



ADVANCED SURGICAL DESIGN & MANUFACTURE LIMITED

1 October 2014

Dear Shareholder

**Advanced Surgical Design & Manufacture Limited – Non-Renounceable Rights Issue**

On 26 September 2014, Advanced Surgical Design & Manufacture Limited (ASDM) announced a non-renounceable rights issue of up to approximately 20,125,575 (subject to rounding) new fully paid ordinary shares (Rights Issue) under which its eligible shareholders will be offered 23 fully paid ordinary shares in ASDM (New Share) for every 50 fully paid ordinary shares held on the record date, at an issue price of \$0.05 per share.

This Rights Issue offer will be made to those shareholders of ASDM with registered addresses in Australia and New Zealand only (Eligible Shareholders). The Rights Issue is underwritten to the extent of \$1.0m by Kaz Capital Pty Ltd, a Director related entity of the Company.

Eligible Shareholders who take up their full Entitlement may apply for Top Up Shares under the Top Up Facility, subject to their being a sufficient shortfall and subject to ASDM's discretion.

The Rights Issue (if fully subscribed) will raise approximately \$1,006,279 (before costs). ASDM intends to use the proceeds from the Rights Issue to accelerate research and development and sales projects, to undertake the corporate rebranding of the Company and to meet the Offer costs.

ASDM has decided that it is unreasonable to make the Offer to shareholders with registered addresses outside of Australia and New Zealand (Ineligible Shareholders) due to:

1. the small number of such shareholders; and
2. the cost of complying with regulatory requirements in jurisdictions outside of Australia and New Zealand.

Ineligible Shareholders will not receive a copy of the Rights Issue Prospectus nor an Entitlement and Acceptance Form.

No action has been taken to register or qualify the Rights Issue Prospectus and Entitlement and Acceptance Form, the Rights Issue or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

ASDM expects to despatch the Rights Issue Prospectus and Entitlement and Acceptance Form to Eligible Shareholders on or around Friday, 10 October 2014. The Rights Issue Prospectus has been lodged with the ASX and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and at [www.asdm.com.au](http://www.asdm.com.au).

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The key dates for the Rights Issue are set out at the foot of this letter. This timetable is indicative only and may be subject to change, subject to the ASX Listing Rules.

For further information about the Rights Issue please contact the Company's share registry, Link Market Services Limited, by telephone on 1300 911 275 (within Australia) and +61 1300 911 275 (outside Australia) between 8:30a.m. and 5:30p.m. (AEST) Monday to Friday during the Rights Issue offer period.

Yours faithfully

Richard Ulrick  
Company Secretary

| Event   | Date                              |
|---|-----------------------------------|
| Announcement of Rights Issue; Prospectus lodged with ASX and ASIC; Appendix 3B lodged with ASX            | Friday, 26 September 2014         |
| Notice to Shareholders containing information required by Appendix 3B                                     | Wednesday, 1 October 2014         |
| "Ex" date – the date on which Shares commence trading without the entitlement to participate in the Offer | Thursday, 2 October 2014          |
| Record Date – the date for determining entitlements of Shareholders to participate in the Offer           | 7.00 pm, Tuesday, 7 October 2014  |
| Despatch of Prospectus and Entitlement and Acceptance Form to Eligible Shareholders                       | Friday, 10 October 2014           |
| Offer opens for acceptances   | Monday, 13 October 2014           |
| Closing Date-Offer closes   | 5.00 pm, Tuesday, 21 October 2014 |
| Rights Issue Securities quoted on a deferred settlement basis   | Wednesday, 22 October 2014        |
| ASX notified of under-subscriptions   | Friday, 24 October 2014           |
| Issue date; Deferred settlement trading ends  | Tuesday, 28 October 2014          |
| Commencement of normal trading of New Shares on ASX   | Wednesday, 29 October 2014        |