



cyclomedica
technegas
cyclopet
ultralute

Cyclopharm Ltd
ABN 74 116 931 250
Unit 4, 1 The Crescent
Kingsgrove NSW 2208 Australia
T 61 2 9541 0411
F 61 2 9543 0960
www.cyclopharm.com.au

Wednesday 14 June 2017

DESPATCH OF ENTITLEMENT OFFER BOOKLET

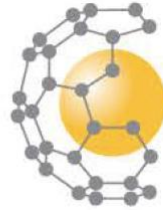
Cyclopharm Limited is pleased to announce that it has despatched the attached Entitlement Offer Booklet and an accompanying personalised Entitlement and Acceptance Form to eligible shareholders. The Entitlement Offer Booklet relates to the non-renounceable entitlement offer announced on Monday, 5 June 2017.

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

James McBrayer
Managing Director and Company Secretary

cyclopharm

Nuclear Medicine



Cyclopharm Limited

ACN 116 931 250

Entitlement Offer Booklet

In relation to

A fully underwritten pro-rata non-renounceable entitlement offer of 1 New Share for every 6.8 Shares held at an issue price of \$0.80 per New Share to raise approximately \$7 million.

The Entitlement Offer closes at 5pm (Sydney time) Friday, 23 June 2017.

This Entitlement Offer Booklet is important and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act.



Underwriter and Lead Manager

TABLE OF CONTENTS

| | |
|--|-----------|
| Important Information | 2 |
| Message from the managing director | 3 |
| Key Features of the Entitlement Offer | 4 |
| 1 Details of the Entitlement Offer..... | 5 |
| 2 How to participate | 7 |
| 3 Investor Presentation..... | 10 |
| 4 Risk factors | 11 |
| 5 Additional information | 16 |
| 6 Definitions | 22 |
| Corporate Directory | 24 |

IMPORTANT INFORMATION

This Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) to shareholders with a registered address in Australia, New Zealand and the United Kingdom, recorded in the register of members on 7pm (Sydney time) Thursday, 8 June 2017 (**Record Date**).

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.

This booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this letter and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to the Company as of the date of this letter. Except as required by law or regulation (including the ASX Listing Rules) the Company undertakes no obligation to update these forward-looking statements.

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

This booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (US Person)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This booklet has been prepared for publication only in Australia, New Zealand and the United Kingdom and may not be released elsewhere.

Capitalised terms have the meaning given to them in section 6.

MESSAGE FROM THE MANAGING DIRECTOR

14 June 2017

Dear Eligible Shareholder

The Company announced on Monday, 5 June 2017 that it was conducting a fully underwritten 1 for 6.8 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.80 per New Share (**Entitlement Offer**) to raise approximately \$7 million before costs.

Purpose of the Entitlement Offer

The net proceeds of the Entitlement Offer will be used to fund Cyclopharm's United States Food and Drug Administration (**USFDA**) Phase 3 clinical trial program for Technegas. The information developed through the clinical trial process will be used to support a New Drug Application (**NDA**) designed to achieve marketing approval for Technegas from the USFDA.

Entitlement Offer

On behalf of your Directors, I am pleased to invite you as a valued Shareholder of Cyclopharm Limited to participate in the Entitlement Offer, further details of which are set out in section 1.1.

Eligible Shareholders are entitled to acquire 1 New Share for every 6.8 existing Shares held on the record date, being 7:00pm (Sydney time) on Thursday, 8 June 2017 (**Record Date**).

Additional New Shares

Eligible Shareholders may also apply for up to \$15,000 worth of New Shares in excess of their Entitlement (**Additional New Shares**), with such oversubscriptions to be satisfied from Entitlements that were not taken up under the Entitlement Offer. The Directors reserve the right to allot and issue Additional New Shares in their absolute discretion. Please see section 1.3 for further details on how Additional New Shares will be allocated to Eligible Shareholders.

Actions required to take up your Entitlement

Your entitlement to subscribe for New Shares under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form accompanying this Offer Booklet. Instructions on how to participate in the Entitlement Offer are set out in section 2.

The Entitlement Offer closes at 5:00pm (Sydney time) on Friday, 23 June 2017, unless extended. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money paid by electronic funds transfer are received before this time in accordance with the instructions set out on the form and in section 2.

If you take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement. You should note that if you renounce all or part of your Entitlement, then your percentage shareholding in the Company will be diluted by your non-participation in the Entitlement Offer.

Further information

It is important that you carefully read this Entitlement Offer Booklet and the other publicly available information about the Company, including information on our website (www.cyclopharm.com.au) and consider in particular the risk factors referred to in section 4 before making any investment decision.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

James McBrayer
Managing Director

KEY FEATURES OF THE ENTITLEMENT OFFER

Summary of Offer

| | |
|---|--|
| Issue Price | \$0.80 per New Share |
| Discount | 17.2% to the 5 day VWAP of Shares traded on ASX up to, and including, Friday, 2 June 2017 of \$0.967 20.0% to the last price of \$1.00 at which shares traded on Friday, 2 June 2017 |
| Entitlement | 1 New Share for every 6.8 Shares held on the Record Date (Thursday, 8 June 2017) |
| Additional New Shares available | Eligible Shareholders may apply for New Shares in excess of their Entitlement. The Directors may issue and allot applications for Additional New Shares in their absolute discretion. |
| Maximum number of New Shares that can be issued under the Entitlement Offer | 8,816,432 New Shares |
| Amount to be raised | Approximately \$7 million |

Key dates

| | |
|---|--|
| Record Date to determine Entitlements | 7pm (Sydney time) on Thursday, 8 June 2017 |
| This booklet and Entitlement and Acceptance Forms despatched | Wednesday, 14 June 2017 |
| Opening date of the Entitlement Offer | Wednesday, 14 June 2017 |
| Closing Date — last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money | 5pm (Sydney time) on Friday, 23 June 2017 |
| Trading of New Shares expected to commence on a deferred settlement basis | Monday, 26 June 2017 |
| Issue of New Shares | Friday, 30 June 2017 |
| Holding statements for New Shares expected to be despatched | Monday, 3 July 2017 |
| Normal trading of New Shares expected to commence on ASX | |

Eligible Shareholders that wish to participate in the Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Entitlement Offer opens. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer (including extending the Entitlement Offer or accepting late applications) without notice.

1 Details of the Entitlement Offer

1.1 The Entitlement Offer

Eligible Shareholders are invited to participate in a pro-rata non-renounceable Entitlement Offer to raise approximately \$7 million (before costs). The Entitlement Offer will be conducted on the basis of 1 New Share for every 6.8 Shares held on the Record Date, at an Issue Price of \$0.80 per New Share, which is payable in full on application. Fractional entitlements will be rounded down.

The Issue Price represents a discount of approximately:

- 17.2% to the 5 day VWAP of Shares traded on ASX up to and including Friday, 2 June 2017 of \$0.967; and
- 20.0% to the last price of \$1.00 at which Shares traded on Friday, 2 June 2017.

1.2 Eligible Shareholders

This booklet contains an offer of New Shares to Eligible Shareholders. Eligible Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia, New Zealand and the United Kingdom;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders that are not Eligible Shareholders are Ineligible Shareholders.

1.3 Additional New Shares

Eligible Shareholders that have fully subscribed for their Entitlements under the Entitlement Offer will be able to subscribe for up to \$15,000 worth of additional shares (**Additional New Shares**). Additional New Shares will be sourced from Entitlements that were not taken up under the Entitlement Offer.

Eligible Shareholders can subscribe for Additional New Shares by completing the relevant part of the Entitlement and Acceptance Form, or by paying through electronic funds transfer.

There is no guarantee that those Eligible Shareholders will receive the number of Additional New Shares applied for, or any. The total number of Additional New Shares will not exceed the shortfall from the Entitlement Offer. The Directors reserve the right to allot and issue Additional New Shares in their absolute discretion.

To the extent that any of the Entitlements of Eligible Shareholders are not allocated as Additional New Shares, these Entitlements will be subscribed for by the Underwriter, subject to the terms of the Underwriting Agreement.

1.4 Ranking of New Shares

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.

1.5 Withdrawal of Entitlement Offer

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

1.6 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

1.7 **No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

1.8 **Minimum subscription**

There is no minimum subscription for the Entitlement Offer.

1.9 **Purpose of the Entitlement Offer**

The net proceeds of the Entitlement Offer will be used to fund the balance of the current USFDA Phase 3 clinical trial and be applied towards supporting the NDA submission.

1.10 **Company's capital structure pro-forma**

The table below provides a pro-forma capital structure of the Company after completion of the Entitlement Offer (assuming no other shares are issued by the Company).

| Share Capital | Shares |
|--|-------------------|
| Shares on issue before announcement of the Entitlement Offer | 59,951,733 |
| New Shares to be issued under the Entitlement Offer | 8,816,432 |
| Shares on issue after the Entitlement Offer | 68,768,165 |

1.11 **Underwriting**

The Entitlement Offer is fully-underwritten by Bell Potter Securities Limited who will be paid a management fee of 3.75% of the Offer Amount.

The Underwriting Agreement is in a market standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations – a summary is set out in Section 5.11.

1.12 **Opening and Closing Date for applications**

The Entitlement Offer opens for acceptances on **Wednesday, 14 June 2017** and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5pm (Sydney time) on **Friday, 23 June 2017**, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules, and in conjunction with the Underwriter.

1.13 **Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than 30 June 2017. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

2 How to participate

2.1 What you may do — choices available

Before taking any action you should carefully read this Entitlement Offer Booklet and the other publicly available information about the Company on our website (www.cyclopharm.com.au) and consider the risk factors set out in section 4.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

| Alternatives | See section |
|---|--------------------|
| Take up your Entitlement in full or in part | 2.2 |
| Allow your Entitlement to lapse | 2.6 |

2.2 If you wish to accept your Entitlement in full or in part

Either:

Payment by cheque or bank draft

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance Form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5pm (Sydney time) on Friday, 23 June 2017**.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to '**Cyclopharm Limited Share**' and crossed '**Not Negotiable**'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

or:

Pay by electronic funds transfer

If you are paying for your New Shares by electronic funds transfer into the Company's bank account, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by electronic funds transfer:

- you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your payment, please make sure to enter the Entitlement Number provided on your personalised Entitlement and Acceptance Form as a reference. Unless you quote your Entitlement Number as a reference, your application cannot be processed. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the Entitlement Number specific to the Entitlement on that form. If you inadvertently use the same Entitlement Number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the Entitlement Number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted by electronic funds transfer are received by **5pm (Sydney time) on Friday, 23 June 2017**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares or Additional New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Shareholders on any Application Money received or refunded.

2.3 **Acceptance of the Entitlement Offer**

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by electronic funds transfer, you:

- (a) agree to be bound by the terms of this Entitlement Offer Booklet and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by electronic funds transfer, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this Entitlement Offer Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) represent and warrant that the law of any place (other than Australia, New Zealand and the United Kingdom) does not prohibit you from being given this Entitlement Offer Booklet or making an application for New Shares; and

- (k) represent and warrant that you are an Eligible Shareholder and have read and understood this Entitlement Offer Booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form.

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by electronic funds transfer, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are not in the United States and are not a US Person (see section 5.1(c) below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand and the United Kingdom, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

2.4 **Payment for New Shares**

The Issue Price of \$0.80 per New Share is payable in full on application.

The Application Money payable for your Entitlement is set out on the Entitlement and Acceptance Form.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company whether or not the allotment of New Shares takes place.

2.5 **Address details and enquiries**

Completed Entitlement and Acceptance Forms should be forwarded to the Company's Share Registry by mail to the following address:

Cyclopharm Limited
C/- NextRegistries
PO Box H195
Australia Square NSW 1215

Please note that payment of Application Money by electronic funds transfer does not require the return of the Acceptance Forms. If you would like further information you can contact your stockbroker, accountant or other professional adviser.

2.6 **If you do not wish to accept all or any part of your Entitlement**

To the extent you do not accept all or any part of your Entitlement, it will lapse.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

3 Investor Presentation

See attached

4 Risk factors

4.1 General

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company, its products, the industry in which it operates and the outcome of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in the Company. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance, profits and the value of its Shares.

Before deciding to invest in the Company, potential investors should read the entire Entitlement Offer Booklet and the risk factors that could affect the financial performance of the Company.

You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

4.2 Specific Risk Factors

In addition to the general risks set out in section 4.3, the Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for Shares. Each of these factors could have a materially adverse impact on the Company, its expansion plans, operating and product strategies and its financial performance and position.

These include:

(a) Funding risk

There is no guarantee that monies raised under the Entitlement Offer will be adequate or sufficient for the Company to achieve its stated objectives or meet the funding requirements of the Company under its current business plan.

If the Company requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions which are commercially acceptable to the Company.

(b) Intellectual property and patent risk

The ability of the Company to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of the Company's business.

To protect its proprietary intellectual property, the Company has applied for patents, trademarks and designs in key markets. The intellectual property applications (**IP Applications**) are at various stages. There is a risk that some or all of the IP Applications may not be granted, either in Australia or overseas and the Company may not be able to prevent other persons from using the Company's intellectual property.

The granting of protection such as a registered patent does not guarantee that the rights of third parties are not infringed or that competitors will not develop technology to avoid the patent. Patents are territorial in nature and patents must be obtained in each and every country where protection is desired. There can be no assurance that any patents which the Company may own or control will afford the Company significant protection of its technology or its products.

(c) **Reverse engineering risk and trade secret risk**

There is a risk of the Company's products being reverse engineered or copied. The Company relies on trade secrets to protect its proprietary technologies, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, contractors, consultants, outside scientific collaborators and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position.

(d) **Regulatory risk**

Products intended for diagnostic use for humans are governed by a wide array of regulatory agencies. For most of these products, applicable regulations require testing and government review and approval prior to marketing that product in a particular jurisdiction. This procedure can take a number of years and involves the expenditure of substantial resources. Any failure or delay by the Company to obtain regulatory approvals or clearances could adversely affect the marketing of any products the Company develops and its ability to generate further revenue. There can be no guarantee that any of the Company's planned products will be approved by any regulatory authority on a timely basis, or at all.

In the event that a regulatory authority revokes any clearance or approval granted in respect of the Company's products, the Company's business and financial condition could be adversely affected.

Numerous statutes and regulations govern the manufacture and sale of medical devices and pharmaceutical products in Australia and other countries where the Company markets or intends to market its products. Such laws and regulations govern, among other things, the approval of manufacturing facilities, testing procedures and controlled research, non-clinical and clinical data required prior to and after marketing approval, compliance with good manufacturing practices affecting production and storage, the advertising and labelling of products, the reporting of adverse events and special issues associated with the manufacture and use of radiopharmaceutical products. Failure to comply with this laws and regulations could result in warning letters, fines and other civil penalties, unanticipated expenditures, withdrawal of regulatory approvals, delays in approvals or refusal of approvals, product recalls, interruption of production, operating restrictions or injunctions.

There is a risk that the cost of compliance and the anticipated timing associated with compliance in new and existing markets will exceed expectations and have an adverse impact on the financial position of the Company.

(e) **Clinical trial risk**

The Company is in the process of conducting clinical trials comparing the Xe133 with Technegas™. There is a risk that these human clinical trials may not produce the results that the Company anticipates. Additionally, pre or post market clinical trials may fail to produce results satisfactory to the United States Food and Drug Administration, Australian regulatory authority or other foreign regulatory authorities. Any such outcomes would adversely affect the Company's ability to introduce new products and generate revenue.

(f) **Key market risk**

The United States is considered a key market by the Company. The Company intends to seek regulatory approval for the sale of the Company's Technegas™ product in that market and is well progressed with the studies required by the approval. However, there is no guarantee that the applications will be successful either at all or in a timely manner or be granted on terms and conditions which are acceptable or commercially feasible to the Company.

If regulatory approvals for key markets are not granted then there will be a material adverse effect on the Company's growth prospects and financial performance.

(g) **Commercialisation risk**

There can be no assurance that the Company's existing products or any new products or services that it develops will achieve market acceptance or will be commercialised, either on a timely basis or at all. Successful commercialisation will also depend on whether any unanticipated adverse effects result from using the Company's products, or any unfavourable publicity develops in respect of the products, as well as the emergence of new or existing products as competition for the Company's products, which are proven to be more clinically or cost effective.

For example, the Ultralute™ product may not be able to be manufactured and sold at a price which gains market acceptance. An inability or material delay in the commercialisation of the Company's product may have an adverse impact on the revenue, financial performance, prospects and share price of the Company.

(h) **Operational risk**

The Company manufactures and or assembles the majority of the components that make up Technegas™ products at its new facilities located at Kingsgrove, NSW Australia.

In the event that operations are disrupted at the Company's Kingsgrove facility and the Company is unable to manufacture and distribute Technegas™ products for an extended period of time, there will be an adverse impact on the financial position of the Company.

(i) **Warranty risk and product liability**

There is an inherent risk of defective workmanship or materials in the manufacture of the Company's products and for exposure to product liability for damages suffered by third parties attributable to the use of the product. Defective products may have a materially adverse impact on the Company's reputation, its ability to achieve sales and commercialise its products and on its financial performance due to warranty obligations.

(j) **Research and development risk**

A principal component of the Company's business strategy is to expand its product offering to fully exploit its underlying imaging platform. As such, the Company's organic growth and long-term success is partially dependent on its ability to successfully develop and market new products, such as the Ultralute™. Accordingly, the Company will likely incur significant research and development expenditures. However, there is no certainty that any investment in research and development will yield technically feasible or commercially viable products. Product development is subject to regulatory overview and approval at significant costs. Failure to introduce new products, or delays in obtaining regulatory approvals could materially and adversely affect the Company's business and financial condition.

(k) Market competition and technological advancement risk

Industrial technology in medical diagnostics and therapeutics is evolving rapidly and competition is intense. In addition to products currently in the market, additional products may be introduced to compete with those of the Company. Some products may use entirely different approaches or means to obtain diagnostics information and could be found to be more clinically effective or less expensive than those products being developed and/or commercialised by the Company. In addition, many competitors, both current and potential, may have considerably greater resources at their disposal than the Company. Accordingly, there can be no assurance that the Company can successfully compete with present or potential competitors or that such intense competition will not have a materially adverse effect on the Company.

Additionally, since the Company's products are designed to diagnose specific medical conditions, it is possible that medical or scientific advancement with respect to the treatment of these conditions could render the Company's products obsolete.

(l) Expansion risk

As the Company expands, it will be required to continue to improve, and where appropriate, upscale its operational and financial systems, procedures and controls and expand, retain, manage and train its employees. If it is not able to manage its expansion and growth efficiently and effectively, there could be a materially adverse impact on the Company's ability to meet customer demands, to expand its business either at all or in a timely manner, its financial performance and its ability to maintain its position in the market.

(m) Foreign exchange risk

As the Company's Technegas™ products are licensed to be sold in 56 countries, sales for this product are subject to global currency fluctuations. A substantial increase in the rate of exchange of the Australian dollar compared to that of the Euro or Canadian dollar will have a negative impact on the profitability of the Company's existing business.

Whilst the company intends to convert the majority of the proceeds raised from this initiative into \$USD, during the funding phase of Technegas™ for the USA market, a stronger \$USD compared to that of the \$AUD may have a negative impact on the Company's profitability.

(n) Share price risk

There is ongoing uncertainty relating to the relevant interests held by Mr Vanda Gould, a non-executive director, and his associates, in the Company's Shares. The nature of this uncertainty is disclosed in the Directors' Report in the Company's Annual Report announced on 28 March 2017. There is a risk that at some stage in the future, a material number of Shares may become available on market to reduce a concentrated shareholding. This may impact adversely on the share price. To mitigate this, the Company could seek to arrange a block trade. However, there is no guarantee that this will be successful and there is a risk that the available Shares could create an overhang in the market and result in share price volatility.

4.3 General Risk Factors**(a) Share market**

On completion of the Entitlement Offer, the New Shares may trade on ASX at higher or lower prices than the Issue Price. Investors who decide to sell their New Shares after the Entitlement Offer may not receive the amount of their original investment. There can be no guarantee that the price of New Shares will increase after listing. The price at which the New Shares trade on ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

(b) **Dependence on general economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact on the Company's earnings and financial performance.

(c) **Tax risk**

Any change to the rate of company income tax in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the rates of income tax applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

(d) **Legislative and regulatory changes**

Legislative or regulatory changes, including property or environmental regulations or regulatory changes in relation to product sold by the Company, could have an adverse impact on the Company.

5 Additional information

5.1 Shareholders outside Australia, New Zealand and the United Kingdom

This Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares, outside Australia, New Zealand and the United Kingdom. The New Shares may not be offered in a jurisdiction outside Australia, New Zealand and the United Kingdom where such an offer is not made in accordance with the laws of that place.

The distribution of this Entitlement Offer Booklet in jurisdictions outside Australia, New Zealand and the United Kingdom may be restricted by law and therefore persons who come into possession of this document outside Australia, New Zealand and the United Kingdom should seek advice on, and observe, any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia, New Zealand and the United Kingdom.

(a) New Zealand securities law requirements

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This Entitlement Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand).

(b) United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than 'qualified investors' (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005*, as amended, or (ii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

(c) **United States**

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Entitlement Offer Booklet is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Entitlement Offer is not being made to US persons or persons in the United States.

5.2 **Ineligible Shareholders**

The Company is not extending the Entitlement Offer to Ineligible Shareholders having regard to the cost of complying with legal and regulatory requirements outside Australia, New Zealand and the United Kingdom, the number of Ineligible Shareholders and the number and value of New Shares which could be offered to Ineligible Shareholders.

Where this Entitlement Offer Booklet has been dispatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

5.3 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

5.4 **Privacy**

The information about Eligible Shareholders included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer the Eligible Shareholder's holding of New Shares. By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that the Company may use the information provided by an Eligible Shareholder on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including name, address and details of the Shares held) in the Register. The information contained in the Register must remain there even if that person ceases to be a Shareholder. Information contained in the Register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry as follows:

NextRegistries
PO Box H195
Australia Square NSW 1215
Ph: +61 2 9276 1700
Fax: +61 2 9251 7138

5.5 **Not investment advice**

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

This Entitlement Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

5.6 **Future performance and forward looking statements**

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Entitlement Offer.

Past Share price performance provides no guidance as to future Share price performance.

5.7 **Governing law**

This Entitlement Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in New South Wales, Australia.

5.8 **Interpretation**

Some capitalised words and expressions used in this Entitlement Offer Booklet have meanings which are explained in section 6.

A reference to time in this Entitlement Offer Booklet is to the local time in Sydney, Australia, unless otherwise stated. All financial amounts in this Entitlement Offer Booklet are expressed in Australian dollars, unless otherwise stated.

5.9 **Disclaimer of representations**

No person is authorised to provide any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Entitlement Offer Booklet.

Any information or representation that is not in this booklet may not be taken as having been authorised by the Company or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, none of Cyclopharm Limited, or any other person, warrants or guarantees the future performance of Cyclopharm Limited or any return on any investment made in connection with this Entitlement Offer.

5.10 **No handling fees**

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Shareholders.

- (v) **(listing)** ASX announced that the Company will be removed from the official list or that any Shares will be delisted or suspended from quotation by ASX;
- (vi) **(Default)** any representation or warranty contained in this document on the part of the Company is not true or correct when given or if there is any other breach by the Company of its obligations under the Underwriting Agreement;
- (vii) **(failure to comply)** the Company or a group member of the Company fails to comply with its constitution, the Corporations Act or any other applicable law;
- (viii) **(change to capital structure or constitution)** prior to completion, the Company changes its capital structure or its constitution without the prior written consent of the Underwriter;
- (ix) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a material escalation in existing hostilities occurs (whether war has been declared or not) or political or civil unrest involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, the Republic of China, Indonesia or North or South Korea, Singapore, France, Germany, Russia or the United Arab Emirates or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (x) **(adverse change)** there is an adverse change, or an event occurs which is likely to give rise to 5% or more adverse effect on the assets, liabilities, revenue, profits, operations or prospects of the group when compared to what the assets, liabilities, revenue, profits, operations or prospects of the group would have been if not for that adverse change or event;
- (xi) **(new circumstance)** any new circumstance arises that would, in the reasonable opinion of the Underwriter, have been required to be disclosed if it had arisen before this Offer Booklet was issued;
- (xii) **(Public information)** any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the offer as part of the Company's due diligence program is misleading or deceptive;
- (xiii) **(disclosures)** a statement contained in any of the offer documents, or any information supplied by or on behalf of the Company to the Underwriter, is misleading or deceptive in a material respect or any forecast, expression of opinion, intention or expectation expressed in an offer document is not, in all material respects, based on reasonable assumptions;
- (xiv) **(withdrawal of offer)** the Company withdraws the offer;
- (xv) **(Certificate)** the Company does not provide the Entitlement Offer certificate or new circumstances certificate when it is required to be provided under the Underwriting Agreement or a statement in a certificate is untrue, incorrect or misleading or deceptive in any material respect;
- (xvi) **(change in management)** a change in the senior management of the Company or in the Board of Directors of the Company occurs or is announced;
- (xvii) **(legal proceedings and offence by Directors)** any of the following occurs:
 - (A) a Director is charged with an indictable offence;
 - (B) any government agency commences any public action against a Director of the Company or announced it intends to take any such action; or

- (C) any Director is disqualified from managing a corporation under the Corporations Act;
- (xviii) **(misrepresentation)** a representation or warranty made by or given by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue;
- (xix) **(insolvency)** the Company or a group member is insolvent or there is an act or omission which may result in the Company or group member becoming insolvent;
- (xx) **(Takeovers Panel)** a Shareholder makes an application to the Takeovers Panel in connection with the Entitlement Offer and the Takeovers Panel elects to hear the application, and the application is not withdrawn or rejected;
- (xxi) **(corrective notice)** the Company becomes required to give or gives a correcting notice under subsection 708AA(10) other than as a result of a new circumstance arising;
- (xxii) **(regulatory action)** there is an application to a government agency (including without limitation the Takeovers Panel) for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Entitlement Offer or any agreement entered into in respect of the Entitlement Offer (or any part of it);
- (xxiii) **(ASIC action)** ASIC either applies for an order, makes an application, or commences any investigation or hearing in relation to the Entitlement Offer or the offer documents;
- (xxiv) **(unable to issue New Shares)** the Company is prevented from issuing New Shares within the time required by the Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- (xxv) **(Listing Rules)** the Company commits a material breach of its continuous disclosure obligations under the Listing Rules; or
- (xxvi) **(Timetable)** an event specified in the timetable is delayed for more than two Business Days.

(d) **Other**

The Underwriting Agreement otherwise contains covenants, indemnities and representations and warranties by the Company which are customarily found in underwriting agreements for transactions of this size and type.

5.12 Sub-underwriting agreement

- (a) The Underwriter has entered into a sub-underwriting agreement with Australian Ethical Investment Limited (**Australian Ethical**), a substantial shareholder of the Company holding a relevant interest in 3,463,575 Shares (representing approximately 5.78% of the Shares).
- (b) Australian Ethical will receive a sub-underwriting fee of 2.0% of its sub-underwritten amount.

6 Definitions

| | |
|--|--|
| Additional New Shares | Up to \$15,000 worth of New Shares you apply for in excess of your Entitlement |
| Application Money | Money paid by you for New Shares |
| ASIC | The Australian Securities and Investments Commission |
| ASX | ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable |
| Board | The board of Directors |
| Closing Date | Friday, 23 June 2017 |
| Company or Cyclopharm | Cyclopharm Limited ACN 116 931 250 |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| Director | A director of the Company |
| Eligible Shareholder | A Shareholder on the Record Date and who is not an Ineligible Shareholder |
| Entitlement | The entitlement to 1 New Share for every 6.8 Shares held on the Record Date. The entitlement of each Eligible Shareholder is shown on the personalised Entitlement and Acceptance Form |
| Entitlement Offer | The offer of New Shares made in this Entitlement Offer Booklet |
| Entitlement Offer Booklet | This booklet |
| Entitlement and Acceptance Form | The entitlement and acceptance form accompanying this Entitlement Offer Booklet |
| Ineligible Shareholder | A Shareholder with an address in the Register outside Australia, New Zealand or the United Kingdom. |
| Issue Price | \$0.80 per New Share |
| Listing Rules | The official listing rules of ASX, as amended or waived by ASX from time to time |
| New Shares | Shares to be allotted and issued offered under the Entitlement Offer including, as the context requires, any additional shares issued under any shortfall. |
| Offer Amount | The aggregate number of New Shares for which Eligible Shareholders may accept their entitlement multiplied by the Issue Price. |
| Record Date | 7pm (Sydney time) on Thursday, 8 June 2017 |
| Register | The register of Shareholders required to be kept under the Corporations Act |
| Share | A fully paid ordinary share in the Company |
| Share Registry | NextRegistries a division of Nexia Sydney Pty Ltd |
| Shareholder | A holder of Shares |

| | |
|----------------------------|---|
| Underwriter | Bell Potter Securities Limited |
| US or United States | United States of America, its territories and possessions, any State of the United States of America and the District of Columbia |
| US Person | The meaning given in Regulation S under the US Securities Act |
| US Securities Act | The <i>United States Securities Act of 1933</i> , as amended |
| VWAP | Volume weighted average price |

CORPORATE DIRECTORY

Directors

Mr David Heaney – Non-Executive Chairman
Mr James McBrayer – Managing Director and Company Secretary
Mr Vanda Gould – Non-Executive Director
Mr Thomas McDonald – Non-Executive Director

Website

www.cyclopharm.com.au

Registered office

Unit 4/1 The Crescent
Kingsgrove NSW 2208

Underwriter

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

Legal advisors

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

Share Registry

NextRegistries
Level 16
1 Market Street
Sydney NSW 2000



Cyclopharm Limited

A profitable and growing market leader
in nuclear medical imaging and lung healthcare

Capital Raising Investor Presentation

5 June 2017



Company Overview

Company Overview

Cyclopharm Limited (CYC) is a leading nuclear pharmaceuticals company

- A world leader in functional lung ventilation imaging technology with recurring consumables and capital equipment revenue streams
- A profitable and growing company with a history of dividend payments
- Lead product Technegas is currently sold in 56 countries with significant opportunity to expand into USA with FDA trial completion expected in Q3 2018
- Opportunity to broaden Technegas application beyond pulmonary embolism diagnosis into large addressable markets such as COPD and Asthma



| | |
|-------------------------------|----------------|
| Share Price (as at 2 June 17) | \$1.00 |
| Shares on Issue | 60.0 million |
| Market Capitalisation | \$60.0 million |
| Cash (31 Dec 16) | \$4.6 million |

Company Overview

Cyclopharm's leading product is the *Technegas* technology system

- The Technegas proprietary technology provides high quality diagnostic functional lung imaging.
- Predominantly used to diagnosis the presence of blood clots in the lung otherwise known as Pulmonary Embolisms (PE), with advances in complementary technology the potential for use in other indications is rapidly evolving.
- In a clinical setting, the patient inhales, in only a few breaths, an ultrafine dispersion of Technegas particles. Once inhaled and deposited in the lungs, Technegas images are then captured by using conventional nuclear medicine scanning equipment.
- The Technegas images provide the clinician an understanding of how well the patient's lungs are functioning across a range of disease states.
- CYC sells the Technegas Generator to hospitals as a one-off capital item. Consumable components are inserted into the Technegas Generator which then produce the gas like particles that are inhaled by the patient. The consumables which deliver Technegas are single use items which are sold exclusively by CYC.



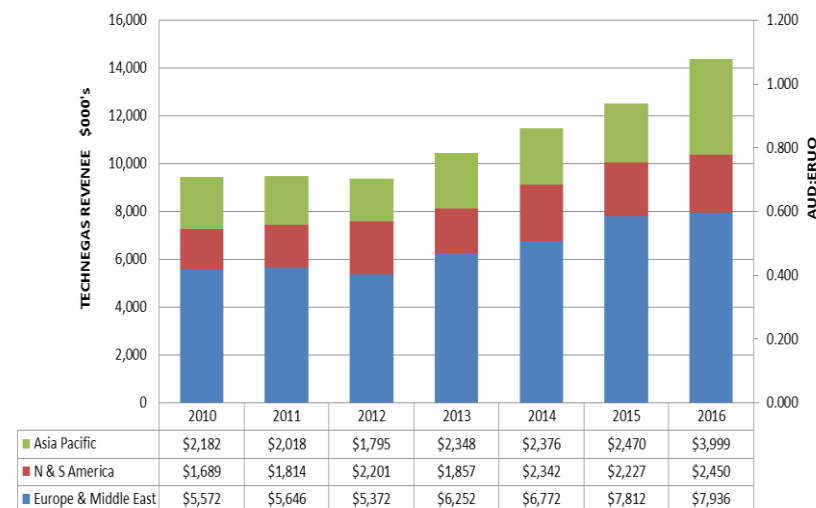
Proven Market Adoption



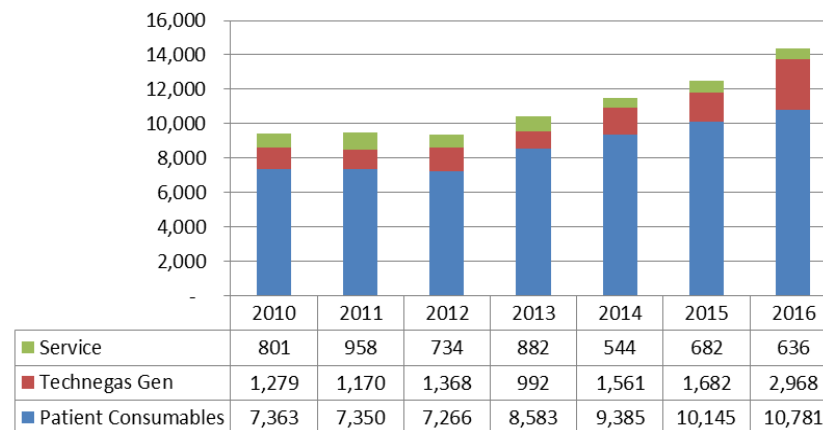
Technegas is a substantially de-risked commercial proposition with significant upside in the US market

- Total **global sales of \$77m** since 2010
- Technegas currently sold in **56 countries**
- Over **210,000 patient procedures** in 2016
- Over **3,700,000 patient procedures** since 1986
- **1,500 Technegas generators** sold globally
- **FY2016 Sales of \$14.4m and EBIT of \$1.4m**
- CYC is a growing, profitable and dividend paying company
- Stable gross margins of greater than 75%
- 79% of historical revenue is generated through recurring consumable sales

Technegas Regional Revenue



Technegas Revenue by Category



Advantages of Technegas

Technegas provides clinically superior outcomes to its competitors

- Better clinical results at a fraction of the high radiation doses used in CTPA (angiograms)
- No contraindications
- More accurate and sensitive measurement in diagnosing pulmonary embolism
- Effective when CTPA is contraindicated e.g. renal impairment
- Improved patient comfort and tolerance with only 3-4 breaths required for delivery
- Allows for 3D images and regional quantification
- Named as the preferred ventilation imaging agent of choice in the European Association of Nuclear Medicine Guidelines

IP/Generic protection

- Technegas is a system - needs the generator, patient administrator set (PAS) and service capability
- R&D on 3rd generator generation underway set to extend IP protection

Competitive Nuclear Medicine Products

| Product | Comparison to Technegas |
|-----------|---|
| Xenon 133 | <ul style="list-style-type: none">▪ Patient has to continually re-breathe gas causing patient discomfort▪ Can't provide 3D images▪ Costly air-handling infrastructure required in order to administer |
| DTPA | <ul style="list-style-type: none">▪ Inferior images in patients with obstructive lung disease (COPD) |



Capital Raising

Entitlement Offer Summary



Cyclopharm is undertaking a fully underwritten non-renounceable Entitlement Offer to raise approximately A\$7 million* to fund an FDA approved phase 3 US clinical trial ...

Key offer details

| | |
|----------------------------|---|
| Use of funds | <ul style="list-style-type: none">• The funds raised under the Offer will be used<ul style="list-style-type: none">• to recruit the 240 patients required for the US FDA trial of Technegas across 10 to 15 locations; and• to complete a preliminary 40 patient clinical trial for submission to the FDA in Q1 2018 |
| Structure | <ul style="list-style-type: none">• 1 for 6.8 non-renounceable Entitlement Offer to raise approximately \$7m<ul style="list-style-type: none">• 8.8 million New Shares• Fully underwritten |
| Offer Price | <ul style="list-style-type: none">• Offer price of \$0.80 per share<ul style="list-style-type: none">• 20.0% discount to last close (2 June 2017 close \$1.00)• 17.2% discount to 5-day VWAP of \$0.967• 17.9% discount to TERP of \$0.974 |
| Ranking | <ul style="list-style-type: none">• All new shares will be fully paid and rank equally with CYC's existing shares• All new shares will be eligible to participate in the FY17 interim dividend payable in September 2017 |
| Offer jurisdictions | <ul style="list-style-type: none">• Registered addresses in Australia, New Zealand and UK |
| Underwriter | <ul style="list-style-type: none">• Bell Potter Securities Limited |

*To eliminate currency risk funds will be converted to USD immediately following settlement of the transaction

Investment Highlights

- **\$90m US market opportunity** - The US market opportunity for pulmonary embolism diagnosis is approximately USD\$90m representing 480,000 patient procedures p.a.
- **Clear path to US commercialisation** - Completion of the US clinical trial and FDA approval will clear the path for the immediate large scale commercialisation of Technegas across the US market
- **Trial design FDA approved** - The clinical trial design has been approved by the FDA substantially reducing the risk of any adverse regulatory obstacles during the approval process
- **Commencement of 240 patient trial** - The funds raised will facilitate the recruitment of the 240 patients required for the clinical trial across 10 to 15 sites
- **Commercial sales targeted to commence Q4 2018** - The Company anticipates that the clinical trial will be completed in Q3 2018 with the aim of achieving commercial US sales in Q4 2018
- **Guidance Affirmed** - Excluding the positive impact of the large Chinese order in FY16, the Board expects continuing modest growth in underlying Technegas volumes for FY17

Timetable



Entitlement Offer key dates

| | |
|--|-------------------------|
| Entitlement Offer Announced | Monday, 5 June 2017 |
| Ex-date for Entitlement Offer | Wednesday, 7 June 2017 |
| Record Date for Entitlement Offer | Thursday, 8 June 2017 |
| Entitlement Offer opens | Wednesday, 14 June 2017 |
| Offer Booklet and Acceptance Forms sent to all Eligible Shareholders | Wednesday, 14 June 2017 |
| Entitlement Offer closes | Friday, 23 June 2017 |
| Allotment of shares issued under Entitlement Offer | Friday, 30 June 2017 |
| Dispatch of holding statements | Monday, 3 July 2017 |
| Expected date for trading of Entitlement Offer shares | Monday, 3 July 2017 |



FDA Trial and US Commercialisation

FDA Approved Trial Design

- **De-risked clinical trial strategy** - In order to mitigate regulatory risk the Company adopted the FDA Special Protocol Assessment (SPA) pathway for its US clinical trial
- **FDA approved trial design** - The SPA pathway provided the Company with the opportunity to reach agreement with the FDA on the overall protocol design (including entry criteria, dose selection, endpoints and planned analysis).
- **Regulatory risk substantially eliminated** - The key benefits of the SPA pathway are the value of preliminary input from the FDA around trial design and eliminating the risk that clinical endpoints can be called into question at the time of the New Drug Application submission.
- **Broad patient selection criteria** - The trial is designed on an 'all comers basis' meaning broad selection criteria which will facilitate the expeditious completion of the trial in Q3 2018.
- **Short timeframe to FDA approval and commercial launch** - The Company has diligently de-risked the FDA clinical trial process and looks forward to concluding the trial and obtaining FDA approval with the aim of commencing US commercialisation during Q4 2018

Pathway to US commercialisation

- **Target preliminary study completion Q1 2018** - During Q1 2018 the Company aims to conclude a preliminary study of 40 patients and receive feedback from the FDA.
- **Target FDA Trial completion Q3 2018** - Assuming positive feedback from the preliminary study, the Company will continue with the comprehensive FDA trial which it anticipates will be completed during Q3 2018.
- **Target commercial launch Q4 2018** - Following the preliminary 40 patient study the Company will invest in Technegas inventory and, after successful completion of FDA trial and issue of FDA approval, target commercial launch in the US during Q4 2018
- **Market dominance in Canada** - The Company achieved market dominance in Canada (and a number of other markets) at gross margins of ~75% over approximately 10 years.
- **US market penetration** – Based on experience in other markets, the Company is targeting greater than 50% competitive product market conversion in the US over a period of 5 to 7 years.
- **Increased gross margin in US market** – Based on sale prices of existing competitive products, the Company expects to maintain or improve its historical gross margin on both consumable and capital equipment sales in the US Market.

US Market Opportunity

- The USA represents the single largest market for Technegas with half of the world's nuclear medicine departments
- Target market for Technegas in the USA equates to ~480,000 patient procedures of the total 600,000 procedures conducted p.a. in that market (Current Rest of the World volumes for Technegas = 200,000 patients p.a.)
- Subject to a successful trial and FDA approval, the Company is targeting US commercialisation in Q4 2018
- First priority following USFDA approval is to repeat our Canadian experience by displacing Xe133 as the standard of care diagnostic product



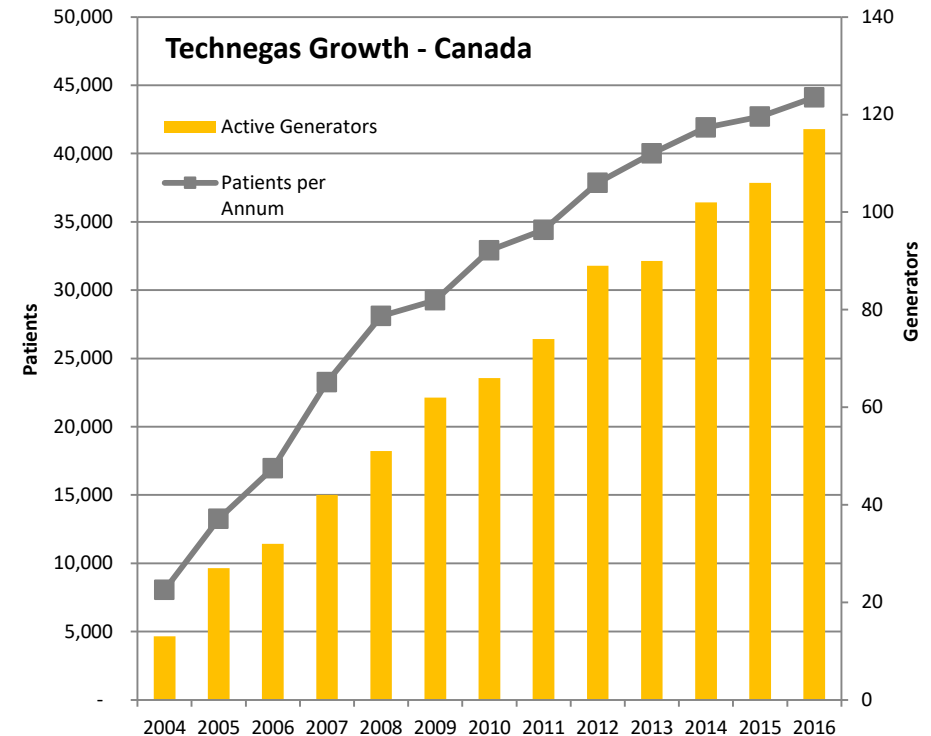
US Pulmonary Embolism market opportunity
USD \$90m p.a.

Technegas – The Canadian Case Study

Canada is Cyclopharm's largest single country market

- Market leader for diagnosing PE
- 13 consecutive years of PAS growth
- Represents a strong indicator of USA acceptance
- Xe-133 rapidly displaced by early adopters
- Direct correlation with the number of active generators and annual consumable sales
- Market driven by public healthcare sector
- Market launch initiated province by province, leveraging off pilot sites

The Generator and Consumable Relationship





Technegas Technology

What is Technegas?

Technegas is the world leader in functional lung ventilation imaging.

- Technegas is a structured ultra-fine dispersion of radioactive gas like substance which is inhaled by the patient. It allows imaging for evaluating functional ventilation.
- Primarily used to diagnose the presence of blood clots in lungs (Pulmonary Embolism)
- Produced by heating Technetium-99m in a carbon crucible for a few seconds at 2,750 degrees Celsius
- The resultant gas-like substance is produced in a Technegas generator
- The small size and hydrophobic properties together confirm ideal characteristics for gas-like behaviour on inhalation into the lungs
- Technegas, used in the ventilation part of the low radiation dose V/Q SPECT imaging, is cost-effective, simple to perform and accurate

Technegas is a System

In order to deliver the best clinical outcomes, Technegas requires the combination of authorised:

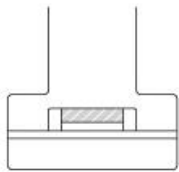
- ✓ Equipment and consumable sales and support
- ✓ Regulatory representation
- ✓ Technical provision of equipment installation and maintenance
- ✓ Applications education in the use of the Technegas technology

Technegas Consumable - Patient Administrator Set



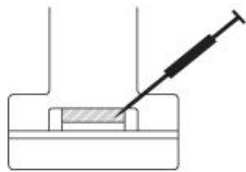
Manufacture and Delivery of Technegas

Manufacture



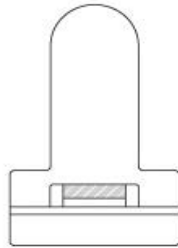
Turn on unit and argon flow to Generator.

Insert crucible

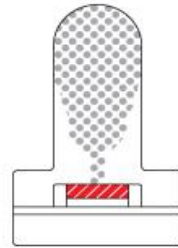


Moisten crucible with Ethanol.

Add 250 – 700 MBq Tc99m Sodium pertechnetate.



Close drawer and initiate simmer stage



Initiate burn sequence (2,700⁰ C) to create Technegas

Administer within 10 minutes of production

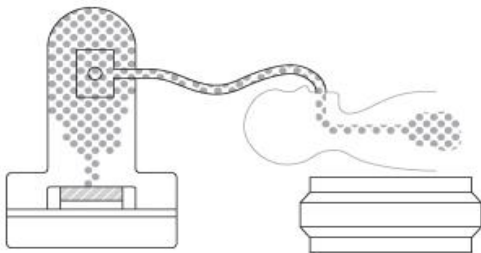
Technegas



Technegas is composed of Tc-99m cores encapsulated within layers of graphite to form individual hexagonal plate-like particles.

These particles agglomerate to reach a dynamic equilibrium with regard to particle size distribution with a mean and median particle size between 100 to 200 nm.

Delivery



Attach single use Patient-Administration Set and deliver Technegas to the patient

Technegas is inhaled by the patient until the required count rate is achieved in the lungs (1,000 - 2,500 cps equivalent to 15-37 MBq)





Company Financials

Historic Performance

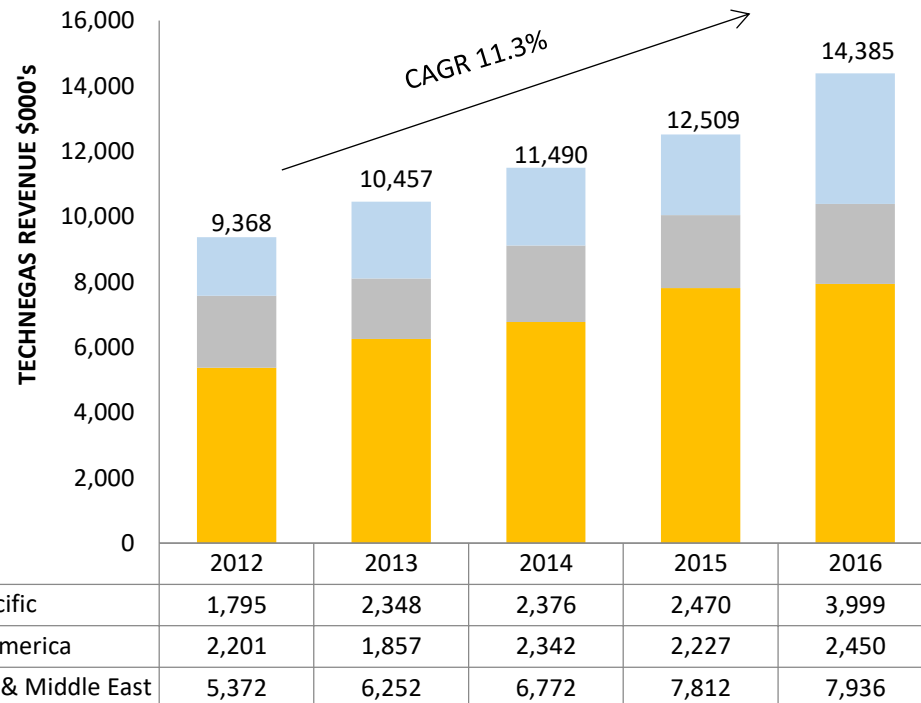
Cyclopharm's proven proprietary technology underpins accelerating commercial success and provides a foundation for further growth

| <i>Year ended 31 December (\$000's)</i> | 2016 | 2015 | % Change |
|---|---------------|---------------|----------|
| Technegas Results: | | | |
| Sales Revenue | | | |
| PAS | 10,782 | 10,145 | 6.3% |
| Generators/service | 3,604 | 2,363 | 52.5% |
| Total Sales | 14,386 | 12,508 | 15.0% |
| Underlying EBITDA | 3,438 | 2,980 | 15.4% |
| Underlying EBITDA Margin | 23.9% | 23.7% | 0.2% |
| FDA Expenses | (1,098) | (686) | 60.0% |
| EBITDA | 2,340 | 2,294 | 2.0% |
| D&A | (106) | (137) | 22.6% |
| EBIT | 2,234 | 2,157 | 3.6% |

- FY16 revenue of \$14.4m and underlying EBIT of \$2.2m with no contribution from USA which represents over 50% of the Pulmonary Embolism world market
- A third consecutive year of record revenues in FY2016 assisted by the delivery in December 2016 of the single largest order placed for the China market

Third consecutive year of record underlying results

Technegas Regional Revenue



- Cyclopharm have delivered 4 year Revenue CAGR of 11% from Technegas Sales
- Europe is the largest regional market for Technegas
- In 2014 Canada became the largest single country market, surpassing France

Group Balance Sheet

Solid Financial Foundation to Leverage Growth Strategy

| (\$000's) | Dec 2016 | Cap Raising Impact | Pro Form Dec 2016 |
|--------------------------|---------------|-----------------------|----------------------|
| Cash | 4,591 | 6,700 | 11,291 |
| Other current assets | 6,470 | | 6,470 |
| Non-current Assets | 5,354 | | 5,354 |
| Total Assets | 16,415 | | 23,115 |
| Current Liabilities | 3,896 | | 3,896 |
| Borrowings | - | | - |
| Non-current Liabilities | 57 | | 57 |
| Total Liabilities | 3,953 | | 3,953 |
| Net Assets | 12,462 | | 19,161 |

- **Debt free** – provides balance sheet and funding flexibility
- Funds raised under the Offer will be used to complete the FDA approved US clinical trial enrolment and preliminary trial submission to the FDA
- Underlying strong financial performance supports ongoing investment in R&D and expansion into new markets and indications



Appendix

- Technegas FDA Trial Process and Design
- Ultralute™
- MMI
- Disclaimer

Study Specifics:

- Non-inferiority structural ventilation study comparing Xe133 vs. Technegas
- Pathway to approval requires a two part study
 - ✓ CYC 010 – Establishes the Inter & Intra reader variability for Xe133 – Completed
 - ✓ CYC 009 - Compares Xe133 with Technegas requiring patient recruitment – SPA Approved
- Total estimated trial cost \$7.5 million USD with \$2.4 m AUD spent to date
- Assumes 240 patient study at 15 clinical sites
- CYC will complete a preliminary 40 patient trial for submission to the FDA in Q1 2018

TIMELINE

2H 2017

1H 2018

Q3 2018

Q4 2018

Finalise
Trial
Recruitment

Submit
Preliminary Trial
Results for FDA
Review

Complete US
Clinical Trial

Commence US
Commercialisation



Innovative, first-in-class, disruptive, proprietary technology used to improve radiopharmaceutical manufacturing efficiency and deliver health care cost effectiveness



Ultralute™

- **Extension of Generator life** – the Ultralute will extend the effective use of an Mo99 generator by up to 50%
- **Reduced purchase volumes** – Allows the user to purchase a smaller (lower cost) Mo99 Generator
- **Cost effective** - Provides a saving of between 30% to 40% in the cost of Tc-99m
- **Large market** - there are over 5,000 Mo99 generators sold worldwide each week.
- **Commercialisation** - Sales expected to commence H2 2017
- **Strong IP** - Patents secured in 2014
- **Supportive peak body** – Strong relationship with the International Atomic Energy Association (IAEA)
- **Established clinical trial strategy** - Multi-centre multi-country trial planned in conjunction with the IAEA

Macquarie Medical Imaging



- Joint venture with:
 - 50% Alfred Health Solutions
 - 30% Macquarie University
 - 20% Cyclopharm
- Comprehensive suite of imaging modalities
- State of the art research platform
- Growth and profitability linked to ramp-up of Macquarie University Hospital
- EBIT positive since 2014
- Sales revenue increased 8% in 2016 as outpatient initiatives implemented at Macquarie University Hospital take effect
- Satellite Outpatient Clinic opened in 2H 2016 at nearby Macquarie Shopping Center





Disclaimer

Certain views expressed here contain information derived from publicly available sources that have not been independently verified.

The presentation include certain statements, estimates and projections with respect to the anticipated future financial performance of Cyclopharm Limited and as to the markets for the company's products. Such statements, estimates and projections reflect various assumptions made by the directors concerning anticipated results, which assumptions may or may not prove to be correct. Cyclopharm Limited has not sought independent verification of information in this presentation..

While the directors believe they have reasonable grounds for each of the statements, estimates and projections and all care has been taken in the preparation, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of statements, estimates and projections contained in this presentation. Such statements, estimates and projections are by their nature subject to significant uncertainties, contingencies and assumptions.

To the maximum extent permitted by law, none of the Cyclopharm Limited, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of information contained in this presentation.

All references to dollars unless otherwise specified are to Australian dollars.

Corporate Head Office

Cyclopharm Limited
Unit 4, 1 The Crescent
Kingsgrove NSW 2208 Australia
T: +61 (2) 9541 0411
F: +61 (2) 9543 0960

Enquiries

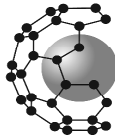
E: enquiries@Cyclopharm.com.au

Share Registry

NextRegistries
Level 16
1 Market Street
Sydney NSW 2000
T: +61 (2) 9276 1700
F: +61 (2) 9251 7138

cyclopharm

Cyclopharm Limited
ABN 74 116 931 250
Incorporated in Victoria



All correspondence to
Next Registries
PO Box H195
Australia Square NSW 1215
Tel: + 61 2 9276 1700
Fax: + 61 2 9251 7138
Email: mail@nextregistries.com.au

ENTITLEMENT AND ACCEPTANCE FORM

Non-Renounceable Entitlement Offer closing 5:00pm (Sydney time) on 23 June 2017

Name 1
Name 2
Name 3
Name 4
Name 5
Name 6

Entitlement No. **Entitlement Number**

Subregister **Subregister**

SRN/HIN **Holder Identifier**

Existing Shares held at Record Date **Shares Held**

on 8 June 2017

Entitlement to new Shares on a 1 **Entitlement**

for 6.8 basis

Amount payable on full acceptance **Amount Payable**

at A\$0.80 per new Share

This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

Closing Date: 5:00pm (Sydney time) on 23 June 2017

Non-Renounceable Entitlement Offer on the basis of 1 new share for every 6.8 shares registered and entitled to participate at the Record Date, at an issue price of A\$0.80 per new share.

Please refer to the Entitlement Offer Booklet for a full description of the terms of the Entitlement Offer.

You may apply for shares in addition to your entitlement above. The Directors reserve the right to allot any additional shares in their absolute discretion.

APPLICATION AND PAYMENT OPTIONS

1. Pay by cheque or money order

Enter your cheque or money order details on the back of this form. Cheques or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Cyclopharm Limited Share" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received.

If you pay by cheque you will be taken to have applied for the number of shares calculated as the amount of your payment divided by \$0.80 per share.

Complete the contact details on the back of this form and return this form to

Next Registries
PO Box H195
Australia Square NSW 1215

The form with your cheque must be received by the above closing date.

2. Pay by electronic funds transfer

Make your payment by direct deposit of funds into the following account:

Account Name: Cyclopharm Limited Share

BSB: 082-057

Account Number: 797534164

Reference: Enter your Entitlement Number as shown at the top of this Application Form as a reference. Please note that this reference must be correct, or we will not be able to process your payment.

If you pay by direct deposit you do not have to return this form. You will be taken to have applied for the number of shares calculated as the amount of your payment divided by \$0.80 per share.

PAYMENT BY CHEQUE DETAILS

Please make your cheque or bank draft payable to "Cyclopharm Limited Share".

| DRAWER | CHEQUE NUMBER | BSB NUMBER | ACCOUNT NUMBER | CHEQUE AMOUNT |
|--------|---------------|------------|----------------|---------------|
| | | | | A\$ |

| CONTACT NAME | DAYTIME TELEPHONE NUMBER | EMAIL ADDRESS |
|--------------|--------------------------|---------------|
| | () | |

IMPORTANT INFORMATION

1. By applying for shares in this Entitlement Offer, I/We represent and warrant that I/we have read and understood the Entitlement Offer Booklet to which this form relates and declare that this application is made according to the Entitlement Offer Booklet declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of the Company and agree to the terms and conditions set out in the Entitlement Offer Booklet. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Entitlement Offer Booklet when making my/our decision to accept my/our entitlement.
2. If you do not wish to purchase apply for shares in this rights issue, there is no need to take action.
3. Please ensure you have read and understood the Terms and Conditions in the Entitlement Offer Booklet and this Important Information before you submit your Application Form with your application payment.
4. This Offer is non-renounceable. Applications can only be accepted in the name printed on the Application Form.

Privacy Statement:

NextRegistries advises that the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting NextRegistries at the address or telephone number shown on this Form.