



ASX Announcement

Sunshine Heart Completes AU Portion of Placement

Two-part financing strategy supporting C-Pulse® Heart Assist System

Sydney Australia; 05 September 2011: Sunshine Heart, Inc. (ASX: SHC), today announced it has entered into definitive agreements with institutional and high net worth investors to sell approximately 55.8 million shares of common stock in a private placement totaling \$2.2 million. This completes the Australasian portion of the Company's financing plan, as previously announced and approved by shareholders at its General Meeting on July 18, 2011. Proceeds from the placement will be used to support the U.S. pivotal trial and the continued development of the C-Pulse® Heart Assist System.

Terms of the placement are identical to the first tranche, which closed on July 27, 2011. Investors also receive warrants to purchase 3 shares of common stock for every ten shares purchased, at an exercise price of \$0.056 per share (4-year term). RBS Morgans was the exclusive Australian placement agent for the transaction.

"As we progress to our next important stage of development, we are expanding our investor base in North America. Australasian investors have been included in the placement on the same terms and conditions. The Board and the management team very much appreciate the continuing support from our long-standing shareholders who participated in this financing, including our largest shareholder, CM Capital. We are very encouraged by the quality of new investors joining the registry. This is an exciting time for Sunshine Heart, and this financing is an essential part of our accelerating development," said Dave Rosa, Sunshine Heart's Chief Executive Officer.

The Company has shareholder approval to issue up to an additional 170.6 million shares on the same terms until September 16, 2011, the cut-off date agreed with participants in the first tranche of the placement. Thus far, \$6.8 million has been raised.

About the C-Pulse Heart Assist System

C-Pulse Heart Assist System utilizes an extra-aortic approach to proven intra-aortic balloon counter pulsation technology to assist the left ventricle by reducing the workload required to pump blood throughout the body, while increasing blood flow to the coronary arteries. Operating outside the patient's bloodstream, the novel extra-aortic approach of the C-Pulse technology offers greater flexibility allowing patients to disconnect as necessary or desired. The C-Pulse Heart Assist's potential benefits may help reverse the heart failure process or maintain the patient's current condition, thereby preventing the need for later stage heart failure devices, such as left ventricular assist devices (LVADs), artificial hearts or transplants.

About Sunshine Heart

Sunshine Heart (ASX: SHC) is a global medical device company committed to novel cardiac and coronary therapy. The company is currently developing the C-Pulse® Heart Assist System, an implantable, non-blood contacting, heart assist therapy for the treatment of moderate to severe heart failure which can be implanted using a minimally invasive procedure. C-Pulse is designed to relieve the

symptoms of heart failure through the use of counter-pulsation technology by enabling an increase in cardiac output, an increase in coronary blood flow, and a reduction in the heart's pumping load. The company has received approval from the U.S. Food and Drug Administration to conduct a U.S. feasibility clinical trial with the C-Pulse System. Sunshine Heart is a Delaware-based corporation headquartered in Minneapolis, MN, with a subsidiary presence in Australia. The company has been listed on the Australian Securities Exchange (ASX) since September 2004. For more information, please visit www.sunshineheart.com.

Forward-Looking Statements

This announcement contains forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to the progress of, and presentation of data related to product development and commercialization efforts, results of clinical trials, expected timing of FDA regulatory filings, FDA acceptance of our filings and research and development activities, ultimate clinical outcomes and benefit of the Company's products to patients, market and physician acceptance of the products, intellectual property protection and competitive product offerings could cause actual events to adversely differ from the expectations indicated in these forward looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. Sunshine Heart does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sunshine Heart may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation, the possibility the FDA does not accept our regulatory application or approve the marketing of the C-Pulse® Heart Assist System in the U.S., and those described in our filings with the ASX. We may update our risk factors from time to time in our filings with the ASX.

This press release does not and shall not constitute an offer to sell or the solicitation of any offer to buy any of the securities. The shares of Sunshine Heart have not been registered under the Securities Act of 1993 (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.

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