



ASX Announcement

**SUNSHINE HEART INC (COMPANY)
ABN 79 109 440 888**

SECONDARY TRADING NOTICE

**NOTIFICATION PURSUANT TO SECTION 708A(5)(e) OF THE
CORPORATIONS ACT 2001 (CTH)**

Background

The Company (ASX code: SHC) announced on 12 September 2006 that it had received binding commitments for \$19.8 million in new shares from institutional and other sophisticated investors.

On 15 November 2006, after receiving approval from its shareholders at an EGM held on 20 October 2006 and subsequent to receiving approximately \$13.8 million in subscription monies pursuant to the first tranche investment, the Company issued and allotted 92,013,641 fully paid ordinary shares at an issue price of \$0.15 per share (to be traded as CHESS Depositary Interests) and 27,604,079 options each with an exercise price of \$0.20 and a three year term (**Securities**). The new shares rank equally with existing ordinary shares on issue.

Effect of notice

In general terms, the Corporations Act 2001 (Cth) (**Corporations Act**) provides that an offer for sale of a body's securities within 12 months after their issue (if the securities were issued without disclosure under Part 6D.2 of the Corporations Act) requires disclosure to investors under Part 6D.2 unless section 708 or 708A of the Corporations Act say otherwise.

The effect of the Company giving this notice under section 708A is that a sale of the Securities will not need disclosure under Part 6D.2 of the Corporations Act.

Statements by Company

The Company states that:

1. the Company issued the Securities without disclosure to investors under Part 6D.2 of the Corporations Act;
2. this notice is being given by the Company under section 708A(5)(e) of the Corporations Act;
3. as at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act (relating to financial reporting and audit) as they apply to the Company; and
 - (b) section 674 of the Corporations Act (relating to continuous disclosure);
4. as at the date of this notice there is no excluded information as defined in section 708A(7) of the Corporations Act.

The Company lodged the Appendix 3B in respect of the issue of the Securities on 15 November 2006 (which was the same date as the issue and allotment of the Securities).

Further information:

Sunshine Heart (ASX: SHC) is a global medical device company committed to the commercialization of the C-Pulse™, an implantable, non-blood contacting, mechanical heart assist device for the treatment of people with heart failure. Sunshine Heart listed on the ASX in September 2004 and has a presence in Australia, New Zealand and the United States of America.

Heart failure is a progressively worsening condition characterised by shortness of breath with mild exercise, fatigue, dizziness and fluid retention. Heart failure is caused by the inability of the heart to pump sufficient blood around the body to meet its oxygen requirement. An estimated 325,000 people in Australia have symptomatic heart failure and there are 22,000 admissions to hospital for heart failure each year. Heart failure is believed to contribute to over 1.4 million days of hospitalisation annually at a cost of more than \$1 billion. In excess of 5 million people in the US have heart failure.

The C-Pulse™ is an implantable, non-blood contacting mechanical heart assist device powered by an external driver unit.

For further information please see www.sunshineheart.com or contact:

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The shares of Sunshine Heart have not been registered under the Securities Act of 1933 (the "US Securities Act") and may not be offered, sold or delivered in the United States, or to, or for the account or benefit of, any US Person, as such term is defined in Regulation S of the US Securities Act. In addition, hedging transactions with regard to the shares may not be conducted unless in accordance with the US Securities Act.