra Underwriting from SIO is \$6.3 million.

While we recognise that SIO's fee for agreeing to act as funder of last resort is high if it is required to provide funding above \$6 million, the Company considers this is preferable to SIO's underwriting being conditional on a minimum amount being raised from other Shareholders or investors, as that would mean SIO's funding would be withdrawn if the minimum amount was not raised and the Entitlement Offer would need to be withdrawn. In addition, based on the current commitments and underwriting already received by the Company, if a further \$4.2 million is raised from other Shareholders or investors under the Entitlement Offer, SIO will only be underwriting the initial \$6 million and the higher fees will not be payable.

Shareholders should also note that if SIO is allocated less than \$6 million due to insufficient Shortfall Shares being available, SIO may, within one month of completion of the Entitlement Offer, require Admedus to undertake a placement of New Shares and New Options on the same terms as offered under this Entitlement Offer up to a value of the balance of \$6 million of Shortfall Shares allocated under this Entitlement Offer. The placement would be subject to Shareholder approval. Therefore, the initial \$6 million that is underwritten by SIO is akin to a placement of Shares to SIO and may be considered a placement rather than 'true' underwriting. As SIO's ability to require the placement to be made to it is dependent on it acquiring less than \$6 million in underwriting, there is no circumstance in which the placement, if approved by Shareholders, would cause SIO's voting power to go above 20%.

The Company's CEO Mr Wayne Paterson and me as Chairman will both be subscribing for our respective Entitlements in full and will also provide underwriting to a total amount of \$50,000 each.

Further details about the underwriting arrangements are contained in section 1.6 and information about the ultimate shareholdings SIO and Star Bright may obtain following the Entitlement Offer are set out in section 4.4.

Total amount to be raised

Based on the underwriting structure:

- if no Eligible Shareholders or other investors (excluding Star Bright and the Directors) participate by taking up an Entitlement, an amount of approximately \$19.4 million will be raised under the Entitlement Offer, however after payment of underwriting fees (including SIO's as indicated above) and repayment of the Star Bright loan, a net cash amount of \$12 million will be raised. In this scenario, the gross proceeds of \$19.4 million will be comprised of the following:

⁴ In determining whether a net cash amount of \$12 million has been raised, the Company may also treat any expected proceeds that would be received on completion from any unconditional sale and purchase agreement that has been entered into for the sale of the Infusion business before the close of the Entitlement Offer as contributing to determining whether a net cash amount of \$12 million has been raised.

- SIO underwriting an amount of approximately \$12.3 million, raising an amount of approximately \$10 million in cash;
 - Star Bright subscribing for its Entitlement and an underwriting for a total of \$5 million, (however it is noted that Star Bright will also be repaid a \$5 million loan) so this can be considered as raising no net cash; and
 - other underwriters underwriting an amount of \$2.1 million, raising an amount of \$2 million in cash;
- if \$4.2 million is raised under the Entitlement Offer from Eligible Shareholders (excluding Star Bright and the Directors), approximately \$17.3 million in gross proceeds will be raised under the Entitlement Offer and after payment of underwriting fees and repayment of the Star Bright loan, a net cash amount of \$12 million will be raised. In this scenario, the gross proceeds of approximately \$17.3 million will be comprised of the following:
 - SIO underwriting an amount of approximately \$6 million, raising an amount of approximately \$5.8 million in cash;
 - Star Bright subscribing for its Entitlement and an underwriting for a total of \$5 million, (however it is noted that Star Bright will also be repaid a \$5 million loan) so this can be considered as raising no net cash;
 - other underwriters underwriting an amount of \$2.1 million, raising an amount of approximately \$2 million in cash; and
 - Eligible Shareholders subscribing for an amount of \$4.2 million, raising an amount of \$4.2 million in cash;
- if all Eligible Shareholders participate, the Entitlement Offer will raise approximately \$20.2 million before costs and after payment of underwriting fees and repayment of the Star Bright loan, a net cash amount of approximately \$15 million will be raised. No shares would be issued to underwriters in this scenario (however a subsequent placement of shares may occur – refer to section 1.6 for further detail).

Risks

All Shareholders should be aware that an investment in Admedus carries a number of significant risks, including:

- regulatory approval delays for ADAPT® and other products in markets where Admedus wishes to distribute its product;
- other risks common to medical technology companies, including commercialisation risk, risk of adverse patient event and product liability claims and risks associated with protecting Admedus' intellectual property;
- potential increase in tariffs by various countries where Admedus sells product that could reduce profit from sales in those countries; and
- high capital requirements of Admedus' growing ADAPT® business.

This is just a summary of the risks relevant to investing in Admedus. I encourage all Shareholders to read the risks section in section 5 carefully before deciding whether to participate in the Entitlement Offer.

Other information

This Prospectus contains important information, including:

- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
- instructions on how to take up all or part of your Entitlement via BPAY®.

The Entitlement Offer closes at 5:00 pm (AEDT) on Thursday, 13 December 2018.

Please read in full the details on how to submit your application, which are set out in this Prospectus. For further information regarding the Entitlement Offer, please contact Admedus' share registry Computershare on 1300 552 270 (within Australia) and +61 3 9415 4000 (outside Australia) between 8:30 am to 5:00 pm (AEDT) Monday to Friday during the offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Admedus, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



Mr John Seaberg
Chairman

SUMMARY OF THE ENTITLEMENT OFFER

Entitlement Offer	
Ratio	5 New Shares for every 7 Existing Shares held by an Eligible Shareholder, with each New Share being accompanied by one free attaching New Option expiring three years from the date of issue.
Issue Price	\$0.08 per New Share
Exercise Price of New Options	\$0.08 per New Option
Maximum Subscription of the Entitlement Offer	252,063,292 New Shares (subject to rounding) raising approximately \$20.2 million before costs
Minimum Subscription of the Entitlement Offer if SIO takes up its full underwritten amount as funder of last resort	243,000,000 New Shares (subject to rounding) raising approximately \$19.4 million before costs
Minimum Subscription of the Entitlement Offer if \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting)	216,250,000 New Shares (subject to rounding) raising approximately \$17.3 million before costs

Shareholders should note that the 'Minimum Subscription' referred to above does not refer to a minimum take-up that must be achieved from Eligible Shareholders under the Entitlement Offer. Rather it refers to the minimum amount that will be raised based on whether:

- no Eligible Shareholders participate (other than those committed at the date of this Prospectus); or
- \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting) which means that SIO's extra underwriting above \$6 million is not required (see section 1.6 for further details).

Capital structure – Maximum Subscription

Subject to rounding of fractional Entitlements, the capital structure of Admedus following the issue of New Shares and New Options if the Maximum Subscription is received will be as follows:

Shares on issue as at 28 November 2018	352,888,609
Options on issue as at 28 November 2018⁵	24,013,263
New Shares to be issued under the Entitlement Offer	252,063,292
New Options to be issued under the Entitlement Offer	252,063,292
Total Shares on issue following completion of the Entitlement Offer	604,951,901
Total Options on issue following completion of the Entitlement Offer	276,076,555

Capital structure – Minimum Subscription if SIO take up its full underwritten amount as funder of last resort

Subject to rounding of fractional Entitlements, the capital structure of Admedus following the issue of New Shares and New Options in the Minimum Subscription where SIO takes up its full underwritten amount as funder of last resort is expected to be as follows:

Shares on issue as at 28 November 2018	352,888,609
Options on issue as at 28 November 2018³	24,013,263
New Shares to be issued under the Entitlement Offer	243,000,000
New Options to be issued under the Entitlement Offer	243,000,000
Total Shares on issue following completion of the Entitlement Offer	595,888,609
Total Options on issue following completion of the Entitlement Offer	267,013,263

Capital structure – Minimum Subscription if \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting)

Subject to rounding of fractional Entitlements, the capital structure of Admedus following the issue of New Shares and New Options in the Minimum Subscription where \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting) is expected to be as follows:

Shares on issue as at 28 November 2018	352,888,609
Options on issue as at 28 November 2018³	24,013,263
New Shares to be issued under the Entitlement Offer	216,250,000
New Options to be issued under the Entitlement Offer	216,250,000
Total Shares on issue following completion of the Entitlement Offer	569,138,609
Total Options on issue following completion of the Entitlement Offer	240,263,263

⁵ Admedus also intends to issue approximately 635,000 options (each convertible into one Share on exercise) to employees as part of Admedus' employee incentive plan in 2018 or early 2019 and 220,248 options are expected to lapse and be cancelled by 29 November 2018.

Key dates

Activity	Date (AEDT unless otherwise stated)
Announcement of Entitlement Offer	Wednesday, 28 November 2018
Lodgement of Prospectus with ASIC and ASX	Wednesday, 28 November 2018
Entitlements begin trading on ASX on deferred settlement basis	Friday, 30 November 2018
Shares begin to trade on an “ex-entitlement” basis	Friday, 30 November 2018
Record Date for determining Eligible Shareholders under the Entitlement Offer	7:00 pm on Monday, 3 December 2018
Entitlement Offer opens and Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Tuesday, 4 December 2018
Trading of Entitlements ends	Thursday, 6 December 2018
Entitlement Offer closes	5:00 pm on Thursday, 13 December 2018
Issue Date – allotment and issue of New Shares and New Options issued under the Entitlement Offer	Monday, 17 December 2018
Normal trading of New Shares and New Options issued under Entitlement Offer	Tuesday, 18 December 2018
Despatch of holding statements	Wednesday, 19 December 2018

This timetable is indicative only and subject to change. The Directors may vary these dates subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares and New Options. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares and New Options. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

The commencement of quotation of New Shares and New Options is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares and New Options. You cannot withdraw your application once it has been accepted.

ENQUIRIES

If you have any investor relations questions about the Entitlement Offer, please contact the Share Registry, Computershare, on 1300 552 270 (within Australia) and +61 3 9415 4000 (outside Australia). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

1. DESCRIPTION AND EFFECT OF THE ENTITLEMENT OFFER

1.1 Overview

The proceeds of the Entitlement Offer will provide funds for Admedus to:

- repay an existing loan of \$5 million that is owed to Star Bright, plus accrued interest;
- restructuring costs of \$650,000;
- fund research and development projects including the Transcatheter Aortic Valve Replacement (**TAVR**) project for \$3.8 million; and
- provide for ongoing working capital and operational costs of the business of between approximately \$7.5 million and \$10.4 million (depending on the number of New Shares subscribed for under the Entitlement Offer).

The Entitlement Offer is a renounceable partially underwritten offer of 5 New Shares for every 7 Existing Shares at an issue price of \$0.08 per New Share. Each New Share will be issued together with a New Option that can be converted into one ordinary share in the Company at an exercise price of \$0.08. The Entitlement Offer will raise up to approximately \$20.2 million before repayment of the loan to Star Bright Holding Limited (**Star Bright**), payment of the Underwriters' fees and offer costs (including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs that have not already been paid).

Eligible Shareholders who are on Admedus' share register on the Record Date are entitled to acquire 5 New Shares for every 7 Existing Shares held on the Record Date, as well as one attaching New Option per New Share (**Entitlement**). Fractional Entitlements will be rounded up to the nearest whole number of New Shares and New Options.

The issue price of \$0.08 per New Share represents a discount of:

- 40.74% to the last traded price of Shares on ASX on 1 August 2018 of \$0.135; and
- 28.29% to the volume weighted average issue price paid by Star Bright under the recent placement completed on 3 September 2018 of \$0.112.⁶

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders should be aware that an investment in Admedus involves risks. The risk factors identified by Admedus are summarised in section 5 of this Prospectus.

⁶ The placement to Star Bright consisted of two tranches at different issue prices, as described in Admedus' ASX announcement on 3 September 2018. The figure of \$0.112 represents the volume weighted average issue price paid by Star Bright.

1.2 Purpose of the Entitlement Offer

The purpose of Entitlement Offer is to raise between approximately \$17.3 million and approximately \$20.2 million. It is anticipated that the funds raised from the Entitlement Offer will be applied as follows:

Description	Maximum Subscription - \$20.2 million (all Eligible Shareholders participate)		Minimum Subscription - \$19.4 million (where SIO takes up its full underwritten amount as funder of last resort)		Minimum Subscription - \$17.3 million (where, excluding commitments and underwriting, \$4.2 million is raised under the Entitlement Offer)	
	Use of funds (\$)	Use of funds (%)	Use of funds (\$)	Use of funds (%)	Use of funds (\$)	Use of funds (%)
Repayment of loan to Star Bright Holding Ltd plus accrued interest	\$5.075 million	25.1%	\$5.075 million	26.2%	\$5.075 million	29.3%
Restructuring costs	\$650,000	3.2%	\$650,000	3.4%	\$650,000	3.8%
R&D including TAVR project	\$3.8 million	18.8%	\$3.8 million	19.6%	\$3.8 million	22.0%
Working capital	\$10.4 million	51.5%	\$7.5 million	38.7%	\$7.5 million	43.4%
Payment of fees to Underwriters	\$270,000	1.3%	\$2.4 million	12.4%	\$270,000	1.6%
Total	\$20.2 million	100%	\$19.4 million	100%	\$17.3 million	100%

The above table excludes certain costs of the Entitlement Offer that may be paid from the proceeds of the Entitlement Offer if they have not already been paid by Admedus. These costs are expected to be approximately \$500,000.

The above table is a statement of current intentions as of the date of this Prospectus. If the Infusion business is sold (see section 3 for further details), it is anticipated that these funds will be applied over the next 12 months.

The above proposed use of funds and their relative priority is subject to ongoing review and evaluation by Admedus. As with any budget, the actual use of funds raised under the Entitlement Offer may change depending on the outcome of the programs as they proceed. Admedus reserves the rights to alter the way in which funds are applied on this basis.

These minimum values to be raised under the Entitlement Offer of approximately \$19.4 million and \$17.3 million are calculated on the basis that SIO has agreed to underwrite an amount to ensure that the Entitlement Offer raises a net cash amount of \$12 million. The references to

minimum subscription amounts in this Prospectus are not references to conditions of the Entitlement Offer that must be satisfied for the Entitlement Offer to complete.

1.3 Entitlement trading

You may sell all or part of your Entitlement on ASX between Friday, 30 November 2018 and Thursday, 6 December 2018 (inclusive) or transfer all or part of your Entitlement directly to another person (see sections 2.7 and 2.8 for further detail). There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on the ASX and the price you may be able to achieve.

1.4 Opening and closing dates

The Entitlement Offer will open on 9:00 am (AEDT) on Tuesday, 4 December 2018 and will close at 5:00 pm (AEDT) on Thursday, 13 December 2018 or such later date as determined by Admedus in its absolute discretion, subject to compliance with the Listing Rules.

1.5 Shortfall Facility

In the event that Eligible Shareholders do not take up all of their Entitlements in full, a Shortfall Facility will be available to provide an opportunity for those Eligible Shareholders that have taken up their full Entitlements to apply for Additional Shares.

Eligible Shareholders may apply for Additional Shares by completing the relevant part of the Entitlement and Acceptance Form and paying by cheque, or through BPAY®.

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares applied for, or that they will receive any at all. Admedus will allocate Applications for Additional Shares.

If any Applications for Additional Shares are not accepted in part or in full, the relevant portion of the Application Monies will be refunded without interest as soon as practicable.

The allocation of any Additional Shares under the Shortfall Facility will be at the discretion of the Directors on the basis that Eligible Shareholders who apply for the Shortfall Facility will be allocated the Additional Shares applied for, other than where:

- it would have an adverse potential control effect on Admedus – in which case the application for Additional Shares will be scaled back to reduce or eliminate the adverse effect;
- it would have a control effect that has not been disclosed in this Prospectus – in which case the application for Additional Shares will be scaled back to reduce or eliminate the control effect; or
- the Directors reasonably believe it would breach the Corporations Act – in which case the application for Additional Shares will be scaled back or rejected so that there is no breach.

To the extent they are available, the Underwriters will take up Shortfall Shares on the terms of the Underwriting Agreements.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Shares not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

Admedus has applied to ASIC for the appointment of a nominee broker (**Nominee**) for Ineligible Shareholders for the purposes of section 615 of the Corporations Act to arrange for the sale of the Entitlements which they would have been entitled to had such persons been eligible to participate in the Entitlement Offer. The Nominee will arrange for proceeds of sale (if any), net of expenses, to be sent proportionally to each Ineligible Shareholder through the Share Registry. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner of any sale.

To the extent allowed by law, Admedus and the Nominee disclaim all liability for the failure to sell the Entitlements at a particular price.

If, in the reasonable opinion of the Nominee, there is not a viable market for the Entitlements that would have been offered to the Ineligible Shareholders or a surplus over the expenses of sale cannot be obtained for those New Shares, then the New Shares will form part of the Additional Shares available under the Shortfall Facility or will form part of the Shortfall Shares issued to the Underwriter, in which case the Ineligible Shareholders will not receive any proceeds.

1.6 Underwriting

The Entitlement Offer is partially underwritten for approximately \$9.1 million, comprised of several Underwriters including SIO. SIO has also agreed to be a funder of last resort and provide additional underwriting up to \$6.3 million. Accordingly, to the extent there are Shortfall Shares available up to approximately \$15.4 million in Shortfall Shares will be placed to the various Underwriters. Further details of the amounts underwritten by SIO, Star Bright and the Directors are set out below.

Admedus has provided customary representations and warranties to each Underwriter.

(a) SIO Partners, LP (**SIO**)

SIO has agreed to underwrite the Entitlement Offer for an amount up to approximately \$12.3 million. SIO has priority allocation to Shortfall Shares up to \$6 million and will receive an underwriting fee of 3% (exclusive of GST) on the initial \$6 million, regardless of how many New Shares and New Options are ultimately issued to it, if the Entitlement Offer completes and a net amount of \$12 million in cash is raised.

If Admedus fails to raise a net amount of \$12 million in cash (which includes amounts raised from Underwriters, including the \$6 million underwritten by SIO, net of any fees payable to those Underwriters but excluding any amount raised from Star Bright), Admedus must give notice to SIO to underwrite any additional amount required to raise at least net of costs and expenses \$12 million in cash. The underwriting fee payable to SIO in this case on the initial \$6 million is 12.5% (exclusive of GST) instead of 3%, and 25% on any amount taken up in excess of \$6 million (exclusive of GST).

The net amount of \$12 million in cash required by SIO will also include any expected proceeds payable on completion from the proposed sale of the Infusion business (see section 3) where a binding and unconditional sale and purchase agreement has been entered into for the sale before the close of the Entitlement Offer.

Placement

If SIO is allocated less than \$6 million due to insufficient Shortfall Shares being available, SIO may, within one month of completion of the Entitlement Offer, require Admedus to undertake a placement of New Shares and New Options on the same terms as offered under this Entitlement Offer up to a value of the balance of \$6 million of Shortfall Shares allocated under this Entitlement Offer. The placement would be subject to Shareholder approval.

Given that SIO has the right to require Admedus, subject to Shareholder approval, to require a placement of the balance of \$6 million of Shortfall Shares allocated under the Entitlement Offer, the initial \$6 million that is underwritten by SIO is akin to a requirement to place Shares to SIO and may be considered a placement rather than 'true' underwriting. As SIO's ability to require the placement to be made to it is dependent on it acquiring less than \$6 million in underwriting, there is no circumstance in which the placement, if approved by Shareholders, would cause SIO's voting power to go above 20%.

By way of example, if SIO acquired \$5 million under the underwriting and Admedus agreed to issue a further \$1 million of Shares to it (subject to Shareholder approval), the maximum percentage interest that SIO could acquire in Admedus as a result of the placement is 12.15%. If SIO acquired no Shortfall Shares under the underwriting and Admedus agreed to issue \$6 million of Shares to it (subject to Shareholder approval), the maximum percentage interest that SIO could acquire in Admedus as a result of the placement is 11.03%.

Potential control effects

Section 4.4 contains detail on the level of control that SIO may acquire in Admedus as a result of its underwriting.

(b) Star Bright

Star Bright has agreed to provide \$1 million in underwriting and further agreed that it and its associates will take up their Entitlement in full under the Entitlement Offer (representing a subscription value of approximately \$4 million). Star Bright will receive a fee of 3% (exclusive of GST) on the total underwritten amount of \$1 million, regardless of the number of New Shares and New Options it acquires as underwriter, if the Entitlement Offer completes.

The \$1 million Star Bright has agreed to underwrite is subordinate in priority to the first \$6 million of Shortfall Shares underwritten by SIO.

If there is an insufficient number of Shortfall Shares to satisfy Star Bright's underwriting up to \$1 million and Star Bright's loan has not been repaid in full, Star Bright may, within one month of completion of the Entitlement Offer, require Admedus to undertake a placement of New Shares and New Options on the same terms as offered under this Entitlement Offer up to a value of the balance of \$1 million less any Shortfall Shares allocated under this Entitlement Offer. The placement would be subject to Shareholder approval.

Section 4.4 contains detail on the level of control that Star Bright may acquire in Admedus.

(c) Directors of Admedus – Mr John Seaberg and Mr Wayne Paterson

Mr John Seaberg and Mr Wayne Paterson have agreed to subscribe for their respective Entitlements and underwrite the Entitlement Offer for up to \$50,000 each (\$100,000 in total). No fee is payable to these Directors for their underwriting services.

Termination Rights in the Underwriting Agreements

The Underwriting Agreements with each of the underwriters contain similar termination rights, including that the relevant underwriter may terminate if:

- (1) the All Ordinaries Index as published by the ASX is at any time after the date of the Underwriting Agreement 15% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement and remains so for three consecutive trading days prior to completion of the Entitlement Offer;

- For personal use only
- (2) the Company does not lodge this Prospectus or any accompanying documents when intended under the timetable or the Prospectus or any accompanying document or the Entitlement Offer is withdrawn by the Company;
 - (3) the New Shares and New Options have not been granted "Official Quotation" as that term is defined in the Listing Rules when intended under the timetable, or having been granted, is subsequently withdrawn, withheld or qualified;
 - (4) this Prospectus or any accompanying documents do not contain all of the information that investors and their professional advisers would reasonably require to make an informed assessment of the effect of the Entitlement Offer on the Company and the rights and liabilities attaching to the New Shares and New Options;
 - (5) there is a statement in this Prospectus or any accompanying document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus or any accompanying document (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in this Prospectus or any accompanying document becomes or misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus or any accompanying document is or becomes misleading or deceptive or likely to mislead or deceive;
 - (6) Admedus is prevented from allotting New Shares and New Options within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
 - (7) any person who has previously consented to the inclusion of their name in the Prospectus withdrawing that consent;
 - (8) an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Prospectus and that application has not been dismissed or withdrawn by the date on which the Underwriters are to be notified of any shortfall;
 - (9) ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to this Prospectus to determine if it should make a stop order in relation to this Prospectus;
 - (10) the Takeovers Panel makes a declaration that circumstances in relation to the Company's affairs are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
 - (11) any authorisation which is material to anything referred to in the Prospectus and accompanying documents is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
 - (12) an insolvency event occurs in respect of Admedus or one of Admedus' subsidiaries;
 - (13) Admedus defaults or breaches any material term, condition, covenant or undertaking of the Underwriting Agreement which it fails to remedy within 5 business days of receiving notice of such from the Underwriter, or the default or breach is not capable of remedy; or
 - (14) a force majeure event affects Admedus' business or any obligation under the Underwriting Agreement for a period in excess of 14 days.

In addition to the termination rights listed above, the SIO Underwriting Agreement contains the following additional termination rights, including that SIO may terminate if:

- (1) the Underwriting Agreements with the other Underwriters (i.e. excluding SIO) are terminated, withdrawn, revoked or rendered void, voidable, illegal or otherwise unenforceable;
- (2) a certificate is not provided by the Company to SIO that certifies that, as at the date of the certificate to the best of the Company's knowledge, the Company has complied with all obligations on its part to be performed under the SIO Underwriting Agreement and the Entitlement Offer, that none of the termination events in the SIO Underwriting Agreement have occurred, and that the representations and warranties in the SIO Underwriting Agreement are true and correct;
- (3) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or this Prospectus and that application is not withdrawn within two business days after it is made or otherwise before the date on which the Shortfall Shares are issued;
- (4) ASIC commences an investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Entitlement Offer or this Prospectus which is not withdrawn within two business days after it is made or otherwise before the date on which the Shortfall Shares are issued;
- (5) an event specified in the SIO Underwriting Agreement is delayed by two or more business days (other than delay caused solely by SIO) without the prior consent of SIO;
- (6) a representation or warranty made or given by the Company is breached or proves to be untrue, incorrect or misleading or deceptive;
- (7) a law, policy or regulation is introduced in Australia that prohibits the Entitlement Offer;
- (8) there is a change or termination of the chief executive officer of the Company;
- (9) the Company fails to comply with a provision of its constitution, the Listing Rules, the Corporations Act, applicable laws or a requirement, order or request made by or on behalf of ASIC, ASX or any other government agency which, in SIO's reasonable option, has or is likely to have a material adverse effect on the Entitlement Offer;
- (10) any adverse change occurs or is likely to occur in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from the position disclosed in this Prospectus in the form on the day it is lodged or as most recently disclosed to ASX before the date of the SIO Underwriting Agreement;
- (11) there is a disruption in financial markets affecting commercial banking activities or trading in quoted securities for more than one trading day;
- (12) the Company, any of its Directors or a senior executive is charged in relation to any fraudulent conduct, whether or not in connection with the Entitlement Offer;
- (13) a Director or a senior executive is charged with an indictable offence;
- (14) any government agency commences public proceedings against any Directors of the Company in that capacity;
- (15) any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or

- (16) hostilities not presently existing commence or a major escalation in existing hostilities occurs, or a declaration is made of war or a major terrorist act is perpetrated involving any one or more of the United States of America, Australia, any member of the European Union, Japan, Hong, Kong, the Peoples Republic of China, Iraq, North Korea, Syria and the United Kingdom.

Admedus has also agreed to indemnify SIO and its affiliates against certain losses and liabilities in connection with the Entitlement Offer and this Prospectus.

Underwriters' disclaimer

Other than the Directors:

- none of the Underwriters nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Prospectus and they do not take any responsibility for this Prospectus or any action taken by you on the basis of such information.
- to the maximum extent permitted by law, the Underwriters and each of their related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.
- none of the Underwriters nor any of their related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of its related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares and New Options or the Entitlement Offer generally.

1.7 Eligibility of Shareholders

The Entitlement Offer is being offered to each Shareholder on the Record Date that:

- (a) has a registered address on the Admedus share register in Australia, New Zealand, Hong Kong, Singapore and the Philippines to the extent the offer can be made in accordance with applicable securities laws;
- (b) is not in the United States of America and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States of America, unless Admedus has otherwise determined that person may participate; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered,

(Eligible Shareholder).

Any Shareholder that is not an Eligible Shareholder will be an Ineligible Shareholder. Admedus reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By returning a completed personalised Entitlement and Acceptance Form with payment or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are, therefore, advised to seek independent professional advice as to how to proceed.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in foreign jurisdictions. Admedus may (in its absolute discretion) extend the Entitlement Offer to Shareholders that have registered addresses outside Australia, New Zealand, Hong Kong, Singapore or the Philippines (except the United States of America) in accordance with applicable law.

1.8 Rights attaching to New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares. Further information regarding the rights attached to New Shares is included in section 6.4.

1.9 Ranking of New Options

Shares issued on the conversion of the New Options will be fully paid and rank equally with Existing Shares. Further information regarding the rights attached to New Options is included in section 6.5.

1.10 Allotment

Application for quotation of the New Shares and New Options on ASX will be made to ASX within seven days following the date of this Prospectus. Allotment of the New Shares and New Options under the Entitlement Offer will take place as soon as practicable after the close of the Entitlement Offer.

Application Monies will be held by Admedus on trust for Applicants until the New Shares and New Options are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares and New Options allotted and issued to them before trading the New Shares and New Options. The sale by an Applicant of New Shares and New Options before receiving their holding statement is at the Applicant's own risk.

No New Shares and New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date issue of this Prospectus.

1.11 Prices of Shares

The latest closing market sale price of Shares on ASX was \$0.135 on 1 August 2018. Since then, the Shares have been in trading halt and subsequently in suspension.

A placement of shares to Star Bright occurred on 5 September 2018 and the volume weighted average issue price paid by Star Bright under the placement was \$0.112.

1.12 Further information

Eligible Shareholders can obtain a copy of this Prospectus from the Admedus website at www.admedus.com or by contacting the Share Registry on Admedus on 1300 552 270 (within Australia) and +61 3 9415 4000 (outside Australia) at any time from 8:30 am to 5:00 pm (AEDT) Monday to Friday during the offer period. Persons who access the electronic version of this

Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus will not include an Entitlement and Acceptance Form.

The Prospectus, and all other documents related to the Entitlement Offer, can be obtained from, or inspected at, an ASIC office.

A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry on 1300 552 270 (within Australia) and +61 3 9415 4000 (outside Australia) at any time from 8:30 am to 5:00 pm (AEDT) Monday to Friday during the offer period.

1.13 Foreign Shareholders

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place which, or to any person to whom, it would be unlawful to make such an offer. This Prospectus constitutes a disclosure document under section 713 of the Corporations Act. No action has been taken to register this Prospectus in any jurisdiction other than Australia.

(a) United States of America

This Prospectus is not an offer to sell, nor a solicitation of an offer to buy, securities in the United States. The New Shares and New Options have not been, and will not be, registered under the US Securities Act or the securities law of any state or other jurisdiction of the United States of America and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.

(b) New Zealand

The New Shares and New Options are not being offered to the public within New Zealand other than to existing shareholders of Admedus with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

(c) Hong Kong

This document has not been, and will not be, registered in Hong Kong, nor has it been authorised by any regulatory authorities in Hong Kong. The New Shares and New Options may not be offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (i) to “professional investors” within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares and New Options may be issued or may be in the possession of any person for the purpose of issue (and no advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue), whether in Hong Kong or elsewhere, that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Kong) other than with respect to New Shares and New Options that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance. No person allotted New Shares and New Options may dispose, transfer or on sell, or offer to dispose, transfer or on sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such New Shares and New Options.

This document and the information within are strictly confidential to the person whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by recipient to any other person or used for any purpose in Hong Kong.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice

(d) Singapore

This document and any other materials relating to the New Shares and New Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares and New Options, may not be issued, circulated or distributed, nor may the New Shares and New Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or as other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) a “relevant person” (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any issue of New Shares and New Options is not made to you with a view to the New Shares and New Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares and New Options. As such, you are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(e) The Philippines

Admedus is issuing New Shares and New Options to persons in the Philippines on the basis of the exemption in Section 10.1(k) of the Securities Regulation Code.

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The securities evidenced hereby (including the New Shares and New Options) have not been registered under the Securities Regulation Code of the Philippines. No sale or disposition of such securities may be made except pursuant to an effective registration statement under that Code or unless such registration is not required under the Code and all relevant laws.

2. HOW TO APPLY

2.1 Shareholder's choices

The number of New Shares and New Options to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form. If Eligible Shareholders have more than one registered holding of Shares, Eligible Shareholders will be sent more than one personalised Entitlement and Acceptance Form and Eligible Shareholders will have a separate Entitlement for each separate holding.

Eligible Shareholders may:

- (a) take up their Entitlement in full (refer to section 2.2);
- (b) take up their Entitlement in full and apply for Additional Shares under the Shortfall Facility (refer to section 2.3);
- (c) take up part of their Entitlement and allow the balance to lapse (refer to section 2.4);
- (d) sell or transfer all or part of their Entitlement:
 - (1) on ASX through their broker (refer to section 2.7); or
 - (2) by transferring it directly to another person (refer to section 2.8); or
- (e) do nothing and allow their Entitlement to lapse (refer to section 2.5).

Ineligible Shareholders may not take up any of their Entitlements.

Admedus reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is 5:00 pm (AEDT) on Thursday, 13 December 2018 (however, that date may be varied by Admedus, in accordance with the Listing Rules).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to section 5 of this Prospectus for a summary of general and specific risk factors that may affect Admedus.

2.2 Taking up all of your Entitlement

If you wish to take up your Entitlement in full, or if you wish to take up your Entitlement in full and apply for Additional Shares, follow the instructions set out on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 2.9 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later 5:00 pm (AEDT) on Thursday, 13 December 2018 at the following address:

Admedus Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, Vic, 3001

You may also take up all of your Entitlement by payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY®, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5:00 pm (AEDT) on Thursday, 13 December 2018.

Refund amounts, if any, will be paid in Australian dollars and without any interest. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to www.investorcentre.com/au and following the instructions.

2.3 Taking up all of your Entitlement and applying for Additional Shares

If you have applied to take up all of your Entitlement, you may also apply for Additional Shares by following the instructions set out on the Entitlement and Acceptance Form. Additional Shares will only be available to the extent that there are Entitlements under the Entitlement Offer which are not taken up by other Eligible Shareholders.

If your Application for Additional Shares is successful (in whole or in part), those Additional Shares will be issued to you at the same time that the other New Shares and New Options are issued under the Entitlement Offer.

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares applied for, or that they will receive any at all. Admedus will allocate Applications for Additional Shares.

If any Applications for Additional Shares are not accepted in part or in full, the relevant portion of the Application Monies will be refunded without interest as soon as practicable.

The allocation of any Additional Shares under the Shortfall Facility will be undertaken by the Directors in accordance with the policy set out in section 1.5.

2.4 Taking up part of your Entitlement and allow for the balance to lapse

If you wish to take up part of your Entitlement, please complete the Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the instructions set out on the Entitlement and Acceptance Form.

You may arrange for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY® and Admedus receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares and New Options as the Reduced Amount will pay for in full.

The portion of your Entitlement not taken up will lapse without further action by you.

2.5 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

2.6 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out, any New Shares and New Options that you would have otherwise been entitled to under the Entitlement

Offer (or New Shares and New Options that relate to the portion of your Entitlement that has not been accepted) may be acquired under the Shortfall Facility by other Eligible Shareholders that have applied for Additional Shares or by the Underwriters.

Your percentage shareholding in Admedus will be diluted if you do not accept all or a part of your Entitlement. Further information regarding dilution is contained in section 4.3 of the Prospectus.

2.7 Selling all or part of your Entitlement on ASX

If you wish to sell your Entitlement on ASX, you can do so through your broker. You should provide the details requested by your broker from your Entitlement and Acceptance Form.

You should allow sufficient time for your instructions to be carried out by your broker. Please note that you may incur brokerage costs if you choose to sell your Entitlement through your broker.

It is expected that trading of Entitlements on ASX will:

- (a) commence trading on Friday, 30 November 2018 on a deferred settlement basis until close of trading on Tuesday, 4 December 2018; and
- (b) resume trading on Wednesday, 5 December 2018 on a normal settlement basis until close of trading on Thursday, 6 December 2018.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve. Prices for Entitlements may rise and fall over the trading period and will depend on many factors, including the demand for and supply of Entitlements on ASX and the value of Shares relative to the Issue Price. If you sell your Entitlement during the trading period, you may receive a higher or lower amount than another Shareholder who sells Entitlements at a different time during the trading period. Up to date information about the current price of Entitlements on ASX can be obtained from www.asx.com.au.

To the maximum extent permitted by law, Admedus disclaims all liability that may arise if you trade your Entitlement before they are allotted, or before you receive your Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Admedus or its Share Registry or failure to maintain your updated details on Admedus' share register or otherwise.

If you sell your Entitlement, you will forego any exposure to increases or decreases in the value of the New Shares and New Options had you taken up your Entitlement. Your percentage shareholding in Admedus will also be diluted.

2.8 Selling all or part of your Entitlement other than on ASX

For Eligible Shareholders with issuer sponsored holdings only, if you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Transfer Form to the Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the Share Registry.

You can obtain a Renunciation and Transfer Form from the Share Registry. The Renunciation and Transfer Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the Share

Registry at the mail delivery address set out in section 2.2 no later than 5:00 pm (AEDT) on Thursday, 13 December 2018.

If the Share Registry receives both a completed Renunciation and Transfer Form and a completed Entitlement and Acceptance Form from you, the transfer will take priority over the application for New Shares and New Options.

You may only transfer your Entitlement to a transferee with an address in Australia, New Zealand, Hong Kong, Singapore or the Philippines, who is not in the United States and who is not acting for the account or benefit of a person in the United States. If the transferee does not meet these requirements, then the transferee will not be eligible to purchase, trade, take up or exercise Entitlements.

If you transfer your Entitlement, you will forego any exposure to increases or decreases in the value of the New Shares and New Options had you taken up your Entitlement. Your percentage shareholding in Admedus will also be diluted.

2.9 Payment

The consideration for the New Shares and New Options is payable in full on application by a payment of \$0.08 per New Share. The completed Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Admedus Limited**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. It is your responsibility to ensure your BPAY® payment is received by the Share Registry by no later than 5:00 pm (AEDT) on Thursday, 13 December 2018. Your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take that into consideration.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

2.10 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form with the requisite Application Monies, or a payment made through BPAY®, constitutes a binding offer to acquire New Shares and New Options on the terms of this Prospectus and, once paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares and New Options. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is at their sole discretion and final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) acknowledge that you have read and understood this Prospectus and the accompanying Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Entitlement Offer, this Prospectus and Admedus' constitution;
- (c) authorise Admedus to register you as the holder(s) of the New Shares and New Options allotted to you;

- (d) declare that all details and statements made in the Application are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (f) acknowledge that, once Admedus or the Share Registry receives the Entitlement and Acceptance Form or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (g) apply for the number of New Shares and New Options specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies, at the Issue Price per New Share;
- (h) authorise Admedus, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares and New Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (i) acknowledge and agree that:
 - (1) determination of eligibility of investors for the purposes of the Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Admedus and the Underwriters; and
 - (2) Admedus and the Underwriters and each of their respective related bodies corporate and affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent by law;
- (j) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form;
- (k) acknowledge that the information contained in this Prospectus is not investment advice or a recommendation that New Shares and New Options are suitable for you, given your investment objectives, financial situation or particular needs;
- (l) acknowledge that this Prospectus is a transaction-specific prospectus under section 713 of the Corporations Act and does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus, regard has been had to the fact that Admedus is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult;
- (m) acknowledge that you have read and understood the risk factors in section 5 of this Prospectus and that an investment in Admedus is subject to risks;
- (n) acknowledge that none of Admedus, the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Admedus, nor do they guarantee the repayment of capital;
- (o) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of the New Shares and New Options on the Record Date;

- (p) authorise Admedus to correct any errors in your Application or other form provided by you;
- (q) you represent and warrant (for the benefit of Admedus) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- (r) you represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and New Options;
- (s) are an Eligible Shareholder and are not in the United States of America and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States of America (to the extent such person holds ordinary shares in Admedus for the account or benefit of such person in the United States) and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares and New Options under the Entitlement Offer;
- (t) acknowledge that the New Shares and New Options have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia;
- (u) have not and will not send any materials relating to the Entitlement Offer to any person in the United States of America or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States of America; and
- (v) you understand and acknowledge that neither the Entitlements nor the New Shares and New Options have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares and New Options may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

2.11 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares and New Options under the Entitlement Offer.

2.12 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Prospectus or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, Hong Kong, Singapore and the Philippines or any other country to the extent Admedus may determine it is lawful and practical to make the Entitlement Offer.

Admedus is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Admedus is not able to advise on foreign laws.

3. COMPANY UPDATE

Since initiating a restructure of Admedus' business in 2016, Admedus has been working towards its long-term strategic plan that focuses on the potential of the Company's ADAPT® tissue technology.

The ADAPT® portfolio has grown from one product in June 2016, to seven products at the date of this Prospectus. The Company has also expanded its 3D portfolio to include a single piece aortic valve. This has brought continued challenges from a capital perspective.

In August 2018 it became apparent the Company need to recapitalise to continue with its strategic plan and a new cornerstone investor, Star Bright, invested \$7.7 million for a 19.99% share of Admedus and also provided a \$5 million unsecured loan facility (replacing the previous debt facility with Partners for Growth).

Since that time Admedus shares have remained suspended from trading on ASX while Admedus continued to work on a recapitalisation plan. The finalisation of that plan is:

- the Entitlement Offer presented in this Prospectus;
- a restructure of the business' operations to reduce overhead costs; and
- a proposed divestment of the Infusion business.

Should all of these proceed, Admedus is expected to be funded for the next 12 months. The Company is not currently expected to be profitable in 2019.

As set out in this Prospectus, based on underwriting and commitments received, the Entitlement Offer will cause Admedus' cash position to increase by approximately \$12 million even if there is no take up of Entitlements by Shareholders other than those who have already committed. Further detail about the potential effect on Admedus' balance sheet is contained in section 4.

The restructure is expected to result in a consolidation of operational sites and streamlining of support services, including the centralisation of the central management team in Minneapolis, USA. This has already commenced with the departure of the Australian-based CFO announced to ASX on 19 November 2018.

The Company is currently in negotiations with an external party to divest the non-core Infusion business which is no longer aligned to the broader Company strategy. The external party is undertaking due diligence on the Infusion business however no binding offer has been made and there is no guarantee that a transaction will eventuate. The Company will continue to consider its options for its planned divestment of the Infusion business.

The Company is also continuing with its planned divestiture of the Immunotherapies business which is proposed to occur by Star Bright (or a related entity of it) investing for a 60% stake in that business for \$18,000,000. The exclusivity period for negotiations has been extended for a further six months and Star Bright has made an advance of \$500,000 to Admedus Vaccines Pty Ltd (**Vaccines**) (which operates the Immunotherapies business) to fund ongoing operations while the details of the investment are finalised and until binding transaction documents are entered into. As the current major shareholder in Vaccines, Admedus has agreed to support the advance given by Star Bright by giving security over its some of its shares in Vaccines to approximately the value of the \$500,000 loan. Given Star Bright's shareholding level in Admedus, Shareholders may be asked to approve this transaction under the Listing Rules if binding transaction documents are entered into.

In addition to its investment and in accordance with the terms of the placement agreed with Star Bright in August, Star Bright has nominated three non-executive directors to the Admedus Board. Mr Wenyi Gu was appointed to the Admedus Board on 4 October 2018, and Mr Yanheng Wu and Ms Lishan Zhang are expected to be appointed in the near term following final corporate governance checks.

The Company has also begun negotiations with Star Bright to establish an Admedus commercial base in China as part of a joint venture which may allow for the shared cost of a planned upcoming ADAPT® product registration study.

The Company is also considering its options with respect to the TAVR project, including the potential for a strategic partnership with a medical devices company and has commenced early stage discussions with a potential partner in relation to this.

Going forward, the Company will remain focused on the ADAPT® portfolio.

4. EFFECT OF THE ENTITLEMENT OFFER ON ADMEDUS

4.1 Effect of the Entitlement Offer

The principal effects of the Entitlement Offer on Admedus, assuming the Maximum Subscription, are as follows:

- (a) Admedus will issue approximately 252,063,292 New Shares and attached New Options (subject to rounding) and the total number of Shares and Options on issue will increase to 881,028,456 in total;
- (b) the gross proceeds received will be approximately \$20.2 million, part of which Admedus will likely apply to expenses of the Entitlement Offer including underwriters' fees, and Admedus' net cash position will increase by approximately \$15 million;
- (c) Admedus will immediately pay down the Star Bright loan for \$5 million plus accrued interest;
- (d) Admedus will have funding to pay certain expected restructuring costs of \$650,000;
- (e) Admedus will have funding of \$3.8 million that is allocated for research and development projects including the Transcatheter Aortic Valve Replacement (**TAVR**) project; and
- (f) Admedus will use the remainder of the funds, being \$10.4 million, for working capital and operational purposes. It is anticipated that the breakdown of operational costs will be:
 - (1) Employee expenses – 65.61%
 - (2) Travel – 8.47%
 - (3) Consultants – 11.42%
 - (4) Clinical and regulatory costs – 5.65%
 - (5) Infrastructure (e.g. rent and utilities) – 2.27%
 - (6) Marketing expenses – 6.58%

The principal effects of the Entitlement Offer on Admedus, assuming only the Minimum Subscription is received and SIO takes up its full underwritten amount as funder of last resort, are as follows:

- (a) Admedus will issue approximately 243,000,000 New Shares and attached New Options (subject to rounding) and the total number of Shares and Options on issue will increase to 862,901,872 in total;
- (b) the gross proceeds received will be approximately \$19.4 million, part of which Admedus will likely apply to expenses of the Entitlement Offer including underwriters' fees, and Admedus' net cash position will increase by approximately \$12 million;
- (c) Admedus will immediately pay down the Star Bright loan for \$5 million plus accrued interest;
- (d) Admedus will have funding to pay certain expected restructuring costs of \$650,000;

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- (e) Admedus will have funding of \$3.8 million that is allocated for research and development projects including the TAVR project; and
 - (f) Admedus will use the remainder of the funds, being \$7.5 million, for working capital and operational purposes. It is anticipated that the breakdown of operational costs will be:
 - (1) Employee expenses – 65.61%
 - (2) Travel – 8.47%
 - (3) Consultants – 11.42%
 - (4) Clinical and regulatory costs – 5.65%
 - (5) Infrastructure (e.g. rent and utilities) – 2.27%
 - (6) Marketing expenses – 6.58%
 - (g) The principal effects of the Entitlement Offer on Admedus, assuming only the Minimum Subscription is received and \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting), are as follows:
 - (a) Admedus will issue 216,250,000 New Shares and attached New Options (subject to rounding) and the total number of Shares and Options on issue will increase to 809,401,872 in total;
 - (b) the gross proceeds received will be approximately \$17.3 million, part of which Admedus will likely apply to expenses of the Entitlement Offer including underwriters' fees, and Admedus' net cash position will increase by approximately \$12 million;
 - (c) Admedus will immediately pay down the Star Bright loan for \$5 million plus accrued interest;
 - (d) Admedus will have funding to pay certain expected restructuring costs of \$650,000;
 - (e) Admedus will have funding of \$3.8 million that is allocated for research and development projects including the TAVR project; and
 - (f) Admedus will use the remainder of the funds, being \$7.5 million, for working capital and operational purposes. It is anticipated that the breakdown of operational costs will be:
 - (1) Employee expenses – 65.61%
 - (2) Travel – 8.47%
 - (3) Consultants – 11.42%
 - (4) Clinical and regulatory costs – 5.65%
 - (5) Infrastructure (e.g. rent and utilities) – 2.27%
 - (6) Marketing expenses – 6.58%

4.2 Effect on Consolidated Statement of pro forma Financial Position

The information in this section provides details of Admedus' historical financial information pro forma adjusted to take into account the effects of the Entitlement Offer. Full details of Admedus' historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Admedus' financial report for the period ending 31 December 2017, which can be found on Admedus' website and in past announcements on the ASX.

The table below shows the unaudited consolidated pro forma statement of financial position of Admedus as at 30 September 2018 for both the Minimum Subscription and the Maximum Subscription:

	Unaudited 30 September 2018 (\$)	Adjustments Minimum Subscription (\$)	Adjustments Maximum Subscription (\$)	Pro-forma Minimum Subscription (\$)	Pro-forma Maximum Subscription (\$)
ASSETS					
Current Assets					
Cash and cash equivalents	6,376,619	12,000,000	14,896,016	18,376,619	21,272,635
Other current assets	9,751,613	-	-	9,751,613	9,751,613
Total Current Assets	16,128,232	12,000,000	14,896,016	28,128,232	31,024,248
Total Non-Current Assets	9,246,700	-	-	9,246,700	9,246,700
TOTAL ASSETS	25,374,932	12,000,000	14,896,016	37,374,932	40,270,948
LIABILITIES					
Current Liabilities					
Borrowings	5,000,000	(5,000,000)	(5,000,000)	-	-
Other current liabilities	6,862,601	-	-	6,862,601	6,862,601
Total Current Liabilities	11,862,601	(5,000,000)	(5,000,000)	6,862,601	6,862,601
Total Non-Current Liabilities	1,333,586	-	-	1,333,586	1,333,586
TOTAL LIABILITIES	13,196,187	(5,000,000)	(5,000,000)	8,196,187	8,196,187
NET ASSETS	12,178,745	17,000,000	19,896,016	29,178,745	32,074,761
EQUITY					
Contributed equity	121,611,394	17,000,000	19,896,016	138,611,394	141,507,410
Reserves	(2,814,750)	-	-	(2,814,750)	(2,814,750)
Accumulated losses	(107,103,935)	-	-	(107,103,935)	(107,103,935)
Capital and reserves attributable to equity holders of Admedus	11,692,709	17,000,000	19,896,016	28,692,709	31,588,725
Non-controlling interest	486,036			486,036	486,036
TOTAL EQUITY	12,178,745	17,000,000	19,896,016	29,178,745	32,074,761

The pro forma cash position does not reflect outgoings that will have occurred between 30 September 2018 and the completion of the Entitlement Offer. It is expected the cash position will be between approximately \$13.5 million (if the Minimum Subscription is received) and approximately \$16.4 million (if the Maximum Subscription is received) at the completion of the Entitlement Offer.

Effect on capital structure

Subject to rounding of fractional Entitlements, the capital structure of Admedus following the issue of New Shares and New Options is expected to be as follows:

	Maximum Subscription	Minimum Subscription where SIO takes up its underwritten amount as funder of last resort	Minimum Subscription where \$4.2 million is raised under the Entitlement Offer (excluding existing commitments and underwriting)
Shares on issue as at 28 November 2018	352,888,609	352,888,609	352,888,609
New Shares to be issued under the Entitlement Offer	252,063,292	243,000,000	216,250,000
Total Shares on issue following completion of the Entitlement Offer	604,951,901	595,888,609	569,138,609
Options on issue as at 28 November 2018	24,013,263	24,013,263	24,013,263
New Options to be issued under the Entitlement Offer	252,063,292	243,000,000	216,250,000
Total Options on issue following completion of the Entitlement Offer	276,076,555	267,013,263	240,263,263
Total Shares and Options on issue following completion of the Entitlement Offer	881,028,456	862,901,872	809,401,872

4.3 Potential dilutionary impact of the Entitlement Offer

In the Maximum Subscription scenario, the expected number of New Shares and attached New Options which will be issued pursuant to the Entitlement Offer is 504,126,584 (subject to rounding Entitlements). This equates to approximately 57% of all the issued Shares and Options in Admedus following completion of the Entitlement Offer.

In the Minimum Subscription scenario where SIO takes up its underwritten amount as funder of last resort, the expected number of New Shares and attached New Options which will be issued pursuant to the Entitlement Offer is 486,000,000 (subject to rounding Entitlements). This equates to approximately 56% of all the issued Shares and Options in Admedus following completion of the Entitlement Offer.

In the Minimum Subscription scenario where \$4.2 million is raised under the Entitlement Offer (excluding commitments and underwriting), the expected number of New Shares and attached New Options which will be issued pursuant to the Entitlement Offer is 432,500,000 (subject to rounding Entitlements). This equates to approximately 53% of all the issued Shares and Options in Admedus following completion of the Entitlement Offer.

If all Eligible Shareholders take up their Entitlements under the Offer, each Eligible Shareholder's percentage interest in the total issued Shares of Admedus will remain the same and will not be diluted.

Ineligible Shareholders will have their shareholdings diluted.

Examples of how the dilution may impact Shareholders are set out in the tables below.

(a) Maximum Subscription where all Eligible Shareholders subscribe

Holding as at Record Date	% control as at Record Date	Entitlement under the Offer	Shareholding if Offer taken up	% control (Entitlement taken up)	% control (Entitlement taken up) after exercise of New Options
100,000,000	28.34%	71,428,571	171,428,571	28.34%	28.34%
50,000,000	14.17%	35,714,285	85,714,285	14.17%	14.17%
15,000,000	4.25%	10,714,285	25,714,285	4.25%	4.25%
4,000,000	1.13%	2,857,142	6,857,142	1.13%	1.13%
500,000	0.14%	357,142	857,142	0.14%	0.14%

(b) Minimum Subscription where SIO takes up its underwritten amount as funder of last resort

Holding as at Record Date	% control as at Record Date	Entitlement under the Offer	Shareholding if Offer not taken up	% control (no Entitlement taken up)	% control (no Entitlement taken up) after exercise of New Options
100,000,000	28.34%	71,428,571	100,000,000	16.78%	11.59%
50,000,000	14.17%	35,714,285	50,000,000	8.39%	5.79%
15,000,000	4.25%	10,714,285	15,000,000	2.52%	1.74%
4,000,000	1.13%	2,857,142	4,000,000	0.67%	0.46%
500,000	0.14%	357,142	500,000	0.08%	0.06%

(c) Minimum Subscription where \$4.2 million is raised under the Entitlement Offer (excluding commitments and underwriting)

Holding as at Record Date	% control as at Record Date	Entitlement under the Offer	Shareholding if Offer not taken up	% control (no Entitlement taken up)	% control (no Entitlement taken up) after exercise of New Options
100,000,000	28.34%	71,428,571	100,000,000	17.57%	12.35%
50,000,000	14.17%	35,714,285	50,000,000	8.79%	6.18%
15,000,000	4.25%	10,714,285	15,000,000	2.64%	1.85%
4,000,000	1.13%	2,857,142	4,000,000	0.70%	0.49%
500,000	0.14%	357,142	500,000	0.09%	0.06%

4.4 Potential impact of Entitlement Offer on control of Admedus

In the Maximum Subscription scenario where all Eligible Shareholders, including Star Bright, subscribe for their full Entitlement, there will be no effect on the control of Admedus. All Eligible Shareholder shareholding percentages as at the Record Date will be maintained.

In the Minimum Subscription scenario where SIO takes up its full underwritten amount as funder of last resort there will be the following impact on the control of Admedus:

(a) SIO

In this scenario, the potential control effects of SIO's underwriting derive from the underwriting provided by SIO over the initial \$6 million. As noted above in section 1.6(a), the initial \$6 million of underwriting is characterised as placement, given that SIO has a right to be placed an amount up to a balance of \$6 million of what it underwrites. The amount underwritten by SIO over \$6 million is characterised as "true underwriting" as SIO has no right to be placed an amount of Shares over \$6 million. In terms of control effects, it is the amount of underwriting over \$6 million that may cause SIO's shareholding in Admedus to increase over 20%.

If SIO was to take up its full underwritten amount, SIO will be placed with approximately \$12.3 million worth of Shortfall Shares. If this occurs, SIO's shareholding in Admedus will increase to 25.73%. Upon exercise of the New Options, SIO's holding could increase to up to 35.53% assuming all other New Options are exercised.

(b) Star Bright

Star Bright, who together with its associates currently controls 19.99% of the issued share capital of Admedus, will subscribe for its Entitlement and be placed with Shortfall Shares up to an aggregate amount of approximately \$5 million and Star Bright's control will increase to 22.33%. Upon exercise of the New Options, Star Bright's control could increase up to 22.66% assuming all other New Options are exercised.

In the Minimum Subscription scenario where \$4.2 million is raised under the Entitlement Offer (excluding commitments and underwriting), there will be the following impact on the control of Admedus:

(a) SIO

SIO will be placed with \$6 million worth of Shortfall Shares. If this occurs, SIO's shareholding in Admedus will increase to 13.18%. Upon exercise of the New Options, SIO's holding could increase up to 18.53% assuming all other New Options are exercised.

(b) Star Bright

Star Bright, who together with its associates currently controls 19.99% of the issued share capital of Admedus, will subscribe for its Entitlement and be placed with Shortfall Shares up to an aggregate amount of approximately \$5 million and Star Bright's control will increase to up to 23.38%. Upon exercise of the New Options, Star Bright's control could increase to up to 24.16% assuming all other New Options are exercised.

The table below shows the potential control effects of the Entitlement Offer depending on the level of Shareholder participation in the Entitlement Offer:

Level of Shareholder participation	Interest in Shares held by SIO (prior to Entitlement Offer)	Interest in Shares held by SIO (prior to exercise of New Options)	Interest in Shares held by SIO (after exercise of all New Options)	Interest in Shares held by Star Bright (prior to Entitlement Offer)	Interest in Shares held by Star Bright (prior to exercise of all New Options)	Interest in Shares held by Star Bright (after exercise of New Options)
0%	0%	25.76%	36.62%	19.99%	22.36%	23.36%
5%	0%	23.10%	32.93%	19.99%	22.52%	23.59%
10%	0%	20.40%	29.18%	19.99%	22.68%	23.83%
15%	0%	17.66%	25.34%	19.99%	22.84%	24.08%
25%	0%	12.94%	18.59%	19.99%	22.95%	27.34%
50%	0%	11.67%	16.08%	19.99%	20.70%	20.97%
100%	0%	0%	0%	19.99%	19.99%	19.99%

5. RISK FACTORS

5.1 Introduction

The purpose of this section is to outline the major risks, as identified by the Directors, associated with an investment in Admedus. The risks listed below are not exhaustive and this section does not propose to list every risk that may be associated with an investment in Admedus now, or in the future. The occurrence, or consequences, of some of the risks described in this section are partially or completely outside the control of Admedus or its Directors.

Prospective investors should read the whole of this Prospectus in order to fully appreciate the risks outlined in this section before making a decision to apply for New Shares and New Options.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with Admedus' business. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

5.2 Risks specific to the Entitlement Offer

- (a) The anticipated use of the funds raised from the Entitlement Offer are detailed in section 1.2 of this Prospectus. These are statements of current intention as at the date of this Prospectus. Admedus will continue to review and evaluate the proposed uses of funds. The actual use of funds raised under the Entitlement Offer may change depending on various circumstances, including circumstances out of Admedus' control.
- (b) The Entitlement Offer may have the effect of diluting the percentage of each Shareholder's interest. If a Shareholder does not take up their Entitlement, that Shareholder's percentage interest in the total issued Shares of Admedus will be diluted. Ineligible Shareholders will have their shareholdings diluted. Section 4.3 of this Prospectus contains examples of the potential effect of dilution.
- (c) The allocation of Shares to existing Shareholders has the potential to increase the level of control a Shareholder has over Admedus. Section 4.4 of this Prospectus details major Shareholders in Admedus and the effect that the Entitlement Offer will have upon those major Shareholders' shareholdings. Admedus will not issue any New Shares and New Options to Shareholders if to do so would, to the extent of the knowledge of Admedus, result in a breach of the Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of Admedus' issued Shares under Chapter 6 of the Corporations Act, or would otherwise be contrary to the Corporations Act or the Listing Rules.
- (d) Star Bright and SIO may increase their relevant interest in Admedus from below 20% to above 20% as a result of taking up their Entitlement and/or underwriting the Entitlement Offer. They will be exempt from the prohibition of acquiring more than a 20% interest in Admedus by operation of section 611 item 10 of the Corporations Act, which allows such an interest to be acquired by way of rights issue, or underwriting or sub-underwriting a rights issue. The effect that the Entitlement Offer will have on Star Bright's and SIO's control of Admedus is detailed in section 4.4 of this Prospectus.

5.3 Risks specific to Admedus

- (a) Commercial risk

The development and commercialisation of medical technology is subject to an inherent risk of failure, including the possibility that the products developed by Admedus may fail to demonstrate any material benefit or advancement in safety and/or efficacy, be difficult or

impossible to manufacture on the necessary scale, be uneconomical to market or otherwise not commercially exploitable, fail to be developed prior to the successful marketing of a similar product by competitors, or fail to achieve the support of physicians, patients or the wider medical industry.

Admedus gives no guarantee that the development and commercialisation of its intellectual property will be successful, that development and commercialisation milestones will be achieved, or that commercialisation will be successful. There are many risks inherent in the development of medical technology products, particularly where the products are still in the development stage. Projects can be delayed or fail to demonstrate any benefit, or may cease to be viable for a range of scientific and commercial reasons. Admedus does not guarantee that its projects will be commercially successful.

(b) Adverse patient event and product liability claims

There is a risk that a patient may have an adverse event as a result of one of Admedus' products leading to a product liability claim against Admedus. Admedus attempts to reduce the risk of such claims through disclaimers and liability limitation clauses and by maintaining product liability insurance. However, these may not be adequate and a product liability claim for damages could be substantial. A product liability claim where there was insufficient insurance coverage could have a material adverse effect on Admedus' financial condition and reputation. An adverse patient event or product liability claim could harm the market perception of the effectiveness of Admedus' products.

(c) Competition risk

As with most markets, there can be no assurance that other parties will not develop, or achieve commercialisation, of products or intellectual property that compete with or supersede Admedus' products or intellectual property. Therefore, it is likely that there are competing development programs in the areas being researched and developed by Admedus.

(d) Financial risk

There is uncertainty surrounding the future financial performance and prospectus of Admedus. Admedus' ability to operate with a profit in the future will depend in part on its ability to successfully commercialise its products and grow sales of ADAPT®.

Other factors that will determine Admedus' profitability are its ability to manage costs, execute development and growth strategies, penetrate into emerging markets and comply with its debt obligations.

Admedus' ability to implement its overall business strategy may depend in part on its ability to continue to raise additional funds. Admedus' ability to raise further capital (through equity or debt) within an acceptable time, or a sufficient amount and on terms acceptable to it will vary according to a number of factors, including the success of current projects, the result of research and development and other cyclical factors affecting Admedus, the medical technology industry, and financial and share markets generally. No assurance can be given that future funding will be available, or that it will be available on terms accepted to Admedus.

(e) Intellectual property risk

Admedus' success will depend on its ability to obtain adequate and valid patent protection, maintain trade secret protections and operate without infringing the proprietary rights of third parties or having third parties circumvent Admedus' proprietary rights.

While Admedus believes it has taken appropriate steps to protect its proprietary technology, the laws may not adequately protect it in all places that Admedus does business or enable Admedus' rights to be enforced with sufficient adequacy.

The enforceability of a patent is dependent on a number of factors which may vary between jurisdictions, including the validity of the patent and the scope of the protection it provides. The validity of a patent depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of the prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best methods or working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. Even if Admedus succeeded or succeeds in obtaining the grant of patents, there can be no assurance that other parties will not seek to imitate Admedus' patents and in doing so, attempt to design products in such a way as to circumvent Admedus' patent rights. Additionally, the ability of a legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

Regarding Admedus' patent applications, no guarantee can be given that such protections will be obtained by Admedus. If such patents are not granted, it may be possible for a third party to imitate and use Admedus' intellectual property without its authorisation or to develop and use similar technology independently. Admedus will vigorously pursue both its existing and all future Australian and foreign patent applications. Admedus cannot guarantee, nor does the future grant of a patent guarantee, that the patent concerned is valid or that the patented technology does not infringe the rights of others.

Admedus may wish to expand into further foreign countries in the future and the laws of those foreign countries may treat the protection of proprietary rights differently from the laws of Australia. Those laws may not protect Admedus' proprietary rights to the same extent as do the laws of Australia.

(f) Key personnel risk

Admedus' future success depends on its continuing ability to retain and attract highly qualified technical, R&D and managerial personnel. Competition for such personnel can be intense and there can be no assurance that Admedus will be able to retain its key technical, R&D and managerial employees, or that it will be able to attract and retain additional highly qualified personnel in the future. The ability to attract and retain the necessary personnel could have a material adverse effect on Admedus' financial position and reputation.

(g) Litigation risk

Although not currently a party to any litigation, Admedus may, in the future, be involved in litigation. Litigation may be commenced against the company in any number of areas, including by shareholders, regulatory authorities, employees or competitors. Also, Admedus may institute proceedings to, for example, defend a proprietary right. Litigation involving Admedus may adversely affect Admedus' financial position and reputation.

(h) Regulatory risk

Admedus cannot predict when or if it will obtain regulatory approval for its products. Even if Admedus does obtain regulatory approval for a product, its products will remain subject to regulatory scrutiny. Admedus products are based on novel technology, making it difficult to predict the time and cost of development, regulatory approval and commercialisation.

(i) Licensing risks

Physicians, patients, third-party payers or others in the medical industry may not be receptive to Admedus' products and Admedus may not generate any future revenue from the sale or licensing of its products.

(j) International trade

Admedus' commercial success is dependent upon the international trading of the products it creates. Given the nature of Admedus' operations in Australia and the United States of America, Admedus is subject to the risk that those countries may impose restrictions on trading with other countries. The trade relationship between the United States of America and China is uncertain at this time and Admedus cannot guarantee that the export of medical technology to China, or any other country, will not be subject to tariffs that decrease the commercial viability of those exports. Admedus is also subject to the risk that concerns about deteriorating international trade relationships may have a negative impact on international counterparties to transactions and confidence in future trade relations. Admedus is not in a position to influence government or international policy in this area.

(k) Large shareholder risk

After the allocation of New Shares under the Entitlement Offer, Star Bright and SIO may both hold interests in Admedus' issued share capital above 20%. SIO's interest may increase above 25% which means it will be able to prevent special resolutions being passed by Admedus' shareholders. Star Bright will also have three nominee directors on Admedus' board in the near future.

Star Bright or SIO may be in a position to exert influence over Admedus, including election of its board of directors, corporate transactions and strategic decisions. The interests of Star Bright or SIO may differ from or conflict with the interests of other shareholders. In the future, if SIO or Star Bright does not support a merger, tender offer, sale of assets or other business combination because it judges the transaction to be inconsistent with their investment strategy, Admedus may be unable to enter into or consummate a transaction that would enable other shareholders to realise a premium over the then-prevailing market price of Admedus Shares.

Given the issue of this Prospectus, all Shares held by Star Bright and SIO will be freely tradeable and if Star Bright or SIO sell substantial amounts of Admedus Shares to enhance their liquidity position, fund alternative investments or for other reasons, the trading price of Admedus Shares could decline significantly and other shareholders may be unable to sell their shares at favourable prices. Admedus cannot predict or control how SIO or Star Bright may use the influence they have as a result of their ordinary share holdings.

(l) Business interruption risk

Admedus is subject to the risk that its suppliers and manufacturers may be subject to business interruption outside of Admedus' control. In the event of business interruption to a key supplier or manufacturer, Admedus cannot guarantee that it will be able to source alternative suppliers or manufacturers within the required time period or subject to a commercially viable arrangement. This is particularly relevant in relation to ADAPT® products which are currently manufactured in a single manufacturing facility.

(m) Capital risk

Admedus' ADAPT® business currently operates using a high rate of capital given the stage of its growth. If the Underwriting Agreements are terminated in accordance with their terms and there is insufficient Shareholder participation in the Entitlement Offer, there is a risk that the Company will be unable to continue as a going concern at which point the Directors will consider all available options, including but not limited to putting the Company into voluntary administration. In addition, there is a risk that Admedus will need to raise further capital in order

to maintain its operations. Admedus' capital requirements will be partly determined by the planned divestiture of the Infusion business. If this does not eventuate, Admedus may be required to undertake further capital raisings and it is possible that Shareholders will be subject to dilution.

5.4 General risks

(a) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Admedus' development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Admedus' quoted securities regardless of Admedus' operating performance. Share market conditions are affected by many factors such as:

- (1) general economic outlook;
- (2) interest rates and inflation rates;
- (3) currency fluctuations;
- (4) changes in investor sentiment toward particular market sectors;
- (5) the demand for, and supply of, capital; and
- (6) terrorism or other hostilities.

(b) Share price fluctuation

The market price of a company's publicly traded stock is affected by many variables not directly related to a company's success. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Admedus' securities.

(c) Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations of Admedus.

5.5 Other risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Admedus or by investors in Admedus. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Admedus and the value of the New Shares and New Options offered under this Prospectus.

6. ADDITIONAL INFORMATION

6.1 Transaction specific prospectus

Admedus is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, Admedus is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Prospectus is issued under section 713 of the Corporations Act. This section enables a disclosing entity to issue a prospectus in relation to securities in a class which has been quoted by ASX at all times during the three months prior to the date of the Prospectus or options to acquire such securities. This Prospectus must contain all information that investors and their professional advisers would reasonably require to make an informed assessment of the effect of the Entitlement Offer on Admedus and the rights and liabilities attaching to the New Shares and New Options.

This Prospectus is a 'transaction specific prospectus'. In general terms, a transaction specific prospectus is only required to contain information in relation to the securities being offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

It is intended that this Prospectus be read in conjunction with and in addition to the publicly available information in relation to Admedus which has been notified to ASX. This Prospectus does not contain all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should have regard to other publicly available information in relation to Admedus before making a decision whether or not to invest. Information that is already in the public domain has not been reported in this Prospectus other than that information which is considered necessary to make this Prospectus complete.

Admedus has taken reasonable enquiries and precautions to ensure that it has complied with the requirements of ASX as applicable to disclosing entities, and which require Admedus to notify ASIC of information available to ASX, throughout the three months before the issue of this Prospectus.

ASX maintains files containing publicly disclosed information about all listed companies. Admedus' file is available for inspection at ASX in Perth during normal business hours. In addition, copies of documents lodged by, or in relation to, Admedus with ASIC may be obtained from, or inspected at, any ASIC office.

6.2 Information available to Shareholders

Admedus will provide a copy of each of the following documents, free of charge, to any Shareholder who so requests during the application period under this Prospectus:

- (a) the annual financial report lodged with ASIC for the year ending 31 December 2017;
- (b) the half-year financial report lodged with ASIC for the half-year ending 30 June 2018; and
- (c) any continuous disclosure notices after the lodgement of the annual financial report and before the lodgement of the prospectus.

6.3 Corporate Governance

Admedus has adopted comprehensive systems of control and accountability as the basis for the administration of Corporate Governance. The Directors are committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of Corporate Governance commensurate with Admedus' needs.

Admedus complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**Recommendations**) other than as set out below. The Corporate Governance principles adopted establish the framework for how the Directors carry out their duties and obligations on behalf of Shareholders.

Admedus does not comply with the Recommendations concerning the number of independent directors on a board as it does not have a majority of independent Directors and this will be exacerbated when Star Bright's remaining two nominee directors are appointed to the Board.

Admedus also notes that it does not currently comply with the Recommendations concerning the composition of its Audit and Risk Management Committee (**ARMC**), and Remuneration Committee. The Recommendations require that:

- the ARMC has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors, and is chaired by an independent Director who is not the chair of the Board; and
- the Remuneration Committee has at least three members, a majority of whom are independent Directors, and is chaired by an independent Director.

Admedus does not currently comply with these Recommendation due to the resignations of Mr Mathew Ratty and Dr Simon Buckingham from the Board and the appointment of nominee Directors by Star Bright who will unlikely be characterised and described as independent directors. While the composition of the ARMC and Remuneration Committee do not strictly align with the Recommendations, the Board has determined that the members of these committees have the relevant expertise and experience to enable these committees to function in accordance with their purpose, the relevant law, and to protect shareholder interests.

The Company is continuing its process to identify and appoint suitable independent and non-executive directors to replace Mr Mathew Ratty and Dr Simon Buckingham.

Admedus' Corporate Governance Framework is underpinned by a range of Board-endorsed policies and procedures, located on Admedus' website at <https://www.admedus.com/about/corporate-governance/>.

6.4 Rights attaching to New Shares

New Shares issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to Shares are set out in Admedus' constitution, a copy of which can be inspected at Admedus' registered office. A summary of the significant rights, liabilities and obligations attaching to New Shares are set out below.

(a) Voting rights

Subject to Admedus' constitution, the Listing Rules and rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid Share. The holder of partly paid Shares in the Company has a vote in respect of the Share on a poll which has the same proportionate value as the proportion that the amount paid on the Shares bears to the total amounts paid and payable (excluding amounts

credited), provided that amounts paid in advance of a call are ignored when calculating a true proportion.

(b) General meeting and notices

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, the Company's general meetings and to receive all notices, accounts and other documents required to be sent to Shareholders under Admedus' constitution, the Corporations Act and the Listing Rules.

(c) Dividends

The directors of Admedus may from time to time declare a dividend or interim dividend to be paid to Shareholders entitled to the dividend. The dividend declared shall be payable on all Shares in accordance with the Corporations Act.

(d) Winding up

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding up, all moneys and property that are to be distributed among Shareholders on a winding up, shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the Shares.

(e) Less than marketable parcel holdings

Subject to Admedus' constitution, the Company may at any time give written notice to a Shareholder whose holding of Shares is less than a marketable parcel (as that term is defined in the Listing Rules) of its intention to exercise powers under Admedus' constitution to sell the Shares and distribute the proceeds to that shareholder.

(f) Transfer of Shares

Subject to Admedus' constitution, a Shareholder may transfer Shares in accordance with the operating rules of the ASX, or by instrument which is in writing in a usual or common form or as approved by the directors of Admedus, a sufficient instrument under the Corporations Act, or in a form approved by ASX.

6.5 Rights attaching to New Options

New Options are issued as part of the Entitlement Offer on the basis of one attaching New Option for each New Share on the following terms:

(a) Consideration for grant

No further consideration other than the payment of the amount for New Shares indicated on your Entitlement and Acceptance Form will be payable by Applicants for the New Options.

(b) Exercise Price

The exercise price of each New Option is \$0.08.

(c) Expiry

The New Options will expire on 5:00 pm (AEDT) on the day three years from their issue. After this time, any unexercised New Option will automatically lapse.

(d) Entitlement

Each New Option entitles the holder to subscribe for one fully paid Share upon exercise of the New Option and payment of the Exercise Price prior to the Expiry Date.

(e) Terms of Exercise

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company, at any time on or after the date of issue and allotment of the New Options, and before the Expiry Date. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Admedus Limited**' and crossed 'Not Negotiable'.

On the valid exercise of the New Options and payment of the Exercise Price, Admedus will issue Shares ranking equally in all respects with the New Shares.

Applications will be made for quotation of the Shares issued upon exercise of New Options within 10 Business Days of the date on which any New Options are exercised.

(f) Rights to participate

Holders of New Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally during the currency of the New Options without exercising the New Option. However, Admedus will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three business days after the issue is announced, giving the holders of New Options the opportunity to exercise the New Options prior to the date for determining entitlements to participate in any such issue.

(g) Winding up

New Options may be exercised within a period of 30 days after the occurrence of the Company passing a resolution for voluntary winding up or a compulsory winding up order is made.

(h) Quotation

Upon the issue of the New Options, Admedus will apply to ASX for the New Options to be listed as a tradeable security on ASX. At all times after listing, the New Options may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules and may be exercised by any other person or body corporate.

The transferability of the New Options is subject to any restriction or escrow arrangement imposed by ASX or under the Corporations Act.

(i) Capital reorganisation

If, at any time, the issued capital of Admedus is reconstructed (including consolidation, sub-division, reduction or return), all rights of holders of New Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(j) Bonus Issues

A holder of New Options does not have the right to participate in bonus issues or new issues of securities offered to Shareholders until Shares are allotted to the holder of the New Options pursuant to the exercise of the New Options.

If Admedus makes a bonus issue to existing shareholders and no Share has been issued in respect of that New Option before the record date for determining entitlements to the issue, then the number of Shares over which that New Option is exercisable will be increased in the manner permitted by the Listing Rules applying at the time of the bonus issue.

(k) Pro rata issues

If Admedus makes a pro rata issue (other than a bonus issue) to existing Shareholders and no Share has been issued in respect of the New Option before the record date for determining entitlements to the issue, then the Exercise Price will be changed in the manner permitted by the Listing Rules applying at the time of the pro rata issue.

(l) Registered holders

Admedus is entitled to treat the holder of a New Option as the absolute holder of that New Option and is not bound to recognise any equitable or other claim to, or interest in, that New Option on the part of any person other than the holder, except as ordered by a court of competent jurisdiction or as required by statute.

6.6 Litigation

As at the date of this Prospectus, Admedus is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against Admedus.

6.7 Interests of Directors

As at the date of this Prospectus, the relevant interest of each of the Directors in the securities of Admedus are as follows:

Director	Shares	Options
J. Seaberg	185,703	100,000
W. Paterson	216,667	1,535,630
S. Denaro	-	-
W. Gu	-	-

Star Bright has also notified the company that it also intends to appoint Mr Yanheng Wu and Ms Lishan Zhang as directors of Admedus and these appointments are expected to occur in the short term. The relevant interest of each of these proposed Directors in the securities of Admedus are as follows:

Director	Shares	Options
Y. Wu	66,049,869	-
L Zhang	70,556,169	-

As at the date of this Prospectus, the details of remuneration expected to be provided to the Directors and their associated entities during the financial year ending 31 December 2018 is detailed in the table below. The table does not include remuneration of Directors who resigned during 2018. The Remuneration Committee will be reviewing the remuneration payable to all Directors in late 2018, including any fees payable to Star Bright's nominee directors, and the results will be included in the remuneration report contained in the annual report to Shareholders.

	Short-term benefits				Post-employment benefits	Share based benefits	Total
1 January 2018 to 31 December 2018	Director's fees	Salary	Bonus ¹	Non-monetary benefits	Superannuation	Equity shares/options	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Director</i>							
J. Seaberg	140,000					5,402	145,402
S. Denaro	100,000	50,000 ²			10,000		160,000
W Gu ³							
<i>Executive Directors</i>							
W. Paterson		829,525		28,395	-	77,780	935,700
Total directors' compensation (Group)	240,000	879,525		28,395	10,000	83,182	1,241,102

¹ Admedus has adopted a formal STI scheme which allows KMP bonuses for the calendar year to be finalised prior to the signing of the financial statements. The bonus figures for the year ending 31 December 2018 have not yet been finalised, and will be included in the remuneration report in the annual report to Shareholders for the year ending 31 December 2018.

² S Denaro joined the board of Admedus in 2018. The amount of \$50,000 is for company secretarial services.

³ W Gu joined the board in 2018 as a nominee of Star Bright. W Gu is not currently paid director's fees however this is under review by the Directors.

6.8 Interests of named persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the distribution of this Prospects, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of Admedus;
- (b) property acquired or proposed to be acquired by Admedus in connection with its formation or promotion of the Entitlement Offer; or
- (c) the Entitlement Offer,

and no amounts of any kind (whether in cash, Shares, or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of Admedus or the Entitlement Offer.

SIO Partners, LP has agreed to act as an underwriter in relation to the Entitlement Offer. As set out in section 1.6, it will receive underwriting fees for providing this service of between \$180,000 and \$2.316 million.

Star Bright (in which Mr Yanheng Wu and Ms Lishan Zhang have an interest) has agreed to subscribe for its Entitlement and underwrite the Entitlement Offer up to an aggregate of \$1 million. Admedus will pay a fee of approximately \$30,000 to Star Bright which is 3% of the underwritten amount.

Jones Day has acted as solicitors to Admedus in relation to the Entitlement Offer. Admedus will pay approximately \$120,000 to Jones Day for these services. Jones Day is paid normal hourly rates for other legal services it provides to Admedus.

6.9 Consents

Each of the parties referred to in this section:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (d) SIO;
- (e) Star Bright;
- (f) Jones Day as solicitors to Admedus in relation to the Entitlement Offer; and
- (g) Computershare as Share Registry.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

6.10 Expenses of the Entitlement Offer

The estimated expense of the Entitlement Offer depends on the extent to which SIO is required to subscribe for more than \$6 million in New Shares under its underwriting arrangements. The potential expense of the Entitlement Offer are therefore set out below based on two different scenarios (which is comprised of the fees due to the Underwriters, ASIC fees, fees for introductions to investors, legal fees, printing and postages, and other miscellaneous expenses):

- (a) If SIO acts as funder of last resort in the Minimum Subscription scenario, approximately \$3.1 million; or
- (b) If \$4.2 million is raised under the Entitlement Offer (excluding commitments and underwriting) , approximately \$760,000.

6.11 Electronic Prospectus

If you have received this Prospectus electronically, please ensure that you have received the entire Prospectus accompanied with the Entitlement and Acceptance Form. If you have not, please contact the Share Registry on 1300 552 270 (within Australia) and +61 3 9415 4000 (outside Australia) which will send you, for free, either a hard copy or a further electronic copy of the Prospectus. You may also obtain a copy of this Prospectus from Admedus' website at <https://www.admedus.com/>.

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by Admedus and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and every person named in the Prospectus as a proposed Director has consented to the lodgement of this Prospectus with ASIC.

28 November 2018



Mr John Seaberg

Chairman

8. DEFINITIONS

These definitions are provided to assist the understanding some of the expressions used in this Prospectus.

"\$" or "AUD" means Australian dollars.

"**Additional Shares**" means New Shares and New Options offered to Eligible Shareholders under the Shortfall Facility.

"**Admedus**" or "**Company**" means Admedus Limited ACN 088 221 078.

"**Applicant**" means an Eligible Shareholder who has applied to subscribe for New Shares and New Options by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

"**Application**" means a duly completed Entitlement and Acceptance Form submitted to Admedus accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

"**Application Monies**" means the aggregate amount of money payable for the New Shares and New Options applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

"**Business Day**" means a business day as defined in the Listing Rules.

"**Closing Date**" means 5:00 pm (AEDT) on Thursday, 13 December 2018, the day the Entitlement Offer closes, or any other date that Admedus in its absolute discretion determines, subject to the Listing Rules.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Directors**" means the directors of Admedus as appointed from time to time.

"**Eligible Shareholder**" has the meaning given in section 1.7.

"**Entitlement**" means the right to subscribe for New Shares and New Options under the Entitlement Offer.

"**Entitlement and Acceptance Form**" means the personalised acceptance form accompanying this Prospectus.

"**Entitlement Offer**" means a renounceable entitlement offer to Eligible Shareholders to subscribe for 5 New Shares for every 7 Existing Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Prospectus, in addition to one New Option attaching to every New Share.

"**Exercise Price**" means \$0.08 per New Option.

"**Existing Shares**" means the Shares already on issue in Admedus as at the Record Date.

"Expiry Date" means the date on which the New Options automatically lapse, being the date three years from their issue.

"Ineligible Shareholder" means a Shareholder as at the Record Date who is not an Eligible Shareholder.

"Prospectus" means this document.

"Issue Price" means \$0.08 per New Share.

"Listing Rules" means the official listing rules of ASX.

"Maximum Subscription" means the scenario in which the Entitlement Offer is full taken up by Shareholders, raising approximately \$20.2 million.

"Minimum Subscription" means the situation in which the Entitlement Offer is taken up only by Star Bright for its committed Entitlement, and the Underwriters for the underwritten amount.

"New Options" means options to be allotted and issued under the Entitlement Offer on the basis of one New Option for each New Share, with the ability to be exercised into one Share on payment of the Exercise Price.

"New Shares" means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Shortfall Facility.

"Nominee" means the nominee appointed under section 615 of the Corporations Act for the purposes of selling the Entitlements of the Ineligible Shareholders.

"Record Date" means 7:00 pm (AEDT) on Monday, 3 December 2018.

"Reduced Amount" has the meaning given in section 2.4.

"Renunciation and Transfer Form" means the renunciation and transfer form which must be completed to transfer all of part of any Entitlements other than on ASX.

"Shareholders" means holders of Shares.

"Shares" means fully paid ordinary shares in the capital of Admedus.

"Share Registry" means Computershare Investor Services Pty Limited ACN 078 279 277.

"Shortfall Facility" means the facility described in section 1.4 under which Eligible Shareholders may apply for New Shares and New Options in excess of their Entitlement.

"Shortfall Shares" means those New Shares and New Options not taken up by Eligible Shareholders under the Entitlement Offer or the Shortfall Facility, as well as New Shares and New Options that are not able to be taken up by Ineligible Shareholders.

"Star Bright" means Star Bright Holding Limited (CR No. 2680024).

"Underwriter" means each of Star Bright, SIO Partners, LP and other investors that have agreed to underwrite the Entitlement Offer.

"Underwriting Agreement" means the underwriting agreements agreed between Admedus and each Underwriter.

“US Securities Act” means the *United States Securities Act of 1933*, as amended.

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Corporate directory

Admedus Limited

Level 9
301 Coronation Drive
Milton, QLD 4064

www.admedus.com

Solicitors to the offer

Jones Day
Level 31, Riverside Centre
123 Eagle Street
Brisbane, QLD 4000

www.jonesday.com

Directors

Mr John Seaberg (Chairman)

Mr Wayne Paterson (Managing Director CEO)

Mr Stephen Denaro (Non-executive Director and
Company Secretary)

Mr Wenyi Gu (Non-executive Director)

Company Secretary

Mr Stephen Denaro

Interim CFO

Mr Matthew McDonnell

COO

Mr David St Denis

Share Registry

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, VIC, 3001

www.computershare.com.au