

cyclopharm

Nuclear Medicine

cyclomedica
molecular imaging
technegas



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7 November 2011

Dear Shareholder

PRO- RATA ENTITLEMENT OFFER

Cyclopharm Limited (**Company**) recently announced a capital raising comprising a fully underwritten 1 for 3.2 renounceable pro-rata entitlement offer (**Rights Issue**) to raise up to approximately A\$2.1 million before costs.

The net proceeds of the capital raising will go towards funding the operating costs of Cyclopet and to fund a Technegas clinical trial in the United States. While the market for products manufactured by Cyclopet is growing, in the first year of operations the market has not reached our initial expectations. The lagging market combined with competition from government owned enterprises requires additional capital to support this new venture.

The commencement of the United States Food and Drug Administration (FDA) clinical trial is expected to commence December this year. The total FDA clinical trial costs are estimated to cost approximately US\$4.0 million over the next 30 months. Following commencement, the balance of the FDA clinical trial costs is expected to be funded by the operations.

Details of the Rights Issue

Under the Rights Issue the Company will issue up to 52,566,443 shares at A\$0.04 per share.

Underwriting

The Rights Issue is fully underwritten by CVC Managers Pty Limited (**Underwriter**).

Entitlement trading

The Rights Issue is renounceable, which means that entitlements can be sold or otherwise transferred.

To sell your entitlements in part or in full please contact your broker. If you do not have a broker, and hold your shares on the Issuer Sponsored Subregister, you may sell your entitlements by completing a standard renunciation and transfer form together with the transferee, and forwarding that completed form, together with the completed Entitlement and Acceptance Form and payment for any rights that the transferee wishes to take up, to the Company's share registry so that they are received by no later than 5.00pm Sydney time Friday 2 December 2011.

Eligible Shareholders

The Rights Issue will be offered to all holders of shares with a registered address in Australia and New Zealand at 7.00pm (Sydney time) on 14 November 2011 (**Record Date**) (**Eligible Shareholders**).

The Company has determined that it is unreasonable to make offers to Shareholders other than Eligible Shareholders having regard to the number of Shareholders outside of Australia and New Zealand, the number and value of the shares that would be offered and the cost of complying with legal and regulatory requirements outside of those countries. Accordingly, Shareholders with a registered address in countries other than Australia and New Zealand will not be eligible to participate in the Rights Issue.

Company's capital structure

Share capital	Shares
Shares on issue at 4 November 2011	168,212,616
Maximum shares to be issued under the Rights Issue	52,566,443*
Potential shares on completion of the Rights Issue	220,779,059*

**(Subject to the effects of rounding and the number of acceptances under the pro-rata rights issue)*

Fractional Entitlements

Fractional entitlements will be rounded up to the nearest whole number. Holdings on different registers or sub-registers will not be aggregated to calculate entitlements. Shareholder approval is not required for the Rights Issue.

Acceptances

An offer booklet will be sent to Eligible Shareholders on 18 November 2011 accompanied by a personalised entitlement and acceptance form to subscribe for shares. A copy of the offer booklet will be available on the ASX website at www.asx.com.au and the Company's website at www.cyclopharm.com.au.

Important dates

Event	Date
Announcement of Rights Issue	Friday 4 November 2011
Existing shares quoted 'ex' rights Rights trading commences	Tuesday 8 November 2011
Record date	7.00pm (Sydney time) Monday 14 November 2011
Despatch offer booklet and entitlement and acceptance form to Shareholders Offer opens	Friday 18 November 2011
Rights trading ends	Friday 25 November 2011
Offer closes	5:00pm (Sydney time) Friday 2 December 2011
Issue and allotment of shares Holding statements despatched	Friday 9 December 2011
Normal trading resumes	Monday 12 December 2011

The dates above are indicative only and subject to the Listing Rules and the Corporations Act, the Company reserves the right to change any date, including to extend the closing date or to close the offer early without prior notice.

The Directors thank you for your ongoing support of the Company.



James McBrayer
Managing Director
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