SUN Biomedical
Limited

1 April 2010

Dear Shareholder

**SUN BIOMEDICAL LIMITED – 2010 SHARE PURCHASE PLAN**

Sun Biomedical Limited (ASX Code: SBN) is pleased to announce that it will be implementing a Share Purchase Plan (*SPP*) to allow eligible shareholders to apply for up to $10,000 worth of shares in the Company at an issue price of A$0.0016 per share. Subject to obtaining shareholder approval, it is proposed that the SPP will be fully underwritten by Patersons Securities Limited. Further details of the Plan are set out in the attached terms and conditions of the Plan, which will be sent to Eligible Shareholders together with an Acceptance Form. The SPP will be capped at $855,865 and the Company will scale back applications if they exceed this amount in aggregate. In the event applications are scaled back, applicants are guaranteed to receive at least $500 worth of shares.

The funds raised under the SPP will be used for working capital to identify, assess and pursue potential investment opportunities.

The Company also proposes that following the SPP, the Company will undertake a minimum holding sale of all of a shareholder's shares in the Company if that shareholder's shareholding is less than a marketable parcel immediately after the SPP closes.

**The SPP entitles you to purchase $1,000, $2,500, $5,000 or $10,000 worth of shares at a discount to market with no associated brokerage costs.**

The issue price of A$0.0016 per share is based on the volume weighted average price for the Company's shares on the Australian Securities Exchange over the 5 days in which the Company's shares traded prior to 10 March 2010, the date the SPP was announced. **The SPP offer price of A$0.0016 cents therefore represents a discount of 20%.**

Eligible shareholders may participate by making payment by BPay® **or** completing the Application Form provided and return it with a cheque, bank draft or money order to Computershare Investor Services Pty Limited (a reply-paid, addressed envelope is provided for Australian shareholders). **If you make your payment with BPay®, you do not need to complete and return the Application Form.** BPay® customers must use the Customer Reference Number shown on the Application Form to identify their holding.

On behalf of the Board of Directors I would like to thank you for your continuing support.

**Terry Cuthbertson**
**Chairman**

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SUN BIOMEDICAL LIMITED (ASX: SBN)

# TERMS AND CONDITIONS FOR THE SUN BIOMEDICAL LIMITED 2010 - SHARE PURCHASE PLAN (*SPP*)

## 1. The SPP

The SPP enables Eligible Shareholders (see paragraph 2) to purchase $1,000, $2,500, $5,000 or $10,000 worth of fully paid ordinary shares in Sun Biomedical Limited (*the Company*) without being required to pay brokerage fees or incurring additional transaction costs.

## 2. Eligible Shareholders

You are eligible to participate in the SPP (*Eligible Shareholder*) if you were the registered holder of one or more fully paid ordinary shares in the Company (*Shares*) at 7.00pm (Melbourne time) on 10 March 2010 with an address, as recorded in the Company's Share Register, in Australia or New Zealand unless you hold the Shares on behalf of another person who resides outside Australia or New Zealand. Accordingly, shareholders with a registered address outside Australia and New Zealand will not be eligible to participate in the SPP.

## 3. Participation in the SPP

Participation in the SPP is subject to these Terms and Conditions and is optional. However, the offer under the SPP is non-renounceable and Shares will only be issued to the Eligible Shareholders to whom they are offered. This means that you cannot transfer your right to purchase Shares under the SPP to another person or entity.

## 4. Key Dates

| Event | Date – 2010 |
|---|---:|
| Record Date to determine entitlements | 10 March |
| Despatch of documents to shareholders and Opening Date for SPP | 1 April |
| Closing Date of SPP | 29 April |
| General meeting held. | 6 May |
| Allotment Date for Shares | 13 May |
| Dispatch of holding statements | 14 May |
| Expected trading date for Shares allotted under SPP | 15 May |

*These dates are indicative only and may be changed at the discretion of the Company*

## 5. Use of Funds

The funds raised under the SPP will be used for working capital to identify, assess and pursue potential investment opportunities.

## 6. Issue Price of Shares

The issue price for each Share under the SPP is A$0.0016. This price was determined by the Company following the close of trading on 9 March 2010 (the trading day before the SPP was announced) by taking the volume weighted average traded price of Shares sold on the Australian Securities Exchange (*ASX*) in the 5 days in which the Company's shares traded immediately prior to the announcement of the SPP ($0.002) and applying a discount of 20% to that price.

## 7. Variation in market price of the Shares on the ASX

The market price of the Shares on the ASX may rise and fall between the date of this SPP offer and the date when the Company allots the Shares to you under the SPP. This means that the price you pay under the SPP offer may exceed the price at which Shares are trading on the ASX at the time the Shares are allotted to you under the SPP.

## 8. Number of Shares Eligible Shareholders can apply for under the SPP

As an Eligible Shareholder and based on the issue price for available shares under the SPP, you can apply for:

- **625,000 Shares at A$0.0016 per Share which will cost you $1,000; OR**
- **1,562,500 Shares at A$0.0016 per Share which will cost you $2,500; OR**
- **3,125,000 Shares at A$0.0016per Share which will cost you $5,000; OR**
- **6,250,000 Shares at A$0.0016 per Share which will cost you $10,000.**

This offer of new shares under the SPP is made in accordance with ASIC Class Order 09/425. The instrument grants relief from the requirement to prepare a prospectus for the offer of new shares under the SPP to Eligible Shareholders up to a maximum investment of $15,000. The Company has also obtained a waiver from the ASX from Listing Rules 7.1 and 10.11 to permit the Company to issue up to $15,000 worth of shares to each shareholder, without an offer document and for all Directors to participate in the SPP. However, the Company has decided to offer a maximum of $10,000 under this SPP and this $10,000 limit applies to all Eligible Shareholders even if they receive more than one offer from the Company.

If you are an Eligible Shareholder and have received more than one offer under the SPP (for example because you hold more than one shareholding under separate share accounts), you may not apply for Shares with an aggregate value exceeding $10,000 under the SPP. The Company reserves the right, exercisable at its sole discretion, to reject any application for Shares where it believes the requirement has not been met.

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ASIC CO 09/425 also enables an issuer to offer securities under an SPP without a prospectus or product disclosure statement to each of the underlying beneficiaries whose securities are held on their behalf by a custodian, even if the name of the underlying holder is not expressly noted on the register of members. However, in order for the underlying beneficiaries to apply for securities under the SPP, the custodian applying for securities on behalf of its beneficiaries must issue a certificate providing the details of such beneficiaries and confirming that the $15,000 limit in 12 months will not be exceeded in respect of each individual beneficiary (although a beneficiary who is resident outside Australia or New Zealand is not eligible to participate in the SPP).

**9. Scale Backs**

The SPP will be capped at $855,865 and the Company will scale back applications if they exceed this amount in aggregate. If applications are scaled back, any difference in purchase price will be refunded by the Company, without interest, following allotment. In the event applications are scaled back, applicants will receive at least $500 worth of Shares and refunds will be rounded down to the nearest whole cent.

**10. Opening and Closing of the SPP Offer**

The SPP offer opens on 1 April 2010 (*Opening Date*) and closes at 5.00pm (Melbourne time) on 29 April 2010 (*Closing Date*) unless it is extended by the Company. The Company reserves the right to change at any time the Closing Date or the proposed Allotment Date by making an announcement to the ASX.

The Company also reserves the right to terminate the SPP at any time prior to the issue of Shares under the SPP. If the Company terminates the SPP, it will refund any money paid by Eligible Shareholders under the SPP. Interest will not be paid on any money refunded under this clause.

**11. How to Apply for Shares under the SPP**

If you wish to apply for Shares under the SPP, you must make payment for exactly $1,000 or $2,500 or $5,000 or $10,000 by the Closing Date through one of the following options:

a) **If you make your payment with BPay®, you do not need to complete and return the enclosed Application Form.** BPay® customers should use the Customer Reference Number shown on the Application Form to identify your holding; or

b) If not using BPay®, you must complete the enclosed Application Form and forward it with payment by cheque, money order or bank draft in Australian dollars, made payable to "Sun Biomedical Limited – SPP A/C", to Computershare Investor Services Pty Limited (*Computershare*) at the address set out in the Application Form. A reply-paid envelope is enclosed for the convenience of Australian shareholders.

Applications (including Bpay® payments) must be received by Computershare by the Closing Date (currently 5.00pm (Melbourne time) on 29 April 2010). Applications received after the Closing Date will not be accepted by the Company.

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## 12. The Company's discretions regarding applications

The Company has broad discretion to reject your application to purchase Shares under the SPP, including (without limitation) if:

a) Your Application Form is incorrectly completed or incomplete or otherwise determined by the Company to be invalid;

b) Your cheque is dishonoured or has not been completed correctly;

c) The cheque, money order, bank draft, or BPay® payment is not exactly $1,000 or $2,500 or $5,000 or $10,000;

d) It appears that you are applying to buy more than $10,000 (in aggregate) of Shares at the issue price;

e) Your payment is received after the Closing Date. Whilst the Company has the discretion to accept late payments, there is no assurance that it will do so. Any late payments or cheques, if not accepted, will be refunded or returned to you (without interest); or

f) The Company believes that you are not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

## 13. Allotment Date

The Shares will be allotted under the SPP on the Allotment Date (currently 13 May) and application for quotation of your Shares on the ASX will be made at the same time. You should receive your allotment statement, or confirmation advice, shortly after the Allotment Date.

## 14. What rights attach to the Shares

Shares issued under the SPP will rank equally with existing fully paid ordinary shares in the Company and will carry the same voting rights, dividend rights and other entitlements as at the date of allotment.

## 15. Dispute resolution

The Company may settle in any manner it thinks fit any disputes or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to the applicant or application for Shares and the decision of the Company will be conclusive and binding on all persons to whom the decision relates. The Company reserves the right to waive compliance with any provision of the SPP Terms and Conditions, subject to compliance with the Corporations Act, the ASX Listing Rules, ASIC CO 09/425 and the waiver granted by ASX to the Company (further details are set out in paragraph 8 above).

## 16. Further Information

If you have any questions in relation to the terms and conditions of the SPP or how to make an application, you can ring Computershare on 1300 850 505 (+61 3 9415 4000 if calling from outside Australia) or the Company on (03) 9663 1100 (+61 3 9663 1100 if calling from outside Australia). Neither Computershare nor the Company will provide financial, investment or taxation advice.

## 17. Independent financial or investment advice recommended

We recommend that you contact your stockbroker, accountant or professional adviser before investing in the Company's Shares under the SPP.

## 18. Significance of applying for Shares under the SPP

By making payment by BPay® or by completing an Application Form and forwarding payment by cheque, money order or bank draft:

a) You acknowledge that you are an Eligible Shareholder;

b) You certify that you have not applied for more than $10,000 worth of Shares under the SPP and any similar arrangement in the 12 months prior to your application, even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;

c) You agree that your application is made on the Terms and Conditions of the SPP;

d) You accept that you will not be able to withdraw or revoke your application or BPay® payment once you have sent it in;

e) You authorise the Company (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;

f) You acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with the Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;

g) You accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on the Company's Share Register;

h) You are responsible for any dishonour fees or other costs that the Company may incur in presenting a cheque for payment which is dishonoured;

i) You acknowledge that neither the Company nor Computershare has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for and take up Shares;

j) You acknowledge that the Company is not liable for any exercise of its discretions referred to in these Terms and Conditions; and

k) You irrevocably and unconditionally agree to the Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

## 19. Governing Law

These Terms and Conditions are governed by the laws in force in Victoria and are to be interpreted in accordance with their spirit, intention and purpose.

## 20. Underwriting

Subject to obtaining shareholder approval at a general meeting to be held on or about 6 May 2010, the Plan will be fully underwritten by Patersons Securities Limited.