



ASX Announcement

Sunshine Heart awarded \$2.157m Australian Government Grant

Key points:

- Sunshine Heart, Inc awarded \$2.157 million under Australian Government's AusIndustry Commercial Ready Grant (CRG) program.
- Second CRG to support development of the C-Pulse™ heart assist device.

Sydney, Australia. 21 September, 2006: Sunshine Heart, Inc., (ASX: SHC) today announced it has been awarded a second Commercial Ready Grant (CRG) from the Australian Government to help fund further development of its revolutionary C-Pulse™ heart assist device.

The \$2.157 million grant will fund up to 50% of a project designed to further refine the C-Pulse™ heart assist device. The lighter, quieter and more energy efficient gas-driver developed during this project will further improve the quality of life of heart failure patients.

This grant is the second Commercial Ready Grant awarded to Sunshine Heart. In October 2005, Sunshine Heart was awarded a \$2.2 million Commercial Ready Grant to support two projects to further develop the C-Pulse™ and establish the Company's current clinical trial program in Australia. The Company was previously awarded a \$2.5 million grant under the AusIndustry R&D Start Grant program.

"We are extremely grateful to the Australian Government and to AusIndustry for this continued support," said Victor Windeyer, Chief Operating Officer of Sunshine Heart.

"This grant helps keep us on target with our product development and clinical trial programs to commercialise C-Pulse™ in Australia, and globally, for the benefit of people with moderate to severe heart failure," he said.

The C-Pulse™ device improves the heart function of patients with heart failure by increasing blood supply to the heart muscle and reducing the heart's pumping work. It is uniquely designed as a non-blood contacting heart-assist device, reducing the risks of clotting and bleeding complications and making it safe to turn the device on and off.

To date, eleven people have been enrolled into clinical trials of the C-Pulse™ device: six in an earlier short term, intra-operative study; and five people have been implanted with the C-Pulse™ in the current Pilot Clinical Trial being conducted across five sites in Australia and New Zealand.

Australian Industry Minister Ian Macfarlane today congratulated Sunshine Heart on being offered the grant. "The Australian Government is committed to supporting clever Australian companies, like Sunshine Heart, develop ground-breaking projects that will benefit the community," Mr Macfarlane said.

"Sunshine Heart's project has the potential to be a significant breakthrough in the treatment of heart disease, adding to the list of pioneering medical projects carried out by innovative

Australian companies."

The *Commercial Ready* program is administered by AusIndustry and is the Australian Government's flagship business innovation program, providing up to \$200 million a year to help turn clever Australian ideas into successful commercial products.

For further information:

Sunshine Heart (ASX: SHC) (www.sunshineheart.com) is a global medical device company, committed to the commercialisation 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 that 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.

Please see www.sunshineheart.com or contact:

Sunshine Heart Victor Windeyer, COO +61 2 8424 7700 victor.windeyer@sunshineheart.com	Media Rebecca Wilson +612 9237 2800 / 0417 382 391 rwilson@bcg.com.au
Don Rohrbaugh, CEO +1 714 665 1951 don.rohrbaugh@sunshineheart.com	

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.

Statements in this document that are not purely historical are forward looking statements. Various factors could cause actual results to differ materially from any forward looking statement such as the timing and outcomes of clinical results including the efficacy of products, financing availability and product sales and marketing. Whilst we believe any forward looking statement made to be reasonable as of the date hereof, we can give no assurance that our expectations are correct. All forward looking statements are expressly qualified in their entirety by this cautionary statement.