PREMIER BIONICS
LIMITED

5th April 2005

Herewith is a copy of the letter being sent to shareholders to accompany the Prospectus already released.

Premier Bionics Ltd ABN 67 099 084 143
PO Box 8046 Armadale Victoria 3143 Australia Telephone 613 9824 8166 Facsimile 613 9824 8161 www.premierbionics.com.au

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LIMITED

5 April 2005

Dear Shareholder,

On 10th March Premier Bionics Ltd announced the conditional acquisition of 100% of the equity in Medic Vision Ltd, an unlisted company specialising in operating in the area of design and implementation of skills training centres utilising a range of virtual reality training products for surgeons. On 17th March the company announced a capital raising by way of placement to sophisticated and professional investors. The placement will be done at an issue price of 31 cents per share and free attaching options on a 1 : 4 basis (the options rank pari passu with the existing quoted options). The acquisition of Medic Vision, the capital raising and certain related issues are subject to shareholder's approval with the meeting to be held on 22nd April 2005.

Following feedback from several existing shareholders, the Directors decided to issue a special Prospectus which will provide a means for existing shareholders and other investors who wish to invest in the Company to also participate in the placement in addition to professional / sophisticated investors to whom the placement would have otherwise been restricted under the Corporations Act. The Prospectus thereby facilitates participation by shareholders in the placement but is not a separate capital raising to the placement already announced.

Existing shareholders should note that the issue of shares under the Prospectus does not represent a priority or entitlement issue, nor part of a share purchase plan. The offer is open to all existing shareholders and other members of the public on the same basis. A copy of the Prospectus is provided herewith.

Offers to shareholders and members of the public will be made in the Prospectus dated 4 April 2005 which has been lodged with ASIC. Shareholders interested in applying for additional shares in the Company should read the Prospectus and if necessary consult with their financial adviser before making a decision. Shareholders wishing to participate in the placement will need to complete the application form that is provided with the Prospectus and return it to Peregrine Corporate Limited at Suite 2, 1233 High Street, Armadale Vic 3143 (Attention: Merle Willis) together with a cheque made payable to Premier Bionics Limited – Trust Account for the appropriate amount of 31 cents per share and 1 : 4 options. The completed form and cheque should be sent to the above address at the earliest opportunity. Please note, applications for Shares and Options must be for a minimum of 8,000 Shares and 1 : 4 Options.

We thank you for your continued interest in Premier Bionics and look forward to continuing to keep you updated with news regarding commercial progress of Pulmosonix Pty Ltd as well as Medic Vision Limited.

Yours sincerely,

Peter Marks
Chairman

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