

21 October 2010

Dear Option holder

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

On 20 October 2010, AtCor announced a fully underwritten non-renounceable rights issue of 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 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 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.

The record date for determining entitlements to the rights issue is **27 October 2010**.

Under the terms and conditions of the options that you currently hold, there is no entitlement to participate in the Rights Issue. If you wish to participate in the Rights Issue you must first exercise your options by **5.00 pm (Sydney time) on 27 October 2010** so that AtCor can allot and issue your shares in time for you to participate in the Rights Issue.

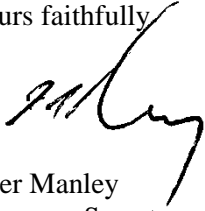
#### **Please note that only vested options can be exercised.**

It is not compulsory to exercise your vested options. However, if you wish to do so, please complete all of the steps required by the terms and conditions of the options, including payment of the relevant exercise price. Failure to exercise your options by this deadline will mean that you are not eligible to participate in the Rights Issue for those options or the shares to be issued upon exercise of those options.

Please contact me on +61 (2) 9874 8761 at any time from 8.30 am to 5.30 pm (Sydney time) Monday to Friday if you have any questions about your options.

For your information, further details on the Rights Issue can be accessed on our website at [www.atcormedical.com.au](http://www.atcormedical.com.au) or the ASX website at asx.com.au under ASX Code "ACG".

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Manley', written over the words 'Yours faithfully'.

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