



ASX ANNOUNCEMENT

3 May 2005

APPOINTMENT OF SENIOR EXECUTIVES AND UPDATE ON ESOP

HeartWare Limited today announced additional appointments to its senior executive team in both Australia and the US, effective immediately.

William J. Rissman will join the Company at its U.S. operations facility as Vice-President of Manufacturing and Product Development while Jane Reedy will commence as Vice President of Clinical and Marketing. Howard Leibman has joined the Sydney corporate head office in the capacity of Director, Corporate Development.

HeartWare Chief Executive Officer, Stuart McConchie, said : “These appointments represent the next important step in the Company’s transformation from a technology developer to a commercial organization focused on bringing to market what is believed to be the world’s smallest and most durable full output circulatory assist device”.

Executive Biographies

William J. Rissman – VP, Manufacturing and Product Development

Bill Rissman has 25 years experience in medical device engineering, product development, operations and project management. He has been intimately involved with the development of over twenty medical devices through to U.S. Food and Drug Administration approval.

Previously Bill held a series of senior operational and technical roles in multi-national medical device companies, including Guidant Corporation (Director, Research and Development), St Jude Medical (Manager, New Product Engineering) and Medtronic (Engineering Program Manager). He has extensive experience with a wide range of implantable cardiac devices.

Bill is the author of 5 publications, 3 issued patents and 34 patents pending. He holds an MBA, MS (Biomedical Engineering) and BS (Electrical Engineering).

Jane Reedy – VP, Clinical and Marketing

Jane has over 20 years of experience in directing clinical affairs, sales and marketing in the circulatory assist device industry. She has previously served as the Director of Clinical Services, Director of Sales and Director of Market Development for Thoratec Corporation. Jane has a strong track record in developing and implementing successful clinical, regulatory and marketing strategies for a range of complex medical products.

Jane has previously served as Department Head of Cardiothoracic Services at St Louis University Hospital. She holds a Master of Science.

Howard Leibman – Director, Corporate Development

Howard brings to HeartWare a wealth of financial market experience. Prior to joining HeartWare, he was Associate Director, Corporate Finance at Emerging Growth Capital, a specialist investment bank with a focus on the biotechnology and medical device sectors. He advised on a number of successful initial public offerings, private capital raisings and other corporate transactions.

Howard's previous roles include Executive Director at Aeris Technologies, an ASX listed company, and Design Engineer at General Electric Company. He holds an MBA, BE (Electrical) and BA.

Update on Employee Share Option Plan (ESOP)

HeartWare's long term commercial success relies significantly on the Company's ability to attract and retain key employees. To this end (and to align employee and shareholder goals), HeartWare has a remuneration strategy which utilizes the ESOP as an important long term incentive.

In order to align with market and competitor practice in the U.S., HeartWare needed to amend its ESOP to permit the granting of options with exercise periods of up to ten years.

Six key executives, including the three executives referred to above, will be granted an aggregate of 2,954,714 unlisted ESOP options at exercise prices prescribed in the attached Appendix 3B. In accordance with the ESOP, these options will vest in equal installments over a four year period. In each instance, not less than 50% of the options will vest on or after the third anniversary of the grant date.

In addition to the above, HeartWare advises that 1,146,306 existing unvested ESOP options of three of HeartWare's U.S. employees have been cancelled and reissued with 10 year maturity dates (for the reasons mentioned above).

Attached is an Appendix 3B in respect of the issue of the unlisted options pursuant to the ESOP.

About HeartWare

HeartWare is developing a family of proprietary circulatory heart assist devices, or 'heart pumps', to treat patients with congestive heart failure. Heart failure affects 10 million people globally, with over one million new patients diagnosed every year.

HeartWare's first left ventricular assist device, the HVAD, is expected to commence human clinical trials late in 2005, with first sales planned for 2007. With a volume of 45cc, HeartWare's HVAD is believed to be approximately one-third the size of other wearless full output pumps under development. Further information on HeartWare is available at www.heartware.com.au

For more information:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

HEARTWARE LIMITED

ABN

34 111 970 257

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Options (unquoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 4,101,022 Options (unquoted) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>2,190,510 Options (unquoted) exercisable at A\$0.50 per option in accordance with the Company's Employee Share Option Plan ("ESOP"), being "the New U.S. Grant".</p> <p>1,146,306 Options (unquoted) exercisable at A\$0.50 per option in accordance with the Company's ESOP, being "the Replacement U.S. Grant".</p> <p>The above Options, granted only to U.S. employees, lapse on the 10th anniversary of the grant date (3 May 2015).</p> <p>764,204 Options (unquoted) exercisable at various prices between A\$0.60 and A\$1.50 per option in accordance with the Company's ESOP, being "the Australian Grant". These Options, granted to an Australian employee, lapse on the 5th anniversary of the grant date (3 May 2010).</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>Not applicable – the Options are not quoted.</p> <p>However, any ordinary shares issued on exercise of Options will rank equally on conversion.</p>
<p>5 Issue price or consideration</p>	<p>2,190,510 Options (unquoted) issued with an exercise price of A\$0.50 per Option and in accordance with the Company’s ESOP.</p> <p>1,146,306 Options (unquoted) issued with an exercise price of A\$0.50 per Option and in accordance with the Company’s ESOP.</p> <p>764,204 Options (unquoted) issued with exercise prices between A\$0.60 and A\$1.50 per Option and in accordance with the Company’s ESOP.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The New US Grant (as defined at Section 3 above) was issued to new employees of HeartWare, Inc. in accordance with the Company’s ESOP and for the purposes of both attracting and retaining those key U.S. employees.</p> <p>The Replacement US Grant (as defined at Section 3 above) was issued to existing employees of HeartWare, Inc. in accordance with the Company’s ESOP. These Options were issued to replace an equivalent number of unvested ESOP Options which were cancelled by the Company on the date of grant of the Replacement U.S. Grant.</p> <p>The Australian Grant (as defined at Section 3 above) was issued to a new employee of HeartWare Limited in accordance with the Company’s ESOP and for the purposes of both attracting and retaining the relevant employee.</p>

+ See chapter 19 for defined terms.

7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	27 April 2005	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		64,840,876	Fully paid ordinary shares.
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		88,000,000	Fully paid ordinary shares (subject to escrow).
		6,877,840	Options (unquoted) exercisable at various prices between A\$0.60 and A\$1.50 per option pursuant to the ESOP (which lapse 5 years from their respective grant dates).
		4,329,600	Options (unquoted) exercisable at A\$0.20 per option pursuant to the ESOP (which lapse 5 years from the grant date).
		3,336,818	Options (unquoted) exercisable at A\$0.50 per option on or before 3 May 2015 pursuant to the ESOP.
		1,500,000	Incentive Options (unquoted) exercisable at various prices between A\$0.60 and A\$1.50 per option (which lapse 5 years from their grant date).
		1	Convertible note (unquoted) for A\$1.42 million accruing interest at 2% per annum calculated monthly in arrears. Principle and capitalised interest are repayable on 24 January 2007. The note is convertible at anytime into ordinary shares at the rate of A\$1.00 per ordinary share.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

⁺ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
• the date from which they do
• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	
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<p>42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">⁺Class</th> </tr> <tr> <td style="height: 60px;"></td> <td></td> </tr> </table>	Number	⁺ Class			
Number	⁺ Class					

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX’s absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Director/Company secretary)

Date: 03-05-2005

Print name:

..Stuart McConchie.....

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