

Continuous Disclosure and Shareholder Communication Policy

1. Purpose

The purpose of the policy is to:

- clearly articulate the commitment of Sunshine Heart to the continuous disclosure obligations imposed on the Company by law, and the Australian Securities Exchange (ASX) Listing Rules;
- describe the processes implemented by the Company to ensure compliance with those obligations;
- outline the corporate governance standards and processes adopted by Sunshine Heart to ensure timely and accurate information about the Company is provided in a way that allows all interested parties equal opportunity to access the information; and
- outline Sunshine Heart's commitment to encouraging effective shareholder participation in shareholder meetings.

2. Continuous Disclosure

2.1 Commitment to Continuous Disclosure

Subject to limited exceptions prescribed by law, Sunshine Heart will immediately notify the market of any information or any events related to the businesses or financial condition of Sunshine Heart required to be notified by law or the listing rules of ASX, including information which a reasonable person would expect to have a material effect on, or lead to a substantial movement in, the price or value of its securities. Notification to the market will be by way of an announcement to the ASX. Events that may qualify for notification include:

- Material changes in financial performance, financial position or projected financial performance
- Significant clinical trial milestones and results
- Board and/or senior executive changes
- Material grants from governments or other sources
- Material collaborative relationships
- Significant regulatory agency milestones and pronouncements

2.2 Authorisation

All announcements are approved by either the Chief Executive Officer (CEO) or the Chairman.

2.3 Responsibility for identifying information for disclosure

Senior executives are responsible for providing the Company Secretary with material information about their respective areas of responsibility as soon as it comes to their attention. The Company Secretary is to provide guidance to senior executives as to what constitutes material information.

2.4 Employee becomes aware of information

The employee must immediately inform the CEO and/or Company Secretary of information that an individual employee becomes aware of concerning Sunshine Heart and that the employee

believes may, if generally known, have a material effect on the price of the Company's shares. If in any doubt on the possible effect of the information the Company Secretary is to be informed.

2.5 Rumours

All rumours that an employee hears or reads concerning Sunshine Heart must be immediately reported to the CEO and/or Company Secretary who will determine the appropriate response.

3. Shareholder Reporting

3.1 General objectives

Sunshine Heart is concerned to ensure that:

- timely and accurate information about Sunshine Heart is provided equally to all shareholders and market participants, including its financial situation, performance, ownership, strategies, activities and governance;
- procedures for disseminating information are adopted which are fair, timely and cost-efficient;
- measures are taken to improve access to information for shareholders unable to be physically present at meetings; and
- the Company does not communicate material price, or value, sensitive information to any external party before it is disclosed to all shareholders and market participants in compliance with its continuous disclosure obligations. Certain limited exceptions may apply to this provision under the continuous disclosure obligations.

The specific processes adopted by Sunshine Heart to implement these objectives are set out below.

3.2 Communication of disclosable information on the website

All material information released to the ASX will be posted on the Company's website as soon as practicable following confirmation of receipt by the exchange, preferably within 24 hours. The website address is: www.sunshineheart.com

3.3 Periodic Reporting

In addition to mandated full year and half year reporting and continuous disclosure obligations, Sunshine Heart has committed to providing shareholders with quarterly updates of the Company's progress across all areas of the business to enable shareholders to better assess the overall progress and performance of the Company.

3.4 Shareholder Meetings

- Sunshine Heart will use annual general meetings to communicate with shareholders about its financial situation, performance, ownership, strategies and activities, and at all general meetings will allow a reasonable opportunity for informed shareholder participation. In all other cases, the Company Secretary or his delegate will deal with private shareholder enquiries.
- Sunshine Heart will be guided by the ASX guidelines for the design and content of notices of meetings.
- The external auditor will be asked to attend annual general meetings.

3.5 Authorised spokespersons

Details of the Sunshine Heart employees authorised to make any public statement on behalf of, or attributable to, Sunshine Heart are set out below. No other person is authorised to make any such statement without prior approval of the Chief Executive Officer.

Media/Investor Relations

- Chief Executive Officer;
- Chief Financial Officer/Company Secretary.

3.6 Trading Blackout Periods

Sunshine Heart observes a series of "Trading Blackout Periods" throughout the year to ensure that Directors, certain employees and persons connected with them do not place themselves under suspicion of abusing price sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of results or clinical milestones.

Trading Blackout Periods are defined in the Company's Share Trading Policy.

During these periods, Sunshine Heart will make no comment on analysts' earnings estimates other than to acknowledge the range and average estimates in the market, and will make no comment on the financial performance or financial position of Sunshine Heart unless the information has already been released to the market. Sunshine Heart will continue to respond to requests for background information and meet with analysts and investors during this period, however the matters discussed/reviewed will be limited to matters already released to the market.

During these periods, Sunshine Heart will continue to be subject to the continuous disclosure obligations, and will make such announcements as may be required under paragraph 3.1.

3.7 Analyst and investor briefings

Sunshine Heart recognises the importance of its relationship with investors and analysts.

From time to time, Sunshine Heart will conduct broker, analyst and investor briefings. In these cases, the following protocols will apply:

- no information of the kind outlined in paragraph 2.1 will be disclosed at these briefings unless it has been previously or is simultaneously released to the market;
- if material information of the kind outlined in paragraph 2.1 is inadvertently released, it will immediately be released to the market via the ASX and placed on the Sunshine Heart website;
- questions at briefings that deal with material information of the kind outlined in paragraph 2.1 not previously disclosed will not be answered; and
- presentation material will be available on the Sunshine Heart website.

3.8 Analysts' reports and estimates

Sunshine Heart encourages analysis by the investment community and a policy of consistent access and treatment will be applied, irrespective of the views and recommendations expressed.

Sunshine Heart may review analysts' research reports but will confine its comments to material previously disclosed by Sunshine Heart.

Information of the kind outlined in paragraph 2.1 will not be provided by Sunshine Heart unless it has already been disclosed to the market.

Subject to the above, Sunshine Heart may comment on analysts' earnings' estimates to the extent of:

- acknowledging the current range of estimates;
- questioning an analyst's assumptions or sensitivities if the analyst's estimate is significantly at variance from current market range estimates (that is, based on those market range estimates of which Sunshine Heart is aware, and any externally calculated consensus figures); and
- advising factual errors where data is already in the public domain.

3.9 Electronic Communications

Shareholders may elect to receive electronic advice when reports and announcements released to the market have been posted to the Sunshine Heart website.

3.10 Consultants and professional advisers

Sunshine Heart will require any consultant or professional adviser engaged to undertake work on behalf of Sunshine Heart or any of its subsidiaries to abide by this Policy.

3.11 Breaches

Failure to comply with this Policy may lead to a breach of applicable legislation or with the ASX Listing Rules or other regulations, particularly in relation to continuous disclosure. It may also involve a breach of an employee's duty of confidentiality.

This may result in liability for Sunshine Heart and in turn may lead to personal penalties for Directors and officers. Breaches of this Policy may lead to disciplinary action being taken, including dismissal in serious cases.

3.12 Review

The Board will evaluate this Policy on an annual basis to determine whether the Policy is effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations.

3.13 Additional information

If you have any questions arising from this Policy, you should contact the Company Secretary.

Adopted 20 July 2004

Last reviewed 22 December 2010