



ASX Announcement

Sunshine Heart seeks shareholder approval for \$20 million capital raising

Sydney, Australia. 18 September 2006: Sunshine Heart, Inc., (ASX: SHC) today released details of the Extraordinary General Meeting (EGM) to be held at 10am on Friday 20th October.

The EGM seeks shareholder approval of three resolutions in support of the Company's \$20 million Capital Raising announced to the market on 6 September, 2006. The Independent Directors of Sunshine Heart unanimously recommend that shareholders approve the Capital Raising which attracted strong support from existing and new institutional and sophisticated investors.

The Capital Raising was led by Brisbane based life sciences and technology venture capital investment firm CM Capital (a new investor) who will invest up to \$8.0 million, payable in two tranches. Existing investor GBS Venture Partners will invest up to a further \$7.0 million in two tranches. A total of \$6 million is contingent on the Company achieving a milestone and satisfying the second tranche Capital Raising conditions. Both of these shareholders carry significant credibility in accessing Australian and US capital markets and have a broad network of industry connections to support the ongoing progress of the Company.

Accompanying the Notice of Meeting is an Independent Expert's Report from Innovation Dynamics. The Report includes an assessment of the value of Sunshine Heart's C-Pulse™ technology and the market opportunity and concludes that: "In summary, having regard to the advantages and disadvantages of the Capital Raising, the present circumstances of the company and alternative strategies, we consider the approval of the transaction to be fair and reasonable to the non-associated shareholders".

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.

Please see www.sunshineheart.com or contact

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| 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.