

# HEARTWARE LIMITED

ABN 34 111 970 257



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Manager of Company Announcements  
Australian Stock Exchange Limited  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

23 May 2005

**BY E-LODGEMENT**

Dear Sir / Madam

## **Appendix 3B**

On Friday, 20 May 2005, HeartWare Limited (ASX:HTW) issued 2,589,998 fully paid ordinary shares to Dr Robert Fine, former CEO of Kriton Medical, Inc.

As outlined in the Company's prospectus, HeartWare provided for the issue of 5,259,076 fully paid ordinary shares to Dr Fine pursuant to three warrants which had been issued by its subsidiary, HeartWare, Inc., on 3 October 2003. As anticipated, Dr Fine has chosen to invoke provisions which allowed for exercise on a "cashless" basis. The exercise of Dr Fine's warrants, within the required 90 days, concludes all obligations of HeartWare in relation to the warrants issued to Dr Fine.

HeartWare continues to make significant progress toward the objective of initiating the clinical study of its HVAD left ventricular assist device within the first quarter of 2006.

Attached is Appendix 3B in relation to the above.

Yours faithfully

**Stuart McConchie**  
**Chief Executive Officer**

# 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   | Fully paid ordinary shares (quoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 2,859,998                           |
| 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) | Not applicable                      |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<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"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	<p>Yes.</p>
<p>5 Issue price or consideration</p>	<p>Nil consideration – cashless exercise of warrants (see Point 6 below).</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Company provided for the issue of up to 5,259,076 fully paid ordinary shares to the former Chief Executive Officer of Kriton Medical, Inc. pursuant to three warrants. The exercise price of these warrants was A\$0.20 per fully paid ordinary share. In the alternative, the holder could elect to exercise the warrants on a “cashless basis” in which case the holder receives the number of shares calculated by reference to the difference between the market price of the shares on the date the warrant is exercised and A\$0.20, being the 2,859,998 fully paid ordinary shares referred to above.</p> <p>Further details can be obtained from the Company’s prospectus which is available at <a href="http://www.heartware.com.au">www.heartware.com.au</a> (see page 92).</p>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>20 April 2005</p>

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+ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	67,700,874	Fully paid ordinary shares.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	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 5 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
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+ 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<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>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 |

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+ 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

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(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>	<p>Issue of fully paid ordinary shares on exercise of warrants (further details of which are set out above).</p>				
<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;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">67,700,874</td> <td style="padding: 2px;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	67,700,874	Fully paid ordinary shares
Number	+Class				
67,700,874	Fully paid ordinary shares				

**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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+ See chapter 19 for defined terms.



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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:  Date: .....23 May 2005.....  
(Director/Company secretary)

Print name: ..Stuart McConchie.....

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