

Ms Anjuli Sinniah
Senior Adviser, Listings Compliance
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

20 February 2019

By Email: ListingsCompliancePerth@asx.com.au

Dear Ms Sinniah

ADMEDUS LTD (ASX: AHZ, 'COMPANY') RESPONSE TO APPENDIX 4C QUERY

1. We refer to the ASX's letter to the Company dated 15 February 2019 (the **ASX Letter**) concerning the Company's Appendix 4C lodged with the ASX Market Announcements Platform and released on 21 January 2019 (the **AHZ 4C**).
2. The Company responds to each of the questions set out in the ASX Letter as set out below.

Question 1: Does AHZ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

3. The Company expects that it will continue to have negative operating cash flows for the time being including the financial period ending 31 December 2019.
4. The Company's ability to operate with a profit beyond that period will depend in part on its ability to continue successfully commercialising its products and grow sales.
5. As stated in the AHZ 4C, ADAPT® sales of \$3 million for the quarter 1 October 2018 to 31 December 2018 represented growth of 46% over the prior corresponding period. Similarly, the Infusion division delivered sales of \$3.5 million for the quarter representing a 17% growth over the prior corresponding period (excluding the impact of the termination of the GoMedical distribution agreement).
6. The Company has also previously disclosed to the market significant milestones achieved by the Company in relation to the development of its transcatheter aortic valve replacement (TAVR) project, expansion of its ADAPT® product range, and regulatory approvals in relevant markets. The Company will continue to disclose to the market as further milestones are met in accordance with the ASX Listing Rules.

Admedus Limited

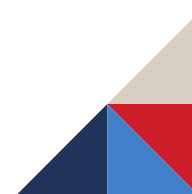
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7. The negative operating cash flows result from the Company's continued investment in product development, market solidification, and market expansion. However, the Company continues to review its operations to improve efficiencies and reduce costs where possible, without impacting the long-term strategy.

Question 2: Has AHZ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

8. The Company regularly engages with its advisers to properly manage the Company's capital requirements.
9. As stated in the prospectus for the rights issue disclosed to the market on 28 November 2018 (the **Prospectus**), the Company's capital requirements will be partly determined by a divestiture of the Infusion business, or if that does not eventuate, a further capital raising.
10. The Company continues to be in negotiations with an external party to divest the non-core Infusion business. While negotiations between the parties have advanced, no binding offer has been received, and negotiations are incomplete (the **Infusion Transaction**).
11. If the Company cannot complete the divestiture of the Infusion business within the short term, then it remains confident that it can complete another capital transaction. As a result of capital raisings undertaken in 2018, the Company has two substantial shareholders that the Company would intend to engage with for any planned capital transaction.
12. The Company is also considering its options with respect to the TAVR project, including the potential for a strategic partnership with a medical device company and has commenced early stage discussions with potential partners in relation to this.
13. If the Company makes the decision to raise further capital, it will provide details of that activity as and when required by the ASX Listing Rules.

Question 3: Does AHZ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

14. The Company expects that it will be able to continue its operations and to meet its business objectives for the reasons outlined in the response to Question 2 above, and the reasons outlined in the recent Prospectus.

Question 4: Please confirm that AHZ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

15. The Company confirms that to the best of its knowledge and belief, it is in compliance with Listing Rule 3.1, and that there is no information that should be given to the ASX about the Company's financial condition under that rule that has not already been released to the market.

Question 5: Please confirm that AHZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AHZ with delegated authority from the board to respond to ASX on disclosure matters.

16. The Company confirms that these responses have been authorised and approved in accordance with the published continuous disclosure policy.

The Company believes its financial condition warrants the Company's continued listing on the ASX. The Company is not aware of any other information (other than information to which Listing Rule 3.1 does not apply as a result of Listing Rule 3.1A) that it considers may be relevant to ASX forming an opinion on whether the Company is in compliance with ASX Listing Rule 12.2.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Steve Denaro', written over a light grey rectangular background.

Steve Denaro
Director and Company Secretary



15 February 2019

Mr Stephen Denaro
Company Secretary
Admedus Limited

By email:

Dear Mr Denaro

Admedus Limited ('AHZ'): Appendix 4C Query

ASX refers to AHZ's Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 21 January 2019 (the 'Appendix 4C').

ASX notes that AHZ has reported:

- negative net operating cash flows for the quarter of \$5,844,000;
- cash at the end of the quarter of \$12,036,000; and
- estimated cash outflows for the next quarter of \$15,494,000.

It is possible to conclude, based on the information in the Appendix 4C, that if AHZ were to continue to expend cash at the rate indicated by the Appendix 4C, AHZ may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks AHZ to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does AHZ expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has AHZ taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does AHZ expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that AHZ is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that AHZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AHZ with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that AHZ considers may be relevant to ASX forming an opinion on whether AHZ is complying with Listing Rule 12.2 that a listed entity's financial condition

must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AWST Wednesday, 20 February 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in AHZ's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AHZ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to AHZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that AHZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AHZ's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Anjuli Sinniah

Senior Adviser, Listings Compliance (Perth)