

30 October 2008

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### **Notice under section 708AA of the Corporations Act 2001**

As announced to the market on 17 October 2008, Cyclopharm Limited (**Company**) will today dispatch an Offer Document for a fully underwritten 1 for 4.4 pro rata, non-renounceable rights issue to its shareholders at an issue price of \$0.10 to raise a maximum of \$3,180,000 (**Offer**). Eligible Shareholders are those on the Register at 27 October 2008 (**Record Date**). The Offer is fully underwritten by CVC Venture Managers Pty Ltd (ABN 94 006 535 299) (**Underwriter**).

The Company gives notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth), as amended, (**Act**) that:

1. the Company will offer the fully paid, ordinary shares under the Offer (**New Shares**) without disclosure under Part 6D.2 of the Act;
2. at the date of this notice, the Company has complied with:
  - a) the financial and audit provisions of Chapter 2M of the Act as they apply to the Company; and
  - b) its continuous disclosure requirements under section 674 of the Act;
3. at the date of this notice, there is no information:
  - a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
    - i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - ii) the rights and liabilities attaching to the New Shares;



4. the potential effects the issue of the New Shares will have on the control of the Company are:
  - a) if all Eligible Shareholders take up their entitlement under the Offer, each shareholder's percentage interest in the total issued shares of the Company will remain largely the same and will not be diluted. Slight differences will occur because of the small number of shareholders with registered addresses outside Australia or New Zealand. In those circumstances the Offer will have no effect on the control of the Company; and
  - b) if some but not all Eligible Shareholders take up their entitlement, and the shortfall is taken up under the underwriting and sub-underwriting agreements, the percentage relevant interest in the total issued shares of each shareholder who does not take up that shareholder's entitlement will be diluted and the percentage relevant interest of the total issued shares of each shareholder who takes up that shareholder's entitlement will remain largely the same (any slight difference being for the reason indicated under paragraph 4(a) above);

In the first case, the precise level of change in the percentage relevant interests will depend on the take up of entitlements. The Underwriter, and any sub-underwriter that it appoints, by taking up any shortfall could conceivably obtain, or increase, its or their entitlement to a relevant interest in the Company's issued share capital.

5. the consequences of the potential effect of the issue of the New Shares on the control of the Company are:
  - a) if no Eligible Shareholders took up their Entitlement the Underwriter could obtain 18.6% of the issued share capital.
  - b) The Underwriter and certain sub-underwriters (Stinoc Pty Ltd -a subsidiary company of CVC Ltd, and Melbourne Corporation of Australia Pty Ltd) have a common Chairman and/or director, Mr. Vanda Gould. Mr Gould is also a Chairman and a director of the Company. In certain circumstances interests associated with Mr. Gould may accept shares as part of the underwriting and sub-underwriting arrangements such that his relevant interest may exceed the takeover threshold in the Act of 20%. The Company believes this outcome is unlikely.
  - c) Where interests associated with Mr. Gould exceed 20%, these interests would rely on the available exemption from the takeovers provisions (Corporations Act: section 611, item 10) relating to shares purchased pursuant to a rights issue and its extension to underwriters and sub-underwriters.
  - d) The Company believes the advantages of these underwriting and sub underwriting arrangements outweigh any potential disadvantage that would follow from placing a large block of stock in any one person's control. The advantages include:



- the underwriting and sub underwriting arrangements will help ensure the financial viability of the Company in difficult times;
- CVC Limited's experience in assisting companies with restructuring and maximizing of asset values and other strengths;
- its experience with listed company issues in the SME sector; and
- its assistance in identifying growth opportunities whether through acquisitions, capital or debt raisings.

An Offer Document for the rights issue will be mailed to all Eligible Shareholders today.

By order of the Board

A handwritten signature in black ink, appearing to read 'W. Richardson', written in a cursive style.

William Richardson  
Company Secretary