



Cyclopharm Limited

ABN 74 116 931 250

Renounceable rights issue Offer Booklet

Renounceable pro-rata entitlement offer to each Eligible Shareholder on the basis of 1 Share for every 3.2 Existing Shares held on the Record Date, at an Offer Price of \$0.04 per Share and offer of Additional Shares under a shortfall facility

The Offer closes at 5.00pm (Sydney time) on 2 December 2011, unless otherwise extended

Underwritten by

CVC Managers Pty Limited ABN 12 108 360 372

This Offer Booklet is important and requires your immediate attention. This Offer Booklet should be read in its entirety. If you do not understand its contents or are in doubt about what to do, you should consult your stockbroker or a professional adviser.

Important Information

Offer

This Offer is dated 18 November 2011 and is made under section 708AA of the Corporations Act.

This Offer Booklet is not a prospectus or other disclosure document under Part 6D.2 of the Corporations Act and is not required to be lodged or registered with ASIC. This Offer Booklet does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all of the information which an investor may require to make an informed investment decision.

By returning an Entitlement and Acceptance Form or otherwise paying for your Shares or Additional Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Offer.

Participation by overseas shareholders

No action has been taken to permit the offer of Shares under this Offer in any jurisdiction other than Australia or New Zealand.

This Offer Booklet does not, and is not intended to, constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. This Offer Booklet is not to be distributed in, and no offer of Shares or Additional Shares is to be made in, countries other than Australia or New Zealand and such other jurisdictions (and to such other Shareholders) that the Company determines are eligible to participate in the Offer. Shares are offered to Shareholders with a registered address in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

This Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No representations

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet may not be relied on as having been authorised by the Company or its officers.

Glossary of Terms

Certain terms and abbreviations used in this Offer Booklet have defined meanings as set out in the glossary in Section 3 of this Offer Booklet.

SUMMARY OFFER INFORMATION

Offer Price per Share	\$0.04 per Share
Shares on issue at the Record Date	168,212,616
Entitlement	1 Share for every 3.2 Existing Shares held on the Record Date
Maximum number of Shares to be issued under the Offer*	52,566,443*
Maximum amount which may be raised under the Offer*	\$2.1 million
Maximum number of Shares on issue after the Offer*	220,779,059*

**Subject to the effects of rounding and the number of acceptances under the Offer and before the costs of the offer*

KEY 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

These dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time and in particular, subject to the Corporations Act and ASX Listing Rules, to extend the latest date for receipt of Entitlement and Acceptance Forms, to accept late Entitlement and Acceptance Forms either generally or in particular cases, or to cancel the Offer without prior notice. Any change to these key dates will be communicated to Shareholders by ASX announcement.



18 November 2011

Dear Shareholder

Rights issue

As you are aware, the Company is currently conducting a capital raising by way of a renounceable rights issue to raise \$2.1 million (**Rights Issue**).

The funds raised 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 million over the next 30 months. Following commencement, the balance of the FDA clinical trial costs is expected to be funded by the operations.

The Rights Issue comprises a renounceable pro-rata entitlement offer to each Eligible Shareholder on the basis of 1 Share for every 3.2 Existing Shares held on the Record Date of 14 November 2011. The Offer Price is \$0.04 per Share.

Eligible Shareholders will also be able to apply for shares in addition to their entitlement under a shortfall facility. This facility will also give holders of unmarketable parcels of shares the opportunity to acquire additional shares.

The Rights Issue is fully underwritten by CVC Managers Pty Limited (**Underwriter**) on customary market terms and conditions.

On behalf of the Board, I am pleased to enclose an Offer Booklet in relation to the Rights Issue and to thank you for your continued support of the Company.

Yours faithfully

Vanda R Gould
Chairman

1. DETAILS OF THE OFFER

1.1 Background

On 4 November 2011, the Company announced a capital raising by way of a renounceable pro-rata entitlement offer to raise up to approximately \$2.1 million.

1.2 Offer

Under the Rights Issue, Eligible Shareholders of the Company can subscribe for 1 Share for every 3.2 Existing Shares that they hold at the Record Date at an issue price of \$0.04 per Share. Fractional entitlements to Shares will be rounded up to the nearest whole number.

The Entitlement of each Eligible Shareholder under the Offer is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Booklet. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each holding.

If you wish to apply across more than one holding of Shares then you will need to submit one form for each holding in respect of which you wish to submit an application.

If you are an Eligible Shareholder and did not receive your personalised Entitlement and Acceptance Form, please call the Company's Share Registry on the number in the Corporate Directory.

1.3 Shortfall Facility

Eligible Shareholders may also apply for Additional Shares (which are Shares that are not taken up by Eligible Shareholders) in excess of their Entitlement.

The allocation of Additional Shares will be limited to the number of Shortfall Shares (if any) and will be at the discretion of the Directors in consultation with the Underwriter. Shareholders who apply for Additional Shares may receive fewer Additional Shares than the number applied for or none at all.

The Board reserves the right to issue any Additional Shares which are not subscribed for by Eligible Shareholders at their discretion within 2 months after the Closing Date.

1.4 Sale of unmarketable parcels

Eligible Shareholders with Existing Shares valued at less than A\$500 as at 7.00pm (Sydney time) on 2 November 2011, have less than a marketable parcel and are encouraged to apply for sufficient Shares so as to take them above the number of Shares required for them to have a parcel valued at A\$500 or more.

Small Shareholders will be given priority allocation of Shortfall Shares up to the value of A\$500.

1.5 Underwriting

The Rights Issue is fully underwritten by CVC Managers Pty Ltd.

The underwriting agreement is in usual form and contains provisions regarding the ability of the Underwriter to terminate its underwriting obligations, and representations, warranties and undertakings of the Company, which are customarily found in underwriting agreements for transactions of the nature, size and type of the Offer.

An underwriting fee of 5% of the underwritten amount is payable to the Underwriter.

1.6 Eligible Shareholders

An Eligible Shareholder is a shareholder who, at the Record Date, is recorded on the Register and has a registered address in Australia or New Zealand.

1.7 Opening Date and Closing Date

The Offer opens on 18 November 2011. The Company will accept Entitlement and Acceptance Forms until 5.00pm (Sydney time) 2 December 2011, or such other date as the Directors in their absolute discretion determine, subject to the ASX Listing Rules.

1.8 Rights trading

The Entitlements under the Offer are renounceable. Accordingly, you may trade on ASX your rights to subscribe for Shares under the Offer to any other party during the rights trading period which commenced on 8 November 2011 and ends on 25 November 2011. If you do not take up or trade your Entitlements to the Shares under the Offer by the Closing Date, the Offer to you will lapse.

1.9 Allotment and issue of Shares

Shares are expected to be allotted and issued on 9 December 2011 (subject to variation at the discretion of the Company).

The expected date for despatch of holding statements is 9 December 2011. It is the responsibility of the Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.10 Overseas shareholders

The Offer is not being extended to Shareholders with a registered address outside of Australia or New Zealand because of the small number of such Shareholders, the number and value of Shares they hold, and the cost of complying with the applicable regulations in the jurisdictions outside of Australia or New Zealand and other jurisdictions determined by the Company.

1.11 ASX quotation

An application has been made to ASX for official quotation of the Shares. If permission for quotation is not granted by ASX, the Shares will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

1.12 CHESS

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, and you take up your Entitlement, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Offer Booklet, provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered in the issuer sponsored subregister, your statement will be despatched by the Share Registry and will contain the number of Shares issued to you under this Offer Booklet and your security holder reference number.

1.13 Application Monies

Until the Shares are issued, the Company will hold the Application Monies on trust. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Any interest accrued on Application Monies will be retained by the Company and will not be paid to the relevant Eligible Shareholder including if the Offer is cancelled or withdrawn.

1.14 Taxation implications

Shareholders should be aware that there may be taxation implications of participating in the Offer and subscribing for Shares. Shareholders should consult their own professional taxation advisers to obtain independent advice in relation to the taxation laws and regulations applicable to their personal circumstances.

2. HOW TO DEAL WITH YOUR ENTITLEMENT

2.1 Acceptance of the Shares under this Offer Booklet

Acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Booklet. Acceptance may be for:

- all of your Entitlement; or
- part of your Entitlement.

Eligible Shareholders may also apply for Additional Shares. If any acceptance exceeds the Entitlement, the Directors may deem that acceptance to be acceptance for the full Entitlement and an application for Additional Shares.

If you provide insufficient funds to meet the Application Monies due to take up your Entitlement your Application may be rejected. Please follow the instructions on the Entitlement and Acceptance form in regards to how to complete and submit your Application.

2.2 To accept your Entitlement in full

If you wish to take up your Entitlement to Shares in full, you should complete the Entitlement and Acceptance Form and send the completed Entitlement and Acceptance Form together with your cheque for the Application Monies to the Share Registry.

Completed Entitlement and Acceptance Forms must reach the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date.

2.3 If you wish to apply for Additional Shares

If you wish to apply for Additional Shares, follow the instructions on the Entitlement and Acceptance Form and specify the total number of Additional Shares you wish to apply for.

You must provide the Application Monies by cheque or bank draft for the total number of Additional Shares you wish to apply for. The allocation of Additional Shares will be limited to the number of Shortfall Shares (if any) and will be at the discretion of the Directors in consultation with any Underwriter. Small Shareholders will be given priority allocation of Shortfall Shares up to the value of A\$500.

There is no guarantee that you will receive Additional Shares. Shareholders who apply for Additional Shares may receive fewer Additional Shares than the number applied for or none at all. If you do not receive any or all of the Additional Shares you applied for, any excess Application Monies will be returned to you (without interest) by way of cheque to your registered address.

2.4 To accept your Entitlement in part

If you wish to take up your Entitlement to Shares in part, complete the Entitlement and Acceptance Form for those Entitlements you wish to accept. The completed Entitlement and Acceptance Form must reach the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date.

2.5 Non-acceptance

If you do not wish to accept all or part of your Entitlement do not take any action, you are not obliged to do anything and your Entitlement will automatically lapse. You will receive no payment for your lapsed Entitlement. The Shares that relate to part of your Entitlement that has not been accepted may be sold under the Additional Share offer.

2.6 Enquiries concerning your Entitlement

If you have any questions concerning your Entitlement, please contact the Share Registry, Gould Ralph Pty Limited by telephone on 02 9032 3000.

2.7 Entitlement and Acceptance Form is binding

Receipt of payment of Application Monies by cheque and a completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire Shares on the terms and conditions set out in this Offer Booklet and an acknowledgement by you that you have received and read this Offer Booklet, you have acted in accordance with the terms of the Offer detailed in this Offer Booklet, and that you agree to all of the terms and conditions as detailed in this Offer Booklet.

The Entitlement and Acceptance Form, once lodged, cannot be withdrawn.

The Entitlement and Acceptance Form does not need to be signed to be binding. If the Entitlement and Acceptance Form is not completed correctly, the Company in its absolute discretion can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to interpret an incorrectly completed Entitlement and Acceptance Form is final.

2.8 Privacy

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you.

If you apply for Shares, the Company and the Share Registry may update that personal information and collect additional personal information. The Company and the Share Registry collect, hold and use that information to assess your application, service your needs as a Shareholder, facilitate dividend payments and corporate communications to you as a Shareholder and carry out administration.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers in this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1998 (Cth) and the Corporations Act. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

3. GLOSSARY

A\$ or \$	Australian dollar.
Additional Shares	Shares that Eligible Shareholders may apply for under Section 1 of this Offer Booklet in excess of their Entitlement.
Applicant	An Eligible Shareholder who accepts their Entitlement.
Application	An application for a specified number of Shares by an Applicant under this Offer Booklet.
Application Monies	Funds accompanying a completed Entitlement and Acceptance Form.
ASIC	The Australian Securities and Investment Commission.
ASX	ASX Limited ABN 98 008 624 691 or the financial market operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX.
ASX Settlement	ASX Settlement Pty Ltd ABN 49 001 504 532
Board	The Directors acting as a board of the Company.
CHESS	The Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	5.00pm (Sydney time) 2 December 2011.
Company	Cyclopharm Limited ABN 74 116 931 250
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	Director of the Company.
Eligible Shareholder	Shareholders on the Record Date with a registered address in Australia or New Zealand.
Entitlement	The number of Shares each Eligible Shareholder is offered under the Offer as designated on their personalised Entitlement and Acceptance Form.
Entitlement and Acceptance Form	The entitlement and acceptance form which is included in or accompanies this Offer Booklet.
Existing Shares	Shares on issue at the Record Date.
Notice of Retention	The notice of retention form which is included in or accompanies this Offer Booklet.
Offer or Rights Issue	The renounceable pro-rata offer of Shares and offer of Additional Shares under this Offer Booklet.
Offer Period	18 November 2011 to 5.00pm (Sydney time) 2 December 2011, or any other date as may be determined by the Company.
Offer Price	\$0.04 per Share.
Offer Booklet	This offer booklet.
Opening Date	18 November 2011
Record Date	7.00pm (Sydney time) 14 November 2011.
Share	A fully paid ordinary share in the capital of the Company offered and issued under this Offer Booklet, the terms and conditions of which are set out in this Offer Booklet.
Shareholder	A holder of Shares as recorded by the Share Registry.
Share Registry	Gould Ralph Pty Limited.
Shortfall Shares	Shares available under the renounceable pro-rata offer of Shares that are not subscribed for by Eligible Shareholders by 5.00pm (Sydney time) on the Closing Date
Small Shareholders	Eligible Shareholders with an unmarketable parcel of Existing Shares.
Underwriter	CVC Managers Pty Limited ABN 12 108 360 372

4. CORPORATE DIRECTORY

Board of Directors

Mr Vanda R Gould (Chairman)
Mr James McBrayer (Managing Director)
Mr David J Heaney (Non Executive Director)
Mr John Sharman (Non Executive Director)

Auditors

Russell Bedford NSW
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Company Secretary

Mr James McBrayer

Legal Advisor

Thomsons Lawyers
Level 16, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Registered Office

Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234
Phone : 02 9541 0411
Fax : 02 9543 0960

Share Registry

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000
Phone: 02 9032 3000
Fax: 02 9032 3088

Principal Place of Business

Building 75
Business & Technology Park
New Illawarra Road
Lucas Heights NSW 2234
Phone : 02 9541 0411
Fax : 02 9543 0960

Website: <http://www.cyclopharm.com>
ASX code: CYC