

“Innovative devices for treating heart failure”

SEPTEMBER 2006






Forward looking statements

This presentation may contain forward looking statements. Various factors could cause actual results to differ materially from these projections including timing, clinical results, financing availability, product sales & marketing or efficacy of products. Although the Company believes that the forward looking statements are reasonable, it can give no assurances that the Company's expectations are correct. All forward looking statements are expressly qualified in their entirety by this cautionary statement.

Key Investment Considerations

- Large international market opportunity
- Patented Innovative product **C-Pulse™**
- ANZ clinical trials progressing
- *US FDA clinical trials 2007*
- Highly experienced international team
- Undervalued Market Cap; ASX listed

SHC Management Team








Name	Position	Experience
	Don Rohrbaugh Chief Executive Officer	<ul style="list-style-type: none">• 25+ yr medical device executive experience• Acorn Cardiovascular (Founding CEO, President)• Ex- Baxter Novacor LVAD Exec (6 years)
	William Peters MD Medical Director Chief Technical Officer	<ul style="list-style-type: none">• Surgeon/inventor• Pioneer of minimally invasive cardiac surgery (Heartport)
	Victor Windeyer Chief Operating Officer	<ul style="list-style-type: none">• Experienced Medical Device Executive• HF/ LVAD Executive @ Ventracor• Invetech & Cochlear experience

Medical device experienced team

(Heart Failure, Heart Assist, Cardio-Vascular, Start-up & Global Businesses)



Company Board of Directors

	Name	Position	Experience
	Malcolm McComas	Chairman	<ul style="list-style-type: none"> • 20 years investment banking and 5 years legal experience • Experience in equity, debt, acquisitions, divestments and implementation of major equity issues
	Don Rohrbaugh	Chief Executive Officer	<ul style="list-style-type: none"> • 25+ years medical device executive experience • Acorn Cardiovascular (Founding CEO, President) • Ex- Baxter Novacor LVAD Executive (6 years)
	William Peters MD	Executive Director	<ul style="list-style-type: none"> • Surgeon/inventor • Pioneer of minimally invasive cardiac surgery (Heartport) • Sunshine Heart Co- founder
	Crispin Marsh	Non Executive Director	<ul style="list-style-type: none"> • Patent Attorney (30 years) • Technology licensing and commercialisation experience • Sunshine Heart Co- founder
	Geoffrey Brooke MB BS (GBS Ventures)	Non Executive Director	<ul style="list-style-type: none"> • Managing Director of GBS Venture Partners with 15 years of venture capital experience • Co-founded MedVest together with Johnson & Johnson • 5 years of clinical experience
	Donal O'Dwyer	Non Executive Director	<ul style="list-style-type: none"> • Recently retired as worldwide president Cordis Cardiology (cardiology division of Johnson and Johnson subsidiary) • Ex- Baxter Healthcare - medical device experience (12 years)
	Richard Lin MD (Three Arch Partners)	Non Executive Director	<ul style="list-style-type: none"> • Partner in Three Arch Partners • Co - founder and co- inventor of Spiration

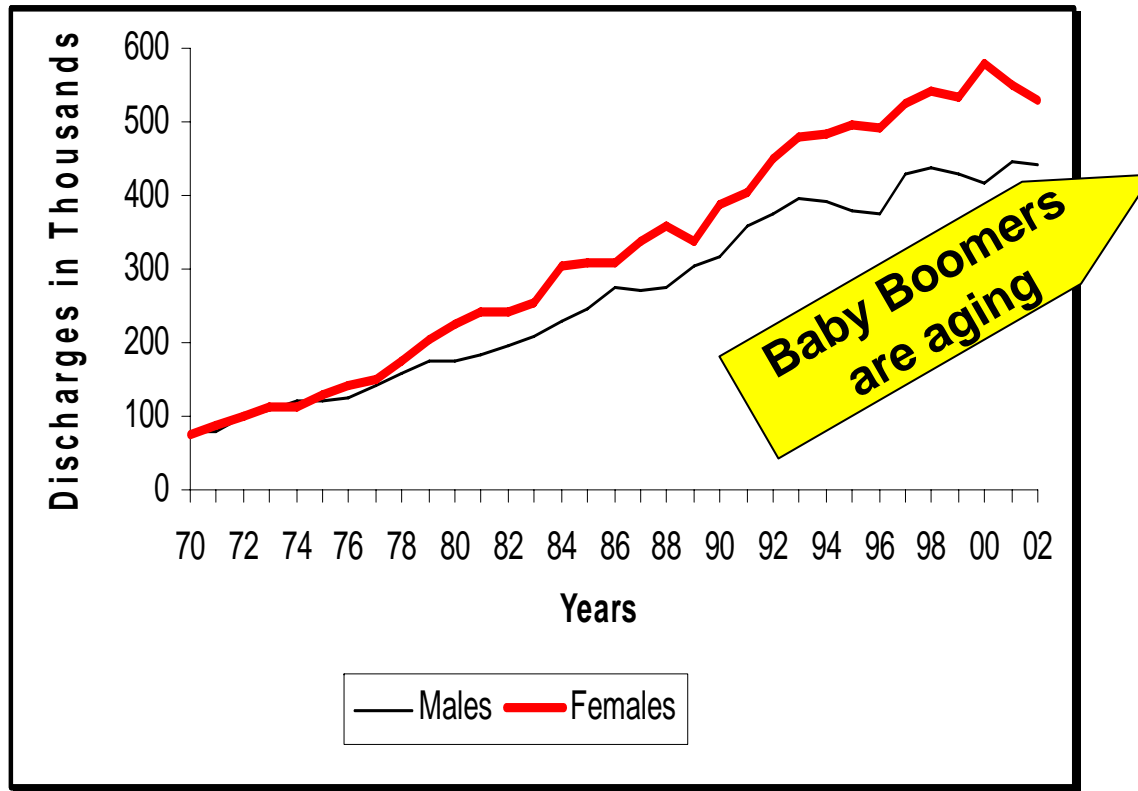
Target Patient: Heart Failure NYHA III

Signs & symptoms: (with mild exercise)

- Tired, fatigued
- Short of breath
- Dizziness
- Swollen legs or ankles
- Repeat hospitalizations
- Poor Quality of Life



Heart Failure Market (US): GROWING!!



US population in heart failure (2002)

> 5.3million

HF: Largest single cost to US healthcare system

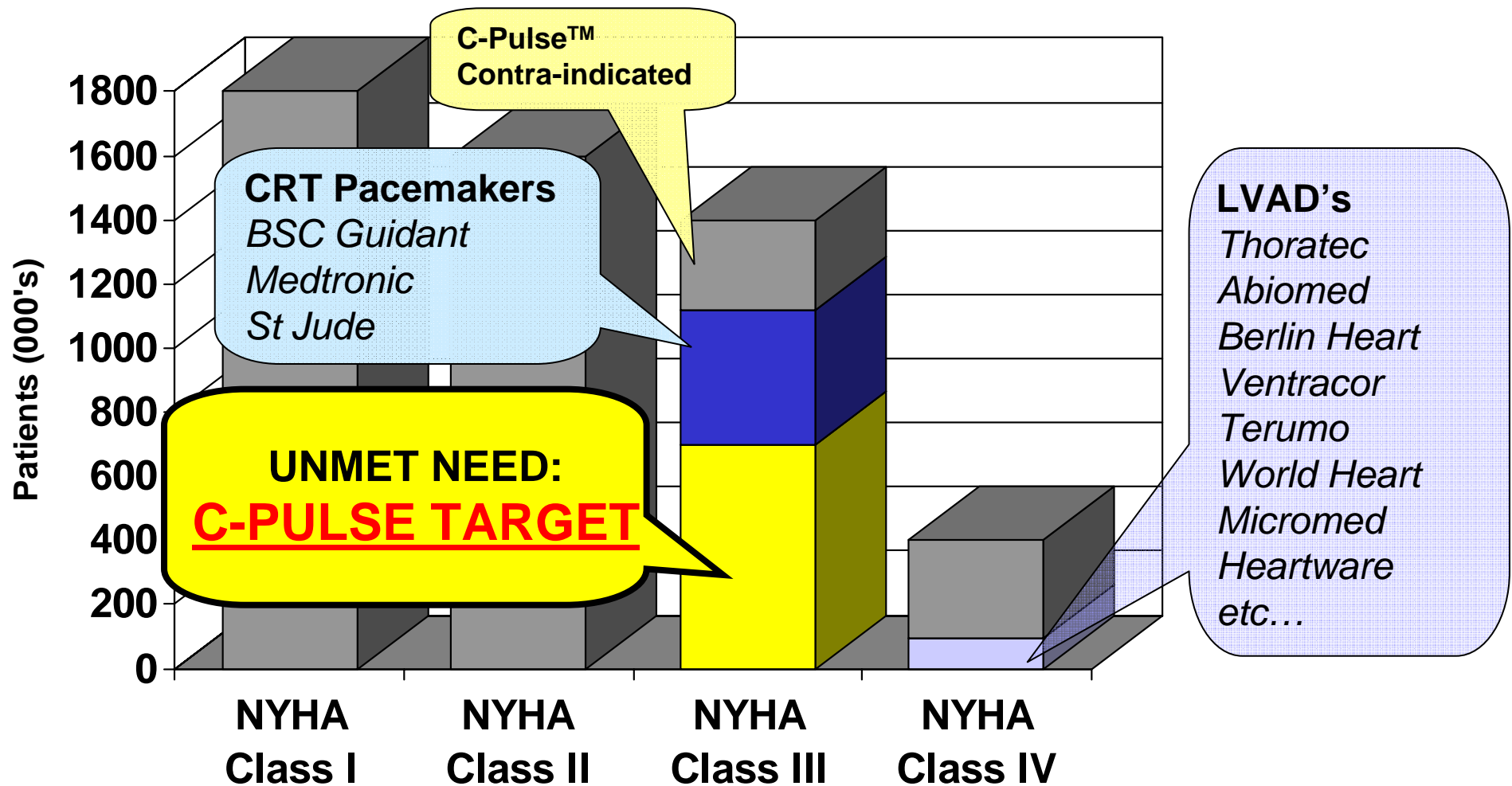
>US \$25.4billion

Heart Failure is an epidemic

Source: US Center of Disease Control



Target Market: Moderate Heart Failure (NYHA III)



C-Pulse™ Validation: ANZ Pilot Clinical Study

ANZ Clinical Sites

- Auckland City Hospital
- St Vincent's, Sydney
- The Alfred, Melbourne
- Southern Health, Melbourne
- Royal Perth Hospital

ANZ DSMB

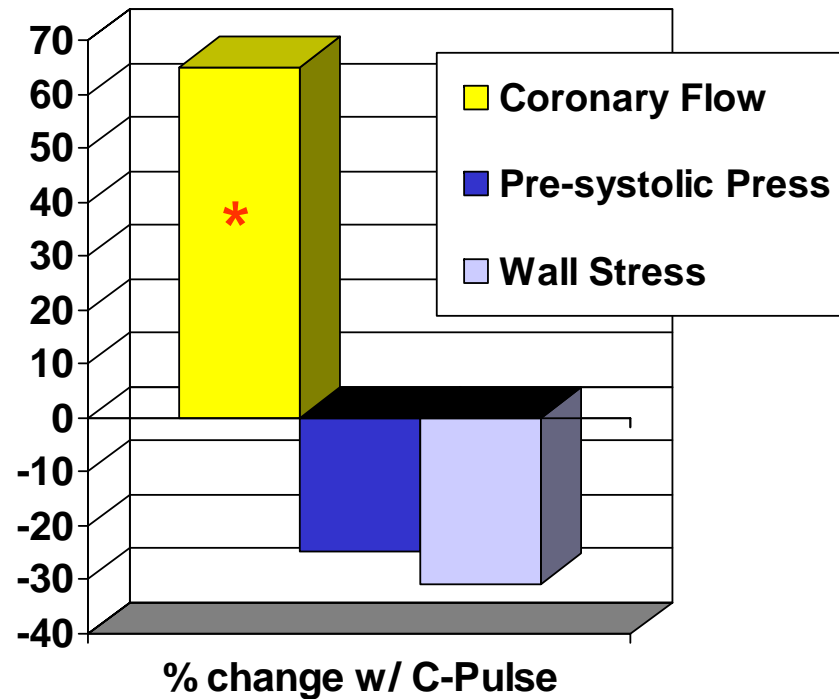
- CVS (chair)
- +2 HF cardiologists



World first C-Pulse implant - ACH

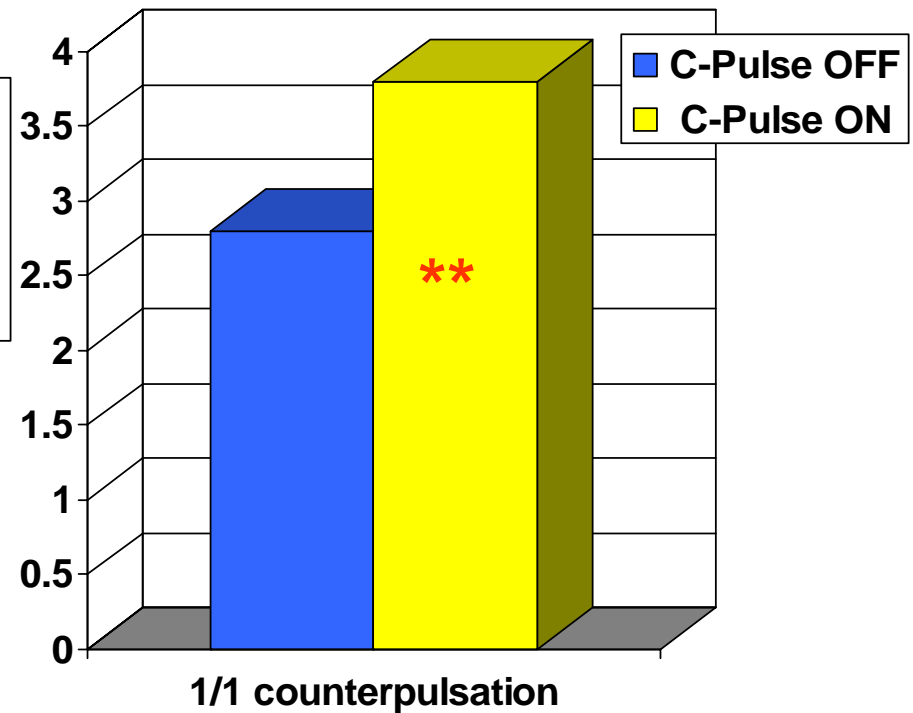
C-Pulse™ Clinical Effectiveness

Coronary Blood flow*



* Legget et al. Circulation Suppl. 2005

Total Blood flow**



**Typical Clinical Results; Unpublished Data

C-Pulse™

**No Blood Contact → Disconnect
from Driver for convenience or
personal hygiene**

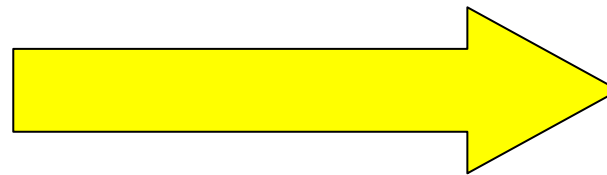


Product Enhancements for US Trial

ANZ C-PULSE™



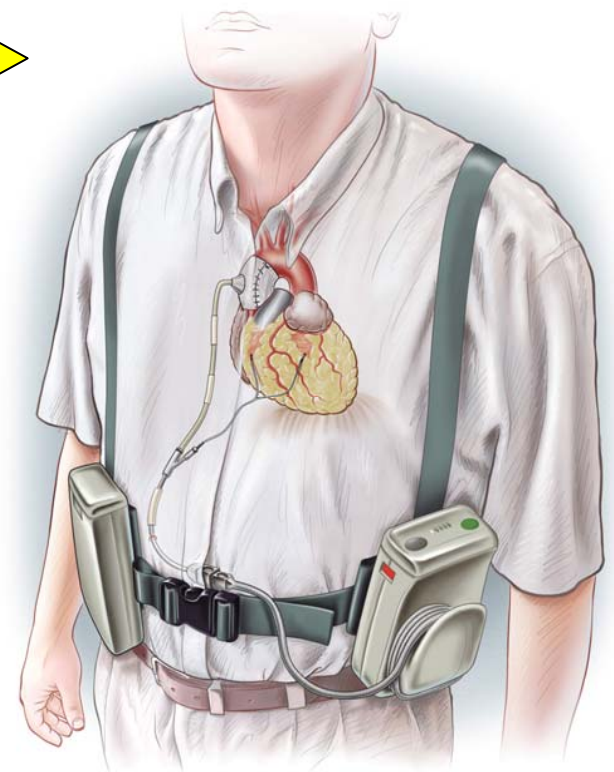
US IDE C-PULSE™



Production Cuffs

Wearable Driver

- Detachable
- Programmable
- ~ 1.5 kg
- 6-8 hr battery life
- Inaudible



Cuff – Production

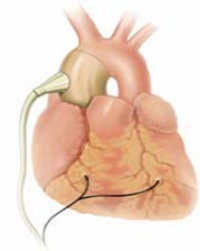


GMP Manufacturing Processes Established

Sunshine Heart: Medical Advisory Board

Cardiologists

James B. Young, MD (Cleveland Clinic)
David Kaye, MD PhD (Baker Heart Institute, AUS)
Marc Silver, MD, PhD (Christ Advocate)
Spencer Kubo, MD (Acorn Cardiovascular)



Surgeons

Patrick McCarthy, MD (Northwestern University)
Cliff Hughes, FRACS, AO (Royal Prince Alfred, AUS)
Don Esmore, FRAC, AO (the Alfred, AUS)
Robert C. Robbins, MD (Stanford)
Michael Acker, MD (U of Penn)
Thomas Fogarty, MD (Stanford University)

Scientists

Hani Sabbah, PhD (Henry Ford Heart)

PURPOSE OF THE ISSUE

To raise additional funds to execute the company's 2007 business plan.

In particular:

- **complete the ANZ feasibility trial**
- **development of the proprietary driver for use in US Clinical Trial Program**
- **Apply for an Investigational Device Exemption (IDE) from FDA for the feasibility trial**
- **Initiate US clinical trial centres and commence patient recruitment**

USE OF PROCEEDS

	\$ million
Outsourced R&D & Clinical	6.0
Driver development	4.0
Quality and regulatory	1.2
Operations- In house	8.5
Cost of the offer	0.3
	<hr/>
	20.0
	<hr/>

DEAL STRUCTURE

An Institutional Offer in two tranches:

- **First tranche - \$14 million**
 - **Subject to shareholder approval at EGM (16 October 2006)**
 - **Funding will occur after EGM**
- **Second tranche - \$6 million.**
 - **Subject to condition: Sunshine Heart receiving FDA approval or conditional approval of IDE application for the feasibility study.**
 - **Second tranche expected to close in Q2 2007.**

DEAL STRUCTURE

- **Lead investment by CM Capital - \$8 million**
- **Follow-on investment from GBS Ventures - \$7 million**
- **CM and GBS commitments payable in two tranches, second tranche subject to performance condition**
- **\$5 million from existing and new institutional and sophisticated investors**
- **CM will nominate a Board member**

DEAL STRUCTURE

- Issue price per Share: \$0.15
- Options: Three options for every 10 Shares purchased. Term: three years. Exercise price: \$0.20 per Share.

- Key Investors:

- a) First Tranche:

CM Capital	\$ 4.8 million
GBS Ventures	\$ 4.2 million
Other Investors	<u>\$ 5.0 million</u>
Total	<u>\$ 14.0 million</u>

- b) Second Tranche:

CM Capital	\$ 3.2 million
GBS Ventures	<u>\$ 2.8 million</u>
Total	<u>\$ 6.0 million</u>

CAPITAL STRUCTURE

	Current	Offer Tranche 1	Post Tranche 1	Offer Tranche 2	Post Tranche 2
Issued Shares	81.9	93.3	175.2	40.0	215.2
Warrants	3.2	-	3.2	-	3.2
Options	11.8	28.0	39.8	12.0	51.8
Diluted Capital	96.9	121.3	218.2	52.0	270.2

SHAREHOLDER ANALYSIS

Securities in Millions

Shareholders (including associated entities)	Current	Offer Tranche 1	Post- Tranche 1	Offer Tranche 2	Post Tranche 2
GBS Ventures	13.2	28.0	41.2	18.7	59.8
CM Capital	-	32.0	32.0	21.3	53.3
Other Investors	68.7	33.3	102.1	-	102.1
Total	81.9	93.3	175.3	40.0	215.3

PROFORMA CASH

	31 Aug 06 (unaudited)	Offer Tranche 1	Offer Tranche 2
Opening Cash	3.0m		
Cash Injected		13.7m *	6.0m*
Pro-forma Cash	3.0m**	16.7m**	22.7m**

* Net of issue costs: \$0.3 million

** Pro-forma cash does not include operating cash burn from 31 August to date of payment of Tranche 2 funds (Q 2 2007)

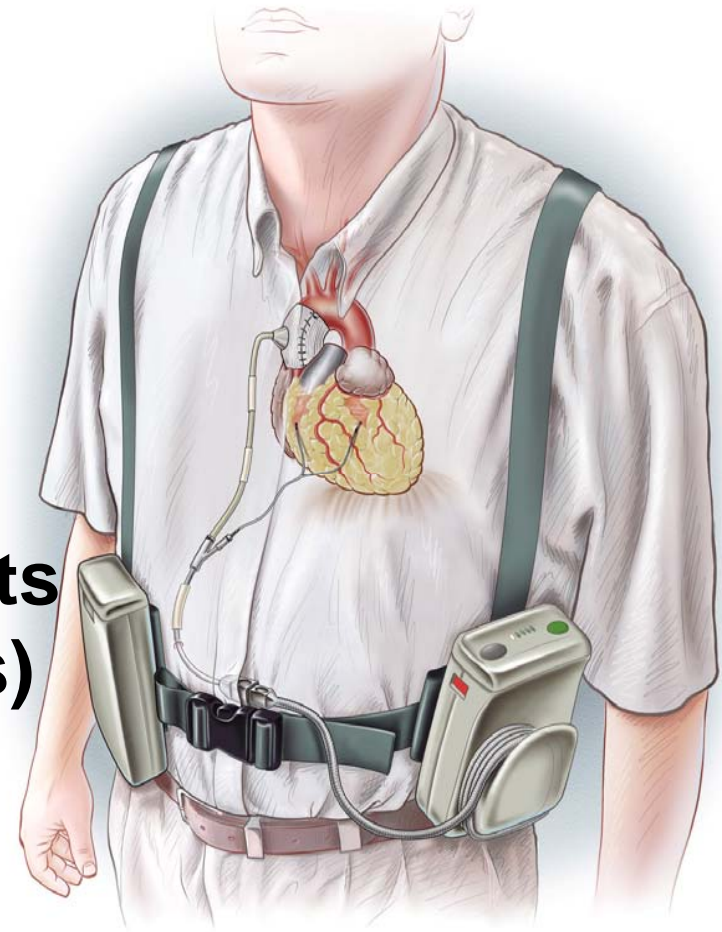
SOME RISK FACTORS

(Refer to Sunshine Heart Inc Prospectus dated 17 August 2004 - Section 10 Risk Factors)

- Inability of company to meet second tranche condition (ie conditional FDA IDE approval)
- Inability of company to enrol sufficient patients in US IDE trial
- Efficacy of the device
- Inability to raise additional capital to complete US IDE trial and achieve market acceptance of device

C-Pulse™ Product & Market Advantage

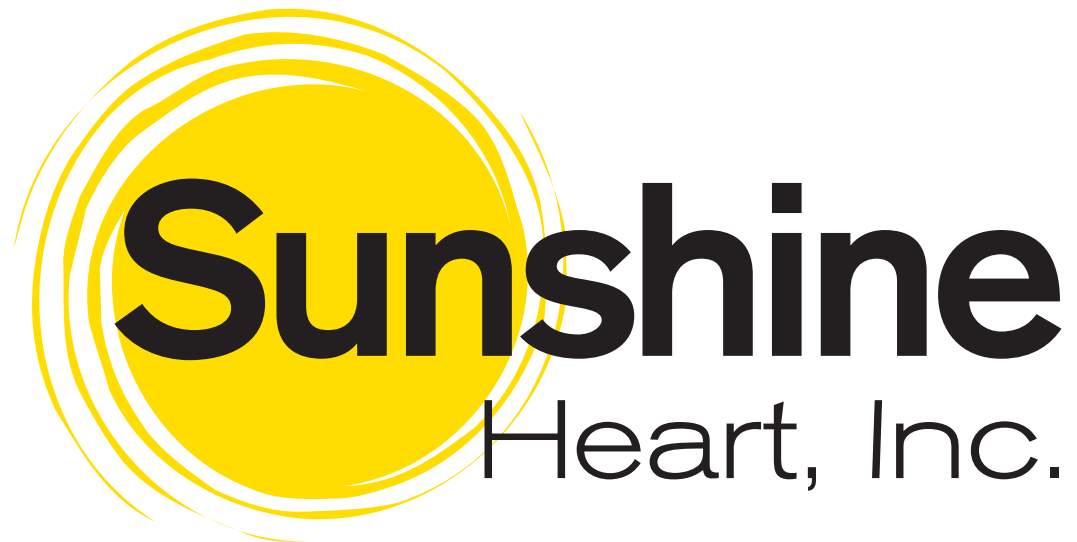
- No Blood Contact
- Turn on/off
- Class III (3x CI IV patients)
- Simple Implant @ any CVS center (8x HTx centers)
- Cost effective (1/3 total costs of other heart assist devices)
- Data compelling
- Patented



Sunshine Heart C-Pulse™ Summary

- Large unmet target market
- Reimbursement pathway
- Designed for destination therapy
- Medical acceptance
- AUS/NZ trial ongoing
- US Trial 2007
- Low market cap
- Experienced management and board





“Innovative devices for treating heart failure”

September 2006

