July, 2013

To: The Shareholders of ProUroCare Medical Inc.:

Our annual shareholders meeting will take place on August 22, 2013 and we encourage you to participate. Below is an update regarding recent leadership changes, the company's progress, funding plans and near-term business objectives. In addition, I have summarized recent changes in prostate cancer diagnosis and treatment that support the need for our technology.

Changes in Prostate Cancer Diagnosis and Treatment

In the past twelve months there has been a number of significant changes in the diagnosis and treatment of prostate cancer that highlight the need for more accurate and predictive prostate imaging that the ProUroScan may provide:

- In May 2013 the American Urology Association (AUA) issued guidelines recommending additional age groups be excluded from routine PSA screening due to overtreatment.

- Recent publications suggest that up to 65% of the current prostate cancer interventions are unnecessary. This is due to the large number of low-risk prostate cancer patients that elect to be treated rather than electing an active surveillance option. Active surveillance is gaining a lot of attention as it can prevent many unnecessary procedures, as well as delaying intervention for those low-risk patients that experience disease progression. Only about 10% of the 100,000 annual newly diagnosed low-risk cancer patients elect the active surveillance option, primarily due to the lack of accurate and comparable monitoring technology.

- The emergence of MRI fusion imaging. The MRI scan digital data is fused into the ultrasound equipment to allow a better image to observe the abnormality ultrasound alone is not able to detect. This technology is made more complex due to the fact that MRI scan files are very large (Megabytes). Our technology utilizes much smaller data files (Kilobytes) and may provide a means to simplify the fusion process at a significantly lower cost versus MRI. We are pursuing strategic partners to determine if this could provide another application of our proprietary technology.

Based on these clinical practice developments, we expect more pressure for solutions to reduce the very high level of overtreatment. We expect future clinical trials of the ProUroScan system could demonstrate the need for our technology to improve men's health and wellbeing.

Changes in Leadership and Board of Director Structure and Membership.

In April, 2013 the company announced the appointment of Stan Myrum as Interim Chief Executive Officer and as a member of the Board of Directors. Stan has over 30 years of medical device experience with Medtronic where he provided executive leadership in Operations, Supply Chain, Quality, Regulatory, Clinical and Product Development. Since his retirement from Medtronic in 2007 Stan has provided consulting services to medical device startup companies (including ProUroCare) as well as conducting due diligence for medium to large venture capital and medical device companies.

Also announced at that time were changes to the company's Board of Directors membership and structure The Board members now are Jim Davis (CEO of Davis & Associates), Robert Rudelius (CEO of Nobles Ventures), Scott Smith (Managing Director of Critical Insights), and Stan Myrum, all based in Minneapolis or working there regularly. Mr. Davis serves as Chairman of the Board.

More information regarding these changes can be found in an announcement letter on our website.

Company Progress

Lack of sufficient funding has restricted our progress over the past year. We know acceleration in our vehicles consumes more fuel, and the "fuel" we require is additional funding. The more funding, the more acceleration we can achieve.

Despite the lack of sufficient funding to complete the FDA approval of a reusable probe, a number of key accomplishments were completed during the past twelve months:

- The probe design modifications required to achieve a reusable probe have been completed and prototypes have been received.

- The design requirements for the next generation cart and probe system, as well as a third generation system with a wireless probe, were completed with firm quotes from our development partners. A wireless probe is more user-friendly and results in a much lower cost system.

- The *Cleaning and Disinfection Validation Protocols* and *Instructions for Use* were completed and submitted to FDA for a pre-review.

- A thorough review of the current clinical practices was completed to determine the most optimal initial commercialization entry point. The results indicated the potential active surveillance patient group would be the most advantageous to accelerate adoption and utilization.

Additional funding is being pursued to perform the required cleaning and disinfection validation testing followed by an FDA 510K submission to seek clearance for our reusable probe.

Funding Plans

A summary of our ongoing funding initiatives are as follows:

- Raise $1.5 million to fund FDA clearance of the reusable probe and initiate the proposed comparative clinical trials.

- In parallel with the above raise we will pursue options to secure additional funding of $3-5 million to accelerate the development and availability of the second and third generation ProUroScan systems.

- More aggressively pursue one or more strategic partners to provide both additional funding and access to other resources, such as a distribution network and reimbursement strategies.

- Pursue one or more investment partners in Europe and Asia that would provide funding for the development of product configurations suitable for their markets. This would create significant opportunities for them to sell and distribute product within those markets.

Near-Term Business Objectives

Assuming the necessary funding is raised, our business goals for the next 12-24 months are as follows:

- **Complete the development, testing, and regulatory clearance of a reusable probe system**. Once completed, we plan to initiate clinical trials at several key centers comparing the results achieved using our system versus other approaches; i.e., PSA, DRE, ultrasound, etc. These trials, and subsequent scientific publications, will play an important role during the initial and early adoption stages of commercialization. Published clinical results continue to play an important role in clinician acceptance and adoption, as well as future reimbursement strategies.

- **Initiate and complete the development of the next generation system, while enhancing customer usability, improving manufacturability and lowering the overall system product cost.** This generation of product will require FDA 510K approval prior to initiating full commercialization. Additional clinical trials will also be initiated to expand product use indications, as well as to explore additional product features and capabilities.

- **Develop and initiate plans to prepare for eventual commercialization in such areas as product sales and distribution, and product/service reimbursement via a commercialization arrangement with a company having a significant market presence (i.e., a "Strategic Partner") or independently.**

- **Initiate and complete development of a wireless probe system featuring a medical grade tablet computer.** This system configuration could greatly improve clinician usability and flexibility while significantly lowering product cost. This configuration could be attractive in foreign markets, as well as to potential strategic partners or foreign investors who could help us take advantage of opportunities outside the US.

- **Explore the potential of a "fusion" product, e.g., a fusion of the benefits of our technology with the benefits of ultrasound, to achieve a superior clinical outcome.**

- **Establish a cost-effective organizational structure to carry out these objectives.**

We will continue to provide periodic updates as we make progress toward the goals and priorities summarized above. **Please help us in our communication efforts by providing us with your email address through our website at www.prourocare.com/contact**. We will add you to our distribution list and send you press releases and announcements as they are issued.

We remain very enthusiastic about the role the ProUroScan technology can play in the overall health and wellbeing of men worldwide. We thank you for your ongoing support and confidence as we complete the development and launch of a very exciting solution for a major unmet medical need.

Kind regards,

Stan Myrum
Interim CEO