

21 October 2010

Dear Shareholder

### AtCor Medical Holdings Limited (AtCor) – Non- Renounceable Rights Issue

On 20 October 2010, AtCor announced a fully underwritten non-renounceable rights issue of approximately 19,156,944 new fully paid ordinary shares (**Rights Issue**) under which its eligible shareholders will be offered 1 fully paid ordinary share in AtCor (**New Share**) for every 6 fully paid ordinary shares held on the record date, at an issue price of A\$0.07 per share.

This Rights Issue offer will be made to those shareholders of AtCor with registered addresses in Australia, New Zealand and the US only (**Eligible Shareholders**) and will be fully underwritten by Taylor Collison Limited.

The Rights Issue will raise approximately \$1,340,986 before costs. The cash raised will be used for funding:

- Working capital needs as our pharmaceutical services business transitions from a capital purchase model to a “pay as you go” lease model;
- Acceleration of the company’s product development program;
- Costs associated with pursuing reimbursement in USA;

and for additional working capital purposes.

AtCor has decided that it is unreasonable to make the offer to shareholders with registered addresses outside of Australia, New Zealand and the US (**Ineligible Shareholders**) due to:

1. the small number of shareholders with registered addresses outside of these countries;
2. the number and value of shares those shareholders would be offered; and
3. the cost of complying with the legal and other regulatory requirements in each of the countries concerned.

The Rights Issue will not be extended to Ineligible Shareholders and they will not receive a copy of the Rights Issue booklet or an Entitlement and Acceptance Form.

No action has been taken to register or qualify the Rights Issue booklet and Entitlement and Acceptance Form, the Rights Issue or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia, New Zealand or the US.

AtCor expects to despatch the Rights Issue booklet and Entitlement and Acceptance Forms to Eligible Shareholders on or around 5 November 2010. The Rights Issue booklet will be lodged with the ASX and will be available on the ASX website at [asx.com.au](http://asx.com.au) in the next week.

The key dates for the Rights Issue are set out below:

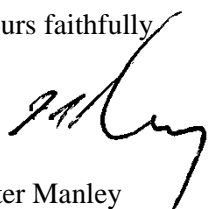
<b>Event</b>	<b>Date</b>
Announcement of Rights Issue	Wednesday, 20 October 2010
Ex-Entitlement Date	Thursday, 28 October 2010
<b>Record Date for the Rights Issue</b>	<b>7:00pm on Thursday, 4 November 2010</b>
Mailing of Rights Issue Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Friday, 5 November 2010
<b>Rights Issue opening date</b>	<b>Wednesday, 10 November 2010</b>
<b>Rights Issue closing date</b> – last date for receipt of acceptances and payment of application money in full	<b>5:00pm on Friday, 26 November 2010</b>
Issue of New Shares under the Rights Issue and completion of despatch of holding statements and CHES notices	Thursday, 2 December 2010
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Friday, 3 December 2010

This timetable is indicative only and may be subject to change, subject to the ASX Listing Rules.

Existing option holders may participate in the Rights Issue upon exercise of their vested options. AtCor sent a letter to its option holders on 21 October 2010 to notify them of their right to participate in the Rights Issue upon exercise of their vested options.

For further information about the Rights Issue please contact me on +61 (2) 9874 8761 at any time from 8.30 am to 5.30 pm (Sydney time) Monday to Friday during the Rights Issue offer period.

Yours faithfully



Peter Manley  
Company Secretary  
**AtCor Medical Holdings Limited**