CYCLOPHARM

Cyclopharm Limited
ABN 74 116 931 250

Rights Issue Offer Document

A 1 for 4.4 non-renounceable rights issue at $0.10 per share to raise approximately $3,180,000.00

Fully underwritten by CVC Venture Managers Pty Limited
ACN 006 535 299

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, accountant or other professional advisor.

30 October 2008

Dear Shareholder

This document and the enclosed entitlement and acceptance form is your offer document for the 1 for 4.4 non-renounceable rights issue (**Offer**) announced by Cyclopharm Limited (**the Company**) to the Australian Stock Exchange Limited (**ASX**) on Friday, 17 October 2008.

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 Stated (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 commercialization of the Macquarie University Private Hospital (MUPH) PET Nuclear Pharmacy site in North Ryde, New South Wales. Following commercialization of the site at North Ryde focus will turn to the Victorian PET Nuclear Pharmacy site 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 currently 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 commercialization of the Victorian site.

The terms and conditions of the Offer are set out in this document. On behalf of the directors, I look forward to your continuing support.

Yours faithfully

Vanda Gould
Chairman

1. The Offer

1.1 Offer made under Section 708AA of the Corporations Act 2001

This Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001 (Commonwealth)* (**Corporations Act**) to Australian and New Zealand shareholders recorded in the register of members at 5.00pm Melbourne time, 27 October 2008 (**Record Date** and **Eligible Shareholders** respectively).

This document is not a prospectus under Australian law or under any other law. Accordingly, this document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus.

Before making any decision to invest, Eligible Shareholders must make their own investigations and analysis regarding the Company, its business, financial performance, assets, liabilities and prospects, rely on their own inquiries and judgments in the light of their own personal circumstances (including financial and taxation issues) and seek appropriate professional advice.

1.2 1 for 4.4 non-renounceable rights Issue

The Company is offering to Eligible Shareholders, by way of a non-renounceable rights issue, one new share for every four point four shares recorded in their name on the Record Date at an issue price of $0.10 per new share. If an Eligible Shareholder's entitlement results in a fraction of a share, that shareholder's entitlement will be rounded down. The shares to be issued under the Offer are called **New Shares**.

Under the Offer, the Company will issue up to 31,800,000 shares to raise approximately $3,180,000.00 before expenses. 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. The New Shares will rank equally in all respects with the Company's existing shares.

1.3 Underwriting

The Offer is fully underwritten by CVC Venture Managers Pty Limited (**Underwriter**) for a commission of 4.0% of capital raised plus a 0.05% handling fee plus disbursements, including legal fees.

The Underwriter has sub-underwritten the whole of its commitment including to its related company, CVC Limited. The Chairman of CVC Limited is also a director and a director and Chairman of the Company and the Underwriter. Interests with which he is associated have a legal or beneficial interest in up to 13.5% of the Company's issued capital. This percentage could increase by virtue of the underwriting and sub-underwriting. The underwriting agreement may be terminated in certain circumstances which are set out in the Schedule to this document**.**

The Company is satisfied that the sub-underwriting is an arm's length transaction as determined by those of its non-executive directors with no interest in the Underwriter or any CVC group company.

1.4 No rights trading

Your entitlements under this Offer (**Entitlements**) are non-renounceable. This is because the Company does not believe there would be a significant market for the rights. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for shares to any other person.

If you do not take up your Entitlements by the Closing Date they will be taken up by the Underwriter and sub-underwriter(s) unless the respective underwriting and sub-underwriting agreements have been terminated (see below for details of the underwriting arrangements).

2. Timetable

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

Event	**Date**
Announcement of Offer	Friday, 17 October 2008
Existing shares quoted 'ex' rights (Date from which securities commence trading without the entitlement to participate in the Offer)	Tuesday, 21 October 2008
Record Date (Date for determining entitlements of Eligible Shareholders to participate in the Offer)	Monday, 27 October 2008 at 5.00 pm Melbourne time.
Cleansing Notice and dispatch of Offer Document and Entitlement and Acceptance Form	Thursday, 30 October 2008
Opening Date of Offer	Thursday, 30 October 2008
Closing Date of Offer	Friday, 21 November 2008 at 5.00 pm Melbourne time.
Allotment Date	Friday, 28 November 2008
Dispatch of Holding Statements	Friday, 28 November 2008
Normal trading expected to commence	Monday, 1 December 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.

Unless the Company decides to accept late Applications or extend the Closing Date, acceptances received after 5.00pm Melbourne time, on 21 November 2008 may be rejected and application monies refunded without interest (if any, which will be retained by the Company).

If permission for quotation is not granted by ASX, the New Shares will not be allotted and application monies will be refunded (without interest) as soon as practicable.

3. How to accept the Offer

Acceptance of the Offer must be made on the personalized Entitlement and Acceptance Form attached to or accompanying this document. You are not limited to acceptance of your Entitlement. You may accept for any number of New Shares but you are only assured of receiving your Entitlement as shown on that form. Acceptance of more New Shares than your Entitlement will be satisfied from the entitlements of those Eligible Shareholders who do not subscribe for their New Shares or who subscribe for less than their full entitlements **(Shortfall Shares)**. Shareholders are eligible for New Shares ahead of the Underwriter and sub-underwriters.

Acceptance in full with or without Shortfall Shares:

To accept your Entitlement in full or to accept your Entitlement and to apply for Shortfall Shares:

- complete the Entitlement and Acceptance Form, filling in the details in the spaces provided;
- attach your cheque for the amount indicated on the Entitlement and Acceptance Form or that amount and an additional amount for any Shortfall Shares you wish to apply for (at $0.10 per share); and
- post the Entitlement and Acceptance Form with full payment to the Company so that it is received by the Closing Date, 5.00pm Melbourne time, Friday, 21 November 2008.

Acceptance in part

To accept your Entitlement in part:

- fill in the number of New Shares you wish to accept in the space provided on the personalised Entitlement and Acceptance Form;
- attach your cheque for the appropriate application monies (at $0.10 per share); and
- post the Entitlement and Acceptance Form with full payment to the Company so that it is received by the Closing Date, 5.00pm Melbourne time, Friday, 21 November 2008. Eligible Shareholders on the share register with a shareholding valued at less than $500 have less than a marketable parcel and are encouraged to take up sufficient New Shares as will take them above the number required for them to have a $500 parcel.

If you provide insufficient funds to meet the amount due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared amount will pay for, or your application may be rejected.

Non acceptance

If you do not wish to accept any part of your Entitlement, you do not have to do anything and your Entitlement will automatically lapse and be dealt with as Shortfall Shares. You will receive no payment for your lapsed Entitlement. You cannot sell or transfer your Entitlement to another person.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

Shareholders on the share register with an address otherwise than in Australia or New Zealand will be treated as not having accepted for any part of their Entitlement. If the Company is required to do so, it will deal with those shareholders as set out in section 615 of the Corporations Act or any modification to, or exemption obtained from, that provision.

4. Payment

Post your completed Entitlement and Acceptance Form, accompanied by full payment in Australian currency by a cheque drawn on an Australian bank or bank draft (cash will not be accepted), in each case payable to '**Cyclopharm Limited – Trust Account'** and crossed '**Not Negotiable'** to the following address:

Cyclopharm Limited
c/- CVC Venture Managers Pty Ltd
Suite 630, Level 6
1 Queens Road
Melbourne, VIC, 3004

5. Effect of acceptance

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Eligible Shareholder and the Company for the number of New Shares accepted or deemed to be accepted by the Eligible Shareholder up to their Entitlement. The Entitlement and Acceptance Form does not need to be signed by the Eligible Shareholder to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Victoria.

The Company will attempt to satisfy requests for more than Entitlements out of Shortfall Shares. Priority will be given to satisfy those Eligible Shareholders who have less than a marketable parcel (A$500 worth of shares) and have applied to increase their holding to more than a marketable parcel for the number of shares that will provide them with at least a marketable parcel. Any other oversubscription will be reduced proportionately first based on the Eligible Shareholder's Entitlement and then secondly the balance will be distributed in a manner fair and equitably amongst the applicants for Shortfall Shares. If there are still Shortfall Shares after that distribution, they will be taken up by the Underwriter and dealt with under the underwriting arrangements.

All New Shares will rank equally with existing shares irrespective of whether they were issued to satisfy an Entitlement or not.

6. Allotment of shares

Allotment and issue of the New Shares will only be made once the application monies (including any due from the Underwriter on a shortfall) have been received and ASX has granted permission for quotation of the New Shares.

If permission is granted, it is expected the New Shares will be issued and allotted and holding statements dispatched on 28 November 2008.

It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in New Shares. Applicants who sell shares before they receive their holding statement do so at their own risk.

7. ASX quotation

Application will be made to ASX for the official quotation of the shares to be issued under the Offer. If permission is not granted by ASX for the official quotation of those shares, the Company will repay, as soon as practicable, without interest (which it will retain), all application monies received under the Offer.

8. Jurisdiction

All shareholders who are not Eligible Shareholders are non-participating foreign holders (**NPF Holders**). The Company has decided that it is unreasonable to make the Offer to NPF Holders, having regard to the number of shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places.

Accordingly, the Offer is not being extended to, and no New Shares will be issued to, NPF Holders. Alternative arrangements will be notified to NPF Holders in due course. This document is sent to those shareholders for information purposes only (except to those in the US, Hong Kong and Singapore for whom it may be illegal to do so). This document does not constitute an offer in any place in which or to persons to whom it would not be lawful to make such an offer. In particular, this document does not constitute an offer to NPF Holders.

The distribution of this document in jurisdictions outside Australia and New Zealand may be restricted by law. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

9. Other matters

The rights and liabilities attaching to Shares are set out in the Company's Constitution and are regulated by the Corporations Act, the general law, the Listing Rules and the ASTC Settlement Rules. The Constitution may only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote).

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

Schedule: Summary of Underwriting Agreement

By an agreement with the Company and the Underwriter dated 16 October 2008, the Underwriter has underwritten the Offer of up to 31, 800,000 New Shares to the value of up to $3.18 million before expenses under a Rights Issue. The Company appointed the Underwriter as its agent to arrange and manage the Offer, and the Underwriter will have the right to nominate, with the Company, the allottees of all or any of the New Shares on the terms and subject to the conditions of the underwriting agreement.

Commissions and Fees
The Company is liable to pay to the Underwriter, a commission of 4% payable on the date of allotment of underwritten New Shares, and a handling fee of 0.5%, payable (on a tax invoice) on or after the date of allotment of the balance of the New Shares, under the Rights Issue timetable. The Company must also reimburse the Underwriter for all costs and expenses in connection with the Offer, including legal costs of the Underwriter.

Obligations of the Company
The obligations of the Underwriter under the underwriting agreement are conditional on various conditions precedent relating to: preparation of a sub-underwriting offer letter; letter to underwriter regarding directors' assistance; and satisfaction of various matters relating to due diligence which have been attended to and complied with. These include lodging an application for the admission of the Shares to quotation on the ASX in accordance with the timetable.

The underwriting agreement requires the Company to undertake limited due diligence investigations with all due care and skill and, if requested by the Underwriter, to allow the Underwriter to be a member of the committee which carries out the due diligence investigation and to permit the Underwriter and its representatives full and free access to all material information for the purpose of due diligence investigations and to ensure, among other things, that the offer document complies with the Corporations Act, the Listing Rules and the Constitution.

It imposes obligations on the Company, which are essentially to, advertise and promote the Offer, do everything necessary to comply with the Listing Rules, ensure that the offer document does not contain any false or misleading statements, whether by omission or otherwise, provide appropriate notifications to the Underwriter in the event of anything generally in breach of the underwriting agreement or non-compliant therewith, and co-operate with and assist the Underwriter in the event of any proceedings involving it, its advisors and their respective employees and agents, and seek the Underwriter's approval prior to referring to it, or any sub-underwriter, in any documents lodged with ASX or otherwise. The rights and obligations created on the part of the Company follow the usual form in underwritings of this nature.

Events of Termination
The Underwriter may terminate its obligations under the underwriting agreement by notice to the Company if, before satisfying its shortfall obligations:

- there is a material default under the Agreement;
- a termination event as set out below occurs; and
- in the opinion of the Underwriter an event has occurred that has or is likely to have a material adverse effect on the Offer; or could create a potential liability for the Underwriter.

Waiver by the Underwriter of, or delay by it in exercising, its right to terminate in respect of one event does not affect its right to terminate if another event occurs, whether of the same or a different kind.

Termination by the Underwriter of its obligations under the underwriting agreement does not affect the obligations of the Company dealing with payment of commission, administration and handling fees and expenses or the rights of the Underwriter under the underwriting agreement accruing prior to termination. The rights not affected include:

- any right of indemnity; and
- any right to damages or other remedy for any breach by the Company of its obligations.

The events giving the Underwriter the right to terminate are as follows:

Insolvency
The Company or a Related Body Corporate of the Company (where the effect on the Company is demonstrable):

- suspends payment of its debts generally;
- is or becomes insolvent;
- becomes an externally-administered body corporate, or steps are taken by any person towards making it an externally administered body corporate;
- has a controller (as defined in section 9 of the Corporations Act) appointed in respect of any of its property, or steps are taken for the appointment of such a person; or
- is taken to have failed to comply with a statutory demand within the meaning of section 459F of the Corporations Act.

Specific Interventions by ASIC
The ASIC:

- applies for an order under section 1324B of the Corporations Act (to disclose information or publish advertisements) and the application is not dismissed or withdrawn before the Closing Date; or
- makes an order under section 739 of the Corporations Act (to stop the issue of securities) or an interim order which the Company is unable to have lifted within 14 Business Days after it is made.

Fall of Relevant Index
S & P All Ordinaries Share Price Index continues for 3 consecutive Business Days at a level that is 10% or more below the level of the index as at the close of trading on the last Business Day before the date of this agreement.

Default
The Company is in default under this agreement or in breach of warranty, and the default or breach is either incapable of remedy or is not remedied within 5 Business Days after it occurs.

Indictable Offence
A director (or, if he is not a director, the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer) of the Company or a Related Body Corporate is charged with an indictable offence relating to a financial or corporate matter.

Capital Structure or Constitution Altered
The Company or a Related Body Corporate of the Company alters its constitution or capital structure without the consent of the Underwriter.

Charge
The Company or a Related Body Corporate of the Company charges or agrees to charge the whole or a substantial part of its business or property without the consent of the Underwriter

Change to Business
The Company or a Related Body Corporate of the Company:
- ceases or threatens to cease to carry on its business; or
- disposes or agrees to dispose of a substantial part of its business (other than where the disposal is in relation to a transaction which has been announced to the market prior to the date of this agreement).

Change in Law or Policy
A new law or policy is announced, introduced or adopted which does or is likely to prohibit or restrict or have a materially adverse effect on the Offer. A "law" or "policy" includes:
- any legislation of the Australian parliament or the parliament of a State or Territory where the Company conducts a material part of its business or operation;
- any regulation, proclamation, order or other delegated legislation under the authority of the Australian parliament or the parliament of any State or Territory, including local government ordinances and by- laws where the Company conducts a material part of its business or operation; and
- any policy, guideline or rule of the ASIC, the ASX or the APX (as the case may be), the Reserve Bank of Australia or other relevant fiscal or regulatory authority.

Hostilities
There is a major outbreak or escalation of hostilities (whether or not war has been declared), or a major act of terrorism occurs involving any one or more of the following: Australia, the United States of America, the Peoples Republic of China, Europe, the United Kingdom, Japan, Israel, Indonesia, the Middle East, or any member country of the Organisation of Petroleum Exporting Countries.

For the avoidance of doubt, there are existing hostilities in Afghanistan and Iraq involving Australia as at the date of this agreement and those hostilities do not, in the absence of a major escalation, give rise to a right of termination of this agreement.

Non-Compliance
The Company or any Related Body Corporate of the Company fails to comply with:

- a provision of its constitution;
- any law of the country where it is incorporated, or in which it carries on business, or where its securities are listed or are intended to be listed;
- a requirement, order or request made by or on behalf of the ASIC or any governmental agency.

Other Materially Adverse Change in Company
Any materially adverse change occurs in the financial or trading position or performance or in assets, liabilities, earnings, profits, losses, business, operations or prospects of the Company or a Related Body Corporate of the Company.

Other Material Adverse Event
Any other event occurs which has, or is likely to have, a materially adverse effect on the Offer.

Miscellaneous
The underwriting agreement contains usual clauses in relation to confidentiality, notices, amendments, waiver of rights, GST, governing law, assignment, severability (so that any unenforceable, illegal or void provisions is severed from the underwriting agreement), a whole of agreement clause and other matters including the granting of extensive indemnities to the Underwriter and each of those parties defined as an "Indemnified Party" which essentially means the Underwriter, its officers and employees.