

cyclopharm

Nuclear Medicine



cyclomedica
molecularimaging
technegas

Cyclopharm Limited
ABN 74 116 931 250
Suite 630 Level 6
1 Queens Road
Melbourne Victoria 3004
Australia
T 61 3 9867 2811
F 61 3 9820 5957
www.cyclopharm.com

16 October 2008

Dear Shareholder

Rights Issue to Raise \$3.18 Million

Cyclopharm Limited (Cyclopharm) is pleased to announce a 1 for 4.4 non-renounceable rights issue to all Australian and New Zealand registered shareholders of up to 31,800,000 shares at \$0.10 per share to raise approximately \$3.18 million (**Offer**).

The Offer will be made without a prospectus in accordance with section 708AA of the Corporations Act.

Background

Cyclopharm's objective is to enable nuclear medicine and other clinicians with the ability to improve patient care outcomes. We expect to achieve our objective through strategic partnerships and the provision of diagnostic products and services to the global medical community.

Our Technegas and Molecular Imaging divisions assist medical clinicians in identifying life threatening conditions for their patients, including pulmonary embolisms and cancer.

Technegas has underpinned the success of the Company for over 20 years, generating revenues, profits and strong cash flows through the manufacture and distribution of drugs and equipment used in lung imaging and diagnosis. Technegas is sold in 53 countries across the world and has benefited over 2 million patients globally. The submission to the United States (USA) Food and Drug Administration (FDA) to sell Technegas in the USA is approximately 90% complete and will be lodged in the last quarter of 2008.

Our Molecular Imaging division is committed to producing radiopharmaceuticals used in PET (Positron Emission Tomography) imaging – to assist with the early detection of cancer. The Company currently has two sites being developed for this purpose, however the directors intend to focus on the completion and commercialisation of the Macquarie University Private Hospital (MUPH) PET Nuclear Pharmacy site in North Ryde, New South Wales. Following commercialisation of the site at North Ryde focus will turn to the Victorian PET Nuclear Pharmacy at Lloyd Street, Kensington, Victoria.



Reasons for the Offer

The equity raised pursuant to this fully underwritten Offer of \$3.18 million before costs, combined with additional debt facilities being negotiated, will allow the Company to complete its capital expenditure program in relation to the MUPH PET Nuclear Pharmacy. The directors anticipate additional funding will be required towards the end of 2009 to complete the commercialisation of the Victorian site.

Timetable

The Offer will be conducted in accordance with the following indicative timetable:

Event	Date
Announcement of Offer	Thursday, 16 October 2008
Existing shares quoted 'ex' rights (Date from which securities commence trading without the entitlement to participate in the Offer)	Monday, 20 October 2008
Record Date (Date for determining entitlements of Eligible Shareholders to participate in the Offer)	Friday, 24 October 2008 at 5.00 pm Melbourne time.
Cleansing Notice and dispatch of Offer Document and Entitlement and Acceptance Form	Wednesday, 29 October 2008
Opening Date of Offer	Wednesday, 29 October 2008
Closing Date of Offer	Thursday, 20 November 2008 at 5.00 pm Melbourne time.
Allotment Date	Thursday, 27 November 2008
Dispatch of Holding Statements	Thursday, 27 November 2008
Normal trading expected to commence	Friday, 28 November 2008

The Company reserves the right, subject to the Corporations Act, the ASX Listing rules and any requirements of ASX to vary the above timetable including accepting late acceptances or extending the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

Upon the successful completion of the Offer, the Company will have approximately 171,012,616 ordinary shares on issue and no unquoted shares or options. If a shareholder's entitlement results in a fraction of a share, the shareholder's entitlement will be rounded down.



Offer document

Cyclopharm will not prepare a prospectus or other disclosure document for the offer as the rights issue will be made under section 708AA of the Corporations Act to all eligible Cyclopharm shareholders.

Cyclopharm will prepare and send an offer document for shareholders on 29 October 2008, as set out in the timetable above. Cyclopharm encourages all eligible shareholders to participate in this capital raising. Cyclopharm will dispatch personalised Entitlement and Acceptance Forms to registered shareholders in Australia and New Zealand and if you wish to participate, you should complete your form and return it with the appropriate application monies, before 5pm on the anticipated closing date of Thursday, 20 November 2008.

Trading

Deferred settlement trading in respect of the shares to be issued under the offer will apply from Thursday, 21 November 2008, the first business day after the closing date of the Offer. Normal trading is expected to commence on Friday, 28 November 2008, the first business day following the despatch of the holding statements for those shares.

Yours faithfully
Cyclopharm Limited

William Richardson
Company Secretary
By order of the Board