



ASX Announcement

Sunshine Heart Completes A\$4.6 Million Private Placement in U.S. and Canada

Funds support U.S. pivotal trial preparation and the continued development of the C-Pulse[®] Heart Assist System

Sydney Australia; 25 July 2011: Sunshine Heart, Inc. (ASX: SHC), today announced it has entered into definitive agreements with new and existing institutional investors in the United States and Canada to place approximately 115 million shares of common stock.

These investors have agreed to purchase the shares at a price of A\$0.04 per share resulting in gross proceeds of approximately A\$4.6 million. For each share purchased, investors will receive one warrant to purchase 0.3 shares of common stock at an exercise price of A\$0.056 per share (4-year term). The placement was made at a fifteen percent discount to the volume weighted average price (VWAP) of the Company's shares over the 10 consecutive trading days to 22 July 2011. The funds will be used to support the Company's continuing activities to obtain approvals to market its C-Pulse Heart Assist System. Summer Street Research Partners was the exclusive placement agent for the transaction.

"The continued support of the investment community demonstrates the growing excitement and confidence in the C-Pulse Heart Assist System as a treatment for Class III and ambulatory Class IV heart failure," said Dave Rosa, Sunshine Heart's Chief Executive Officer. "We were especially pleased that this first tranche was oversubscribed."

The Company intends to raise a second tranche of up to A\$9.1 million in August on the same terms, subject to the approval of shareholders at an Extraordinary General Meeting to be held on August 18, 2011. This capital is expected to be placed with institutional investors in Australia, U.S. and Canada. The capital raised will enable Sunshine Heart to advance its clinical programs in the U.S., Europe and other select countries as well as support further development of the C-Pulse Heart Assist System, including a fully implantable wireless version.

This press release does not and shall not constitute an offer to sell or the solicitation of any offer to buy any of the securities.

About the C-Pulse Heart Assist System

C-Pulse Heart Assist System utilizes the proven scientific principles of intra-aortic balloon counter-pulsation applied in an extra-aortic approach to assist the left ventricle by reducing the workload required to pump blood throughout the body, while increasing blood flow to the coronary arteries. Operating outside the patient's bloodstream, the novel extra-aortic approach of the C-Pulse technology offers greater flexibility allowing patients to disconnect as necessary or desired. The C-Pulse Heart Assist's potential benefits may help reverse the heart failure process or maintain the patient's current condition, thereby preventing the need for later stage heart failure devices, such as left ventricular assist devices (LVADs), artificial hearts or transplants.

About Sunshine Heart

Sunshine Heart (ASX: SHC) is a global medical device company committed to novel cardiac and coronary therapy. The company is currently developing the C-Pulse[®] Heart Assist System, an implantable, non-blood contacting, heart assist therapy for the treatment of moderate to severe heart failure which can be implanted using a minimally invasive procedure. C-Pulse is designed to relieve

the symptoms of heart failure through the use of counter-pulsation technology by enabling an increase in cardiac output, an increase in coronary blood flow, and a reduction in the heart's pumping load. The company has received approval from the U.S. Food and Drug Administration to conduct a U.S. feasibility clinical trial with the C-Pulse System. Sunshine Heart is a Delaware-based corporation headquartered in Minneapolis, MN, with a subsidiary presence in Australia. The company has been listed on the Australian Securities Exchange (ASX) since September 2004. For more information, please visit www.sunshineheart.com.

Forward-Looking Statements

This announcement contains forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to the progress of, and presentation of data related to product development and commercialization efforts, results of clinical trials, expected timing of FDA regulatory filings, FDA acceptance of our filings and research and development activities, ultimate clinical outcomes and benefit of the Company's products to patients, market and physician acceptance of the products, intellectual property protection and competitive product offerings could cause actual events to adversely differ from the expectations indicated in these forward looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. Sunshine Heart does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sunshine Heart may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation, the possibility the FDA does not accept our regulatory application or approve the marketing of the C-Pulse® Heart Assist System in the U.S., and those described in our filings with the ASX. We may update our risk factors from time to time in our filings with the ASX.

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