



3 August 2007

Manager of Company Announcements
Australian Securities Exchange Ltd
Level 3, 20 Bridge Street
Sydney NSW 2000

Renounceable rights issue to raise approximately \$26.8 million

The Company advises that a prospectus has today been lodged with the Australian Securities and Investments Commission in connection a renounceable rights issue.

The renounceable rights issue is being carried out on the basis of two new ordinary shares for every five ordinary shares held by at an issue price of \$2.20 per new share to raise approximately \$26,772,714.

The rights issue is fully underwritten by Wilson HTM Corporate Finance Limited.

Enclosed with this letter is:

- a copy of the prospectus dated 3 August 2007; and
- an Appendix 3B in connection with the renounceable rights issue.

Yours sincerely,

Cameron Billingsley
Company Secretary

Prospectus

Renounceable Rights Issue

A renounceable rights issue of two New Shares for every five Shares held at an Issue Price of \$2.20 per New Share to raise approximately \$26,772,714.

This Prospectus is dated 3 August 2007

CATHRX

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Important Notice

This Prospectus is dated 3 August 2007. A copy of this Prospectus was lodged with the ASIC and ASX on 3 August 2007. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Prospectus or the merits of the investment to which this Prospectus relates.

You should read this Prospectus in its entirety before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in section 8 and elsewhere throughout this Prospectus. The New Shares offered under this Prospectus should be viewed as a speculative investment. If you are in any doubt as to how to deal with this Offer or have any questions, you should contact your professional adviser without delay.

No applications for New Shares will be accepted nor will New Shares be issued pursuant to this Prospectus:

- (a) earlier than seven days after lodgement of this Prospectus with ASIC or any longer period required by ASIC under section 727(3) of the Corporations Act; or
- (b) later than 13 months after the date of this Prospectus.

The Company will within seven days from the date of this Prospectus, apply for quotation of the New Shares offered under this Prospectus on ASX.

Prospectus availability

A copy of this Prospectus is available for inspection in electronic form on the Company's website at www.cathrx.com. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of the Prospectus will not include an Entitlement and Acceptance Form. The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Overseas Shareholders

This Prospectus does not constitute an offer or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer or issue.

Subject to certain exceptions, the Offer is not being extended to, and New Shares will not be issued or allotted to Shareholders with registered addresses outside of Australia or New Zealand. Accordingly, subject to certain exceptions, Entitlement and Acceptance Forms will not be sent to Shareholders outside of Australia or New Zealand. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any other country. In particular, the New Shares have not been and will not be, registered under the United States Securities Act 1933 as amended.

No representations other than as set out in this Prospectus

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus is not, and may not be relied upon as having been authorised by the Company or any of its officers.

Defined terms

Defined terms and abbreviations used in this Prospectus are explained in section 11.

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Key Offer Information

Summary Offer Information

Issue Price per New Share	\$2.20 per New Share payable in full on application
Approximate number of New Shares to be issued under the Offer	12,169,415 New Shares
Approximate amount to be raised under the Offer	\$26,772,714
Shareholder entitlements	An offer to Eligible Shareholders of two New Shares for every five Shares held on the Record Date
Approximate number of Shares on issue following the Offer	42,592,954 Shares

Indicative Timetable

Announcement of the Offer and lodgement of this Prospectus with ASIC	3 August 2007
Shares trade 'ex-Rights' and Rights trading commences on ASX	8 August 2007
Record Date to determine entitlements to Rights	14 August 2007
Anticipated despatch of Prospectus and Entitlement and Acceptance Forms	15 August 2007
Rights trading ceases	23 August 2007
Last day for lodgement of Entitlement and Acceptance Forms and payment in full	30 August 2007
Expected date for despatch of holding statements for New Share	7 September 2007
Expected date for commencement of trading of New Shares	10 September 2007

These dates are indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors in conjunction with the Underwriter, reserve the right to vary the dates of the Offer. The Directors also reserve the right not to proceed with the whole or part of the Offer.

Dear Shareholder

On behalf of the Board of CathRx Ltd, I am pleased to invite you to participate in the Offer.

The Offer provides Eligible Shareholders with the right to subscribe for two New Shares for every five Shares held on the Record Date at an Issue Price of \$2.20 per New Share. The Rights being offered are renounceable, which enables Eligible Shareholders who do not wish to take up all or some of their entitlement to New Shares to seek to sell their Rights. For details of how you can deal with your Rights, please refer to section 4.

Since listing on ASX in October 2005, CathRx has made significant progress towards the market launch of its initial products for the existing cardiac catheter market and the development of new specialised devices which are designed to diagnose and treat atrial fibrillation.

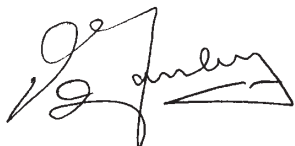
With respect to CathRx's devices for the existing market, a number of CathRx's *fixed curve diagnostic catheters* have received regulatory approval for sale in Europe as has CathRx's expanded manufacturing facility. However, before its sales launch in Europe, CathRx has been expanding its portfolio of diagnostic products to cover more of the available market opportunity. Important in this expansion is a new range of *deflectable diagnostic catheters* for which CathRx has commenced the regulatory approval process in Europe. CathRx believes that the approvals of the expanded product portfolio will lead to an improved product launch. This launch is now expected to be late in the second half of 2007 or early 2008 depending on the timing of regulatory approvals.

With respect to the significant opportunity for specialised devices for the diagnosis and treatment of atrial fibrillation, CathRx has developed prototypes for a number of new devices. These devices are designed to more precisely and more efficiently enable the diagnosis and treatment of atrial fibrillation, to increase treatment success rates, lower procedure times and reduce the need for repeat procedures.

Amongst other things, this Offer will provide the funds to complete the diagnostic sales launch, fund development of specialised new products, undertake clinical trials and add even more production capacity that we believe will be necessary in the future to cover current and projected new product introduction for the world market.

On behalf of the Board I commend this Offer to you.

Yours faithfully



Denis Hanley
Chairman

The Offer

The Company is making an Offer of New Shares to Eligible Shareholders on the basis of two New Shares for every five Shares held on the Record Date. The Issue Price for each New Share is \$2.20. The Issue Price is payable in full on application. Fractional entitlements are being rounded up to the next whole New Share.

The number of New Shares that you are entitled to subscribe for is shown on the accompanying Entitlement and Acceptance Form. The Closing Date for receipt of Entitlement and Acceptance Forms and payment of Application Monies is 5:00 pm Sydney time on 30 August 2007 or such other date as the Directors may determine, subject to the requirements of the Listing Rules and other applicable law. There is no minimum subscription.

The total number of New Shares to be issued under the Offer will be approximately 12,169,415 (subject to the rounding of the Rights of Eligible Shareholders). The gross proceeds of the Offer will be approximately \$26,772,714.

Rights trading

The Rights being offered are *renounceable*, which enables Eligible Shareholders who do not wish to take up all or some of their entitlement to New Shares to seek to sell their Rights in the manner set out in section 4. The Rights will be quoted on the ASX. Trading of Rights will commence on ASX on 8 August 2007 and will cease at the close of trading of ASX on 23 August 2007. Information on how Rights may be sold or transferred is set out in section 4. Any portion of your Rights that you decide not to accept and that you do not trade, will lapse.

Background and purpose of the Offer

The funds raised under the Offer will be used primarily to:

- improve and expand the Company's production capacity to cater for commercial manufacturing of the Company's expanded product range;
- fund working capital and marketing costs for the launch of the Company's initial product range into the existing market;
- accelerate research and development of specialised cardiac catheter devices for the diagnosis and treatment of atrial fibrillation;
- undertake clinical trials of specialised cardiac catheter devices for the diagnosis and treatment of atrial fibrillation;
- fund costs associated with expanding the Company's intellectual property portfolio including patent costs; and
- fund the costs of the Offer.

It is proposed that the funds raised in the Offer, be applied as follows:

Use of proceeds	A\$'000
Improving and expanding production capacity	3,800
Working capital and marketing costs for the launch of initial product range	6,607
Research and development of devices for atrial fibrillation	6,000
Clinical trials of devices for atrial fibrillation	7,000
Intellectual property and patent costs	2,000
Costs of the Offer	1,366
Total	26,773

The final allocation of funds may vary depending on the circumstances in which the business develops and operates. The above numbers are rounded for convenience.

Closing Date

The Company will accept Entitlement and Acceptance Forms and payment of Application Monies until 5:00 pm Sydney time on 30 August 2007 or such other date as the Directors may determine, subject to the requirements of the Listing Rules and other applicable law.

Issue of New shares

The Company expects to issue the New Shares on 7 September 2007.

Underwriting

The Offer is fully underwritten by Wilson HTM Corporate Finance Limited. Refer to section 9 for a summary of the Underwriting Agreement.

Ranking of New Shares

All New Shares being offered under this Prospectus will, on issue, rank equally in all respects with all other Shares then on issue. Refer to section 9 for a summary of the rights attaching to Shares (and New Shares).

ASX quotation

The Company will apply for admission of the New Shares to ASX and quotation of the New Shares on ASX within seven days after the date of this Prospectus. If ASX does not grant official quotation of the New Shares within 3 months after the date of this Prospectus, the Company will not issue any New Shares and will repay all Application Money within the time prescribed under the Corporations Act. Interest will not be paid on any returned Application Money.

Market prices of Shares

The lowest and highest market sale prices of Shares on ASX during the three months preceding the lodgement date of this Prospectus, were \$2.30 and \$2.60 respectively. The closing price of the Company's Shares on ASX on the day prior to lodgement of the Prospectus was \$2.40. The Issue Price of \$2.20 represents a discount of approximately 8.3% of the five day volume weighted average price of the Company's Shares on ASX over the five days prior to the date of this Prospectus.

Overseas Shareholders

This Prospectus does not constitute an offer or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer or issue.

Subject to certain exceptions, the Offer is not being extended to, and New Shares will not be issued or allotted to Shareholders with registered addresses outside of Australia or New Zealand. Accordingly, subject to certain exceptions, Entitlement and Acceptance Forms will not be sent to Shareholders outside of Australia or New Zealand. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of such laws. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form which does not comply with the requirements of the Prospectus or the Entitlement and Acceptance Form or which the Company believes has been sent for or on the account of a person not entitled to participate in the Offer.

The Company has appointed the Underwriter (or associates of the Underwriter) as nominee to sell the Rights of Shareholders who are not entitled to participate in the Offer. The Underwriter (or associates of the Underwriter) will only sell the Rights if there is a viable market in the Rights and a premium over the expenses of sale can be obtained. Any such sale will be at a price and be conducted in a manner that the nominee will determine in its absolute discretion. The proceeds of sale (minus transaction fees payable to the Underwriter) will be distributed to the ineligible Shareholders in Australian dollars for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale and the distribution of the proceeds). Neither the Company nor the nominee will be liable for any failure to sell the Rights or to sell the Rights at any particular price. If there is no viable market for the Rights of the ineligible Shareholders, their entitlement will be allowed to lapse and the relevant New Shares will form part of the shortfall.

Taxation

Shareholders should be aware that there may be taxation implications associated with the Offer. The taxation consequences of the Offer may vary depending on the individual circumstances of the Shareholder. The Company notes that a decision of the High Court of Australia (Commissioner of Taxation v McNeil) recently gave rise to uncertainty as to the appropriate treatment of the proceeds or deemed proceeds from dealing in rights. However, on 26 June 2007, the Commonwealth Assistant Treasurer announced that legislative amendments will be made to income tax law to restore the long-standing taxation treatment of rights issues that existed before the McNeil decision. Those legislative amendments are expected to apply from the 2001/ 2002 financial year.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

Brokerage and Stamp Duty

No brokerage or stamp duty is payable by Shareholders on the issue of New Shares under the Prospectus.

Financial prospects

The Company is at an early stage of its development as a specialist medical devices company. The Company has not yet sold any catheters into any market and, other than regulatory approval in Europe for the Company's fixed curve diagnostic catheters, does not yet have regulatory approval for the sale of any of its catheters. Revenue, profits and cash flows are dependent on a number of factors including successful completion of product development and clinical trials, the Company obtaining necessary regulatory approvals and the level of sales achieved after the approval of its products. In light of these factors, the Board considers that at this stage of the Company's development, they are unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts.

Dividends

During the development and early commercialisation of the Company's products, the Company is unlikely to pay a dividend. The ability for the Company to pay a dividend in the future and the timing of any dividend is dependent on a number of factors including the Company deriving sufficient cash flows from future operations.

Risks

An investment in the Company involves a high degree of risk and should be regarded as being a speculative investment. These risks are set out throughout this Prospectus and in particular in section 8. Before making an investment decision, Eligible Shareholders should read the Prospectus in full and should consult their professional advisers.

Questions

If you have any questions in relation to the Offer, please consult your professional adviser.

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What Eligible Shareholders May Do

Your entitlement to New Shares is shown on the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Offer, you should read this Prospectus in its entirety, and seek professional advice from your professional adviser.

You may:

- take up all your entitlement for New Shares;
- sell your Rights on ASX;
- transfer all or part of your Rights to another person other than on ASX;
- take up part of your entitlement to New Shares and sell the balance on ASX;
- take up part of your entitlement to New Shares and allow the balance to lapse; or
- do nothing and allow all of your entitlement to New Shares to lapse.

If you wish to take up all of your entitlement for New Shares

If you wish to take up your entitlement to New Shares, you should:

- complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form; and
- send the Entitlement and Acceptance Form together with your cheque for the applicable Application Monies (being \$2.20 multiplied by the number of New Shares for which you are applying) to the Share Registry to one of the following addresses:

By mail to:

CathRx Ltd Rights Issue
c/o Registries Limited
PO Box R67
Royal Exchange
Sydney NSW 1223

By hand to:

CathRx Ltd Rights Issue
c/o Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

Entitlement and Acceptance Forms and Application Monies must be received the Share Registry by no later than 5:00 pm Sydney time on the Closing Date of 30 August 2007. Cheques should be payable to the 'CathRx Ltd Trust Account' and crossed 'Not Negotiable'.

If you wish to sell your Rights on ASX

If you wish to sell your Rights on ASX, complete the section on the back of the Entitlement and Acceptance Form entitled 'Instructions to Your Stockbroker' and lodge the form with your stockbroker. Alternatively contact your stockbroker directly and provide them instructions regarding the number of Rights you wish to sell on ASX by advising them of your entitlement number and the number of Rights you wish to sell. Trading of Rights is anticipated to commence on ASX on 8 August 2007 and is expected to cease on 23 August 2007. You must deal with the Right you wish to sell before 28 August 2007.

If you wish to transfer all or part of your Rights other than on ASX

If you wish to transfer all or part of your Rights other than on ASX:

- If your Shares are on the CHESS sub-register, you must instruct your stockbroker to effect the transfer. The Share Registry is unable to transfer Rights either to or from a CHESS holding.
- If your entitlement is held on the issuer sponsored sub-register and you wish to transfer all of your entitlement to another person other than on ASX, you should complete a Standard Renunciation Form (which can be obtained from your stockbroker or the Share Registry) with the number of Rights you are renouncing making sure that it is signed by both you and the buyer and your SRN (Security Reference Number) is noted. You should forward the completed Standard Renunciation Form and the applicable transferee's cheque for Application Monies (being \$2.20 multiplied by the number of New Shares the transferee is applying for) to the Share Registry to one of the following addresses:

By mail to:

CathRx Ltd Rights Issue
c/o Registries Limited
PO Box R67
Royal Exchange
Sydney NSW 1223

By hand to:

CathRx Ltd Rights Issue
c/o Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

- If your entitlement is held on the issuer sponsored sub-register and you wish to transfer part of your entitlement to another person other than on ASX, you should complete a Standard Renunciation Form (which can be obtained from your stockbroker or the Share Registry) with the number of Rights you are renouncing making sure that it is signed by both you and the buyer and your SRN (Security Reference Number) is noted. You should forward the completed Standard Renunciation Form and the applicable transferee's cheque for Application Monies (being \$2.20 multiplied by the number of New Shares the transferee is applying for) together with your completed Entitlement and Acceptance Form and your Application Money for the New Shares you wish to acquire to the Share Registry to one of the above addresses. Cheques should be payable to the 'CathRx Ltd Trust Account' and crossed 'Not Negotiable'.

Documentation must be received by no later than 5:00 pm Sydney time on the Closing Date of 30 August 2007. Cheques should be payable to the 'CathRx Ltd Trust Account' and crossed 'Not Negotiable'. If the Share Registry receives both a completed Standard Renunciation Form and a completed Entitlement and Acceptance Form in favour of the same Shareholder in respect of the same Rights, the Standard Renunciation Form will be given effect in priority to the Entitlement and Acceptance Form. If you require another Entitlement and Acceptance Form you should contact the Share Registry.

If you wish to take up part of your entitlement to New Shares and sell the balance on ASX

If you wish to take up part of your entitlement to New Shares and sell the balance on ASX, complete the Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form for those Rights you wish to accept. Also complete the section on the back of the Entitlement and Acceptance Form entitled 'Instructions to Your Stockbroker' for the balance that you wish to sell on ASX. The completed Entitlement and Acceptance Form should be sent together with your cheque for the applicable Application Monies (being \$2.20 multiplied by the number of New Shares for which you are applying) to your stockbroker. Alternatively, for those Rights you wish to sell, contact your stockbroker directly and provide them instructions regarding the number of Rights you wish to sell on ASX by advising your entitlement number. You must deal with the Rights you wish to sell before 23 August 2007.

If you wish to take up part of your entitlement to New Shares and allow the balance to lapse

If you wish to take up part of your entitlement to New Shares and allow the balance to lapse, complete the Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form for those Rights you wish to accept. The completed Entitlement and Acceptance Form should be sent together with your cheque for the applicable Application Monies (being \$2.20 multiplied by the number of New Shares for which you are applying) to the Share Registry to one of the addresses set out in the Entitlement and Acceptance Form by no later than 5:00 pm Sydney time on the Closing Date of 30 August 2007. Cheques should be payable to the 'CathRx Ltd Trust Account' and crossed 'Not Negotiable'.

Entitlement to New Shares not taken up

If you decide not to take up all or part of your entitlement to New Shares, you should consider selling the Rights rather than allowing the Right to lapse. The Rights may be valuable. Rights which are not accepted, traded or transferred will lapse and you will receive no benefit.

Payment

Applications for New Shares must be accompanied by payment in full of \$2.20 per New Share. Payments must be made by 5:00 pm Sydney time on the Closing Date. Payments will only be accepted in Australian currency and must be by cheque drawn on an Australian bank. Cheques should be made payable to 'CathRx Limited Trust Account' and be crossed 'Not Negotiable'.

Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and the Entitlement and Acceptance Form and once lodged cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding. If the Entitlement and Acceptance Form is not completed correctly, the Company in its absolute discretion can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to interpret an incorrectly completed Entitlement and Acceptance Form is final.

Overview

CathRx is a specialist Australian medical devices company initially focusing on the development and commercialisation of a range of innovative cardiac catheters devices for use in the diagnosis and treatment of electrical problems of the heart known as cardiac arrhythmias.

Cardiac catheters

Cardiac catheters are medical devices used to diagnose and treat patients with cardiac arrhythmias. Electrodes on diagnostic cardiac catheters are used to detect electrical activity within the heart which is then displayed on a monitoring system interpreted by clinicians. Electrodes on therapeutic cardiac catheters are used to deliver radiofrequency energy to specific locations in the heart in a process known as 'ablation'. The radiofrequency energy creates lesions in the tissue of the heart which isolates the source of the abnormal electrical activity.

A number of different catheters are used in each procedure and depending on the type of cardiac arrhythmia, the catheters may be positioned and used within the right or left side of the heart and within the top chambers (atria) or bottom chambers (ventricles) of the heart.

Cardiac arrhythmias

Cardiac arrhythmias are abnormalities of the rhythm of the heart caused by electrical disorders. The electrical disorders disrupt the normal contraction – relaxation cycle of the heart, causing the heart to pump less efficiently.

Cardiac catheters are routinely and effectively used for the diagnosis and treatment of certain types of cardiac arrhythmias, typically on the right side of the heart. Atrial fibrillation is a prevalent form of cardiac arrhythmia which is characterised by an irregular and rapid beating of the heart's atrial chambers rendering the ventricle unable to pump efficiently. In some patients atrial fibrillation can be diagnosed and treated with cardiac catheters within the left side of the heart.

Progress summary since initial public offering in 2005

Since completing its initial public offering in October 2005, CathRx has:

- undertaken a clinical trial of its initial fixed curve and deflectable diagnostic catheters to enable the approval

of the clinical evidence section of its European regulatory submissions for both products;

- achieved regulatory approval for marketing and sale in Europe (CE mark) of CathRx's fixed curve diagnostic catheters and approval of CathRx's manufacturing facility and quality system;
- developed a new deflectable diagnostic catheter range for which it has commenced the regulatory approval process and made an initial submission for marketing and sale in Europe. Improvements to this product will be submitted for regulatory approval during the course of the year;
- added CathRx's capability to manufacture its own catheter cable in its manufacturing facility;
- engaged four distributors in Europe with respect to the first stage of diagnostic catheter product roll-out whose territories cover over approximately 60% of the existing diagnostic cardiac catheter market in Europe;
- developed a new modular standard ablation catheter which is now in final testing prior to regulatory submission;
- developed a modular irrigated ablation catheter which is now in final testing prior to regulatory submission;
- developed prototypes for a number of new specialised devices for the diagnosis and treatment of atrial fibrillation;
- significantly expanded its intellectual property portfolio; and
- continued to build an experienced and committed team.

Existing cardiac catheter market

Worldwide sales of cardiac catheters (including both diagnostic and therapeutic catheters) are forecast by CathRx to be in excess of \$1 billion in 2007 which is estimated to grow at approximately 10% per annum over the coming three to five years. These forecast market sales predominately relate to conventional diagnostic and therapeutic catheters for use within the right side of the heart but also include some more advanced catheters for diagnosis and treatment within the left side of the heart.

European sales of cardiac catheters (including both diagnostic and therapeutic catheters) are forecast by CathRx to be approximately \$262 million in 2007, representing about

25% of the worldwide market. Approximately three quarters of these catheters in Europe were diagnostic devices and therapeutic catheters account for the remaining quarter. However, due to the prevailing higher selling prices of therapeutic catheters in Europe, CathRx considers that the value of sales of diagnostic catheters and therapeutic catheters will be approximately equal.

Potential future market for specialised devices for the diagnosis and treatment of atrial fibrillation

In addition to these existing markets, there are an estimated five million people worldwide with atrial fibrillation. This number is anticipated to grow rapidly as a result of aging populations in developed countries. Currently, sufferers have limited therapeutic options. Drug therapy is the current mainstay for the initial management, however, drug therapies are not a cure and can result in significant side effects. In some cases, a pacemaker can be implanted or other surgery performed, however, in general, CathRx considers that atrial fibrillation sufferers are inadequately served by these treatment options.

Therapeutic catheters are increasingly being identified as treatment options for atrial fibrillation. However, current options rely on catheters similar to those already used within the right side of the heart. If successful, cardiac catheter therapy has the significant advantage of curing the patient. However, the current procedures using existing cardiac catheter technologies have relatively low success rates, long procedure times and frequently require repeat procedures. CathRx therefore considers that there is a significant unmet need and market opportunity for specialised cardiac catheters designed to diagnose and treat atrial fibrillation specifically.

CathRx products

CathRx is developing a range of:

- improved cardiac catheters and other complementary devices for the existing cardiac catheter market; and
- specialised devices for the diagnosis and treatment of atrial fibrillation.

CathRx plans to introduce its products progressively at regular intervals over time starting with products for the least complex clinical procedures within the right side of the heart and then introducing products which address the more difficult clinical procedures on both the right and left side of the heart (such as the treatment of atrial fibrillation). The market launch for the first diagnostic products for use in the existing market is now planned for late in the second half of 2007 or early 2008 depending on the timing of regulatory approvals.

The initial product to be launched is planned to be a deflectable diagnostic catheter with modular deflectable stylets using cable that is made in-house by CathRx and which has an improved radio-opacity.

CathRx products for the existing markets

Catheter ranges being developed	Status	Estimated Forecast 2007 European Market Size (A\$ Millions)*
Diagnostic fixed curve catheter range (catheters with a fixed curve) <ul style="list-style-type: none"> • quadrapolar sheath (4 electrode) • decapolar sheath (10 electrode) • stylets with fixed curves 	CE mark received	62.3
Diagnostic deflectable (catheter capable of being deflected or steered within the heart) <ul style="list-style-type: none"> • quadrapolar sheath (4 electrode) • decapolar sheath (10 electrode) • exchangeable deflectable stylets, which enable different diameters of curves (permitting small and large curves) 	Initial CE mark submission made. Final submission planned for September 2007 (as an addendum to the initial submission)	27.1
Diagnostic 'loop' for atrial fibrillation (duodecapolar sheath (20 electrode) catheter with a circular 'loop' shape at the end within the heart)	In late stage development	44.4
4mm therapeutic catheter (4 mm long electrode tip for standard procedures)	Currently preparing for final testing including clinical trialing	44.6
8mm therapeutic catheter (8 mm long electrode tip for advanced procedures)		54.1
Irrigated therapeutic catheter (catheter which cools the heart tissue by releasing fluid)		30.4

* CathRx's initial product to be launched is planned to be a diagnostic deflectable catheter. CathRx currently has distributors appointed with respect to United Kingdom, Italy, the Benelux countries, Germany and Austria. The level of potential sales achieved by CathRx in these territories will depend on a number of factors.

CathRx specialised products for the diagnosis and treatment of atrial fibrillation

Atrial fibrillation can be treated with existing catheters using the 'ablation' process by creating a large number of small lesions in a complex pattern. The process is currently time consuming (increasing the risk to patients and clinicians who are exposed to x-ray radiation over long periods) and can result in gaps between individual lesions (meaning that the electrical signal causing the atrial fibrillation may not be adequately isolated). CathRx is developing specialised devices that are designed to more precisely and more efficiently create a series of linear lesions each of which has the potential to replace up to six dot lesions, thus reducing the number of potential gaps between lesions and leading to higher success rates, a reduced need for repeat procedures and reduced procedure times. CathRx has developed prototypes of early designs of these devices.

CathRx considers that there is also a need to reduce the exposure of cardiologist's to potentially harmful x-ray devices used to image the patient's heart during cardiac catheter procedure. As a result, CathRx has also developed an early prototype of a remote catheter control device.



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Effect of the Offer

Share capital

The effect of the issue of New Shares under the Offer on the Company's share capital is set out below:

Number of Shares on issue prior to the Offer	30,423,539 Shares
Approximate number of New Shares to be issued under the Offer	12,169,415 New Shares
Approximate number of Shares on issue following the Offer	42,592,954 Shares
Number of Options on issue following the Offer	2,390,363 Options*

* In addition to granting options to new employees, the Company undertakes annual reviews of the grant of employee options. As part of this annual review, the Company is proposing to grant approximately a further 466,000 options amongst existing and new employees and to Directors of the Company. The proposed grant of options is subject to consideration and approval by the Board at the next Board meeting to be held on 22 August 2007. The number of Options set out above does not include the number of Options which may be approved by the Board and subsequently granted in August 2007 by the Company. The number of Options that may be ultimately be approved by the Board may differ from that set out in this note.

Unaudited Pro-forma Balance Sheet

The unaudited pro-forma balance sheet of the Company as at 30 June 2007 is set out below. The pro-forma balance sheet is presented to show the impact of the Offer on the balance sheet of the Company and has been extracted from financial statements prepared by management.

	30 June 2007 \$'000	Pro-forma adjustments \$'000	Pro-forma Position \$'000
Current Assets			
Cash and cash equivalents	4,226	25,407	29,633
Other current assets	382	–	382
Total current assets	4,608	25,407	30,015
Non-current assets			
Property, plant & equipment	2,336	–	2,336
Other non-current assets	25	–	25
Total non-current assets	2,361	–	2,361
Total Assets	6,969	25,407	32,376
Current liabilities			
Accounts payable	220	–	220
Other current liabilities	254	–	254
Total current liabilities	474	–	474
Net Assets	6,495	25,407	31,902
Equity			
Capital and reserves	17,141	25,407	42,548
Retained earnings	(10,646)	–	(10,646)
Total Equity	6,495	25,407	31,902

Board

The Board comprises of:

- Mr Denis Hanley (Non Executive chairman);
- Mr Neil Anderson (Chief Executive Officer);
- Mr Andrew Denver (Non Executive Director);
- Dr Carmel (Carrie) Hillyard (Non Executive Director); and
- Dr Elizabeth (Jane) Wilson (Non Executive Director).

The Company Secretary is Mr Cameron Billingsley. For details of the qualifications and experience of the Directors, please refer to the Company's annual report for the year ended 30 June 2006 or www.cathrx.com.au/directors.html. Refer to section 9 for details of the Directors' interests with respect to the Company and the Offer.

Mr Neil Anderson BAppSc (Hons), GradDipMan – Chief Executive Officer

Mr Neil Anderson has been chief executive officer of CathRx since August 1999 and has led the Company from the invention of its technology to the creation of its products and to the scale up of its operations. Neil is a materials scientist with over 20 years experience in areas such as materials testing and analysis, research and development, product validation and project management. Neil has a Graduate Diploma in Management from Deakin University and a degree in Applied Science (Materials Science) (Honours) from the University of Technology, Sydney.

Simon Chiu BBus, CPA – Chief Financial Officer

Simon is the Chief Financial Officer of CathRx. Simon joined CathRx in December 2006 with over 15 years of accountancy experience in large corporate and chartered accounting firms including his most recent role as a Senior Manager for Mitsubishi Motors Australia Limited. Prior to that Simon spent several years at Santos Limited and AMP Limited. Simon holds a Bachelor of Business degree with double majors in Accounting and Finance at the University of Technology, Sydney and a certificate IV in Management. Simon has also been a member of CPA Australia since 1995.

Mr Paul Turner BSc (Physiology), GradDipMan – Marketing Manager

Paul is the Marketing Manager of CathRx. Over the last 24 years, Paul has gained considerable experience in the cardiovascular medical device arena with senior marketing, executive and general manager roles at Johnson & Johnson Medical and Medtronic. With these companies Paul has successfully planned, launched and executed the marketing and sales programs for new technologies into the Australasian medical device marketplace. Paul holds a BSc in Physiology and a Graduate Diploma in Management from the Macquarie Graduate School of Management.

Ms Nerida Hunt BSc, BE (Hons), MBiomedE – Regulatory Affairs Manager and Quality Manager

Nerida is the Regulatory Affairs Manager and Quality Manager of CathRx. Nerida has over 20 years experience in various facets of medical device development and commercialisation. Nerida held the position of Regulatory Affairs & Clinical Research Manager at Smith & Nephew Surgical Pty Ltd in Australia for five years and prior to that spent five years at Stryker Australia/Howmedica Australia in a similar position. Nerida also had 10 years experience at Teletronics Pacing Systems in various positions including Clinical and Applied Research Management roles. Nerida holds a Bachelor of Science and a Bachelor of Engineering (Honours) from Sydney University and a Master of Biomedical Engineering from the University of New South Wales.

Dr Ross Matthews BVSc, Dip. Vet. Clin. Path, MRCVS, Cert. Business Management – Medical Director

Ross is Medical Director with CathRx and is responsible for pre-clinical testing and the organisation of clinical trialling of CathRx's catheter devices. Ross joined CathRx with over 19 years of company and hospital experience in medical device development and administration, including 10 years in a Senior Research Scientist role at well known Australian cardiac pacemaker and defibrillator company, Teletronics Pacing Systems, and more recently 9 years at Westmead Hospital as

Director of a department facilitating biomedical research. Ross holds a Bachelor of Veterinary Science and Diploma in Clinical Veterinary Pathology, both from the University of Sydney.

Dr Evan Chong BMatE (Hons), PhD – Chief Technology Officer

Evan is a co-founder of CathRx and is currently Chief Technology Officer. Evan is a Materials Engineer with extensive experience in metal coating technology, surface analysis and testing techniques. Along with Neil Anderson, Evan developed the original CathRx technology through the proof of concept and research and development stage. Evan's PhD is from the University of Technology, Sydney. Evan completed his Materials Engineering degree with First Class Honours from the University of New South Wales.

Mr Christian Decosterd (BMechEng) – R&D Manager

Christian is a recent appointment to CathRx and is responsible for the management of the CathRx's research and development team. He has a Mechanical Engineering degree from Geneva in Switzerland and has had 15 years working in the medical device field with the last seven years managing a team of engineers. Most recently he worked at CUC Pty Ltd as a Program Manager for Medical/Aerospace and Defence projects looking after clients such as Cochlear, Ventracor and Thales Australia. His design experience started in 1991 in Switzerland where for three years he designed orthopaedic devices. Christian has also worked for Electro Medical System where he was responsible for the design of their new range of ultrasonic scalers (dentistry) as well as for Tesa Measuring Systems to re-designed all the mechanics of their measuring tables.

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Risk Factors

Introduction

Potential investors should be aware that an investment in CathRx involves a high degree of risk. An investment in CathRx should be regarded as a speculative investment. CathRx's business activities are subject to risk factors both specific to CathRx's business and those of a general nature. If any of these risks occur, CathRx's business, results of operations, financial condition and prospects could be materially and adversely affected. In this event, the market price of CathRx's shares could decline and investors could lose part or all of their investments. Some of these factors can be mitigated by appropriate commercial action, but many are outside of the control of CathRx. The New Shares the subject of this Prospectus carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which they may trade on ASX.

Potential investors should carefully consider the following risk factors together with other information in this Prospectus and seek their own professional advice to make an assessment as to whether to subscribe for New Shares.

Early Stage Company – CathRx is at an early stage of its development as a specialist medical devices company. CathRx has received regulatory approval in Europe for its fixed curve diagnostic catheters but still requires regulatory approvals in a number of other key jurisdictions and with respect to a number of other key products (including its deflectable diagnostic catheters for which it has commenced the regulatory approval process in Europe). CathRx's ability to generate revenues in the future will be subject to a number of factors, including:

- the successful development of its catheter devices;
- regulatory approval in the jurisdictions in which CathRx wishes to market its catheters;
- CathRx's ability to manufacture its catheter devices successfully, in commercial quantities, at an acceptable cost and to the required standards;
- CathRx's ability to maintain and extend distribution arrangements;
- market acceptance and adequate market uptake of CathRx's catheters; and
- CathRx achieving satisfactory margins on the sale of products.

Development Risks – The development and testing of CathRx's cardiac catheter devices can take a long time and development of specific devices may be unsuccessful. The level of development risk for CathRx's devices at an early development stage, which include CathRx's specialised devices for the diagnosis and treatment of atrial fibrillation, is high. CathRx envisages that there will be a number of iterations of these products as they progress through the varying stages of development.

Regulatory Approval – Before CathRx can market any of its catheter devices in a particular jurisdiction, it needs to obtain approval from the relevant regulatory authority in that jurisdiction which is a lengthy, expensive and uncertain process. There can be no assurance that regulatory approvals will be provided for a product. CathRx has received CE marking for a number of its fixed curve diagnostic catheters in Europe but has not yet received approvals in any other jurisdictions or in respect of any other products. CathRx has commenced the regulatory approval process for a range of deflectable diagnostic catheters in Europe but has not as yet received those approvals. Unsuccessful or delayed regulatory approval of CathRx's deflectable diagnostic catheters which are manufactured with cable that is made by CathRx (and any other future products) will delay product launches and delay revenue from CathRx's products.

Manufacturing approval – CathRx has received regulatory approval of its existing manufacturing facilities which would enable it to manufacture product for Europe. Part of the funds being raised under this Offer relates to the improvement and expansion of CathRx's manufacturing facilities for which CathRx will require additional regulatory approvals. Delays in obtaining regulatory approval of this expanded facility will delay CathRx' ability to satisfy future product demand and may decrease revenue from approved products.

Recall – CathRx or governmental authorities may recall CathRx's products in the future in the event of material defects in design or manufacture, component failures, device malfunctions, adverse events (such as serious injuries or deaths), quality related issues or failure to comply with regulatory requirements. Although product recalls are not uncommon in the medical devices industry, any major product recall could have a material adverse effect on CathRx's revenues, its reputation and the acceptance of its products.

Sales and Distribution – CathRx has entered into distribution agreements with distributors in certain key European jurisdictions with respect to the initial designs of CathRx's diagnostic catheters. CathRx also intends to establish its own sales force in Australia. In markets such as Japan and the United States, CathRx may use distributors or form strategic alliances with third parties, which have established distribution systems and sales forces. Failure to secure new distributors or extend agreements with existing distributors or to successfully establish CathRx's own sales force in Australia could significantly impact the distribution and sale of our products and would therefore impact on CathRx's revenues.

Market Acceptance – There can be no assurance that CathRx's catheters will be successful in the market or that CathRx will receive any profits from the sale of its catheters.

Competition – CathRx conducts business in a highly competitive industry in which there are a number of well established competitors that have substantially greater financial resources, larger sales and marketing organisations, extensive research and development capabilities, broader product offerings and more established market presence and name recognition. CathRx also faces competition from smaller and early stage companies. Competitors may develop competing technologies that may render CathRx's technology obsolete or non-competitive.

Intellectual Property – CathRx's ability to market its products may be impaired by the intellectual property rights of third parties. The medical devices industry is characterised by a large number of patents, patent filings and frequent litigation based on allegations of patent infringement. CathRx is not aware of any patents potentially adverse to CathRx's interests that may have been issued to others but it cannot guarantee that they do not exist.

Reimbursement – CathRx's business may be adversely affected by changes to the healthcare funding systems in jurisdictions in which it may sell or seek to sell products in the future.

Key Personnel – The success of the Company is dependent on the ability of the Company to retain key employees. The loss of some key employees may have a material effect on CathRx.

Funding Risks – The proceeds of the Offer are intended to be used in the manner set out in section 3. CathRx's future funding requirements are difficult to predict and CathRx may wish to or be required to raise substantial additional capital in the future. Additional funding may not be available to CathRx on favourable terms, or at all. If CathRx is unable to raise adequate funds, it may have to liquidate some or all of its assets or delay, reduce the scope of or eliminate some or all of its development programs or commercialisation efforts.

Product Liability Claims – CathRx's business activities could result in claims against CathRx including, product liability claims from development, clinical trials, manufacturing, marketing and use of CathRx's catheter devices. CathRx will seek to maintain adequate clinical trial and product liability insurance, however, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts.

Other Risks – An investment in CathRx should be regarded as a speculative investment. It is likely that CathRx will record losses and is unlikely to pay a dividend for a number of years. CathRx has sought to address key risks associated with an investment in CathRx. However, there are other factors which are not specific to CathRx, which may impact on CathRx, including:

- government economic policies;
- interest rate changes;
- taxation policies;
- inflation rate changes;
- business confidence and consumer sentiment;
- changes in investors' attitudes towards medical devices companies;
- the state of world stock markets; and
- the state of the Australian economy and global economies.

Rights attaching to New Shares

The New Shares to be issued in the Offer will rank equally with all the Company's ordinary Shares already on issue. The rights attaching to the Shares are derived through a combination of CathRx's constitution and the law. Following is a broad summary of the key provisions in the constitution and the rights attaching to Shares (and New Shares).

General Meetings – Each shareholder is entitled to receive notice of and be present to vote and speak at general meetings of CathRx.

Voting Rights – At a general meeting each shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands. On a poll, each shareholder present (in person or by proxy, attorney or representative) has one vote per fully paid Share they hold and a fraction of a vote for each partly paid share they hold. This is subject to any other rights or restrictions that may be attached to any Shares. If a Share is held jointly, only the vote of the shareholder whose name appears first in the register of shareholders will be counted.

Dividend Rights – Subject to any special rights or restrictions attached to a Share, each holder of a fully paid Share will participate in all dividends declared after their issue. Dividends are declared by the Board at its discretion. The Company has neither declared nor paid any dividends to date. Whilst the Company is in the development and early commercialisation phase, the Company is unlikely to pay a dividend.

Rights on Winding Up – Subject to any special rights and restrictions attached to Shares, on a winding up of CathRx, any surplus must be divided among the shareholders in the proportion that the amount paid up on the Shares bears to the total amount paid up on all Shares on issue. Subject to any special rights and restrictions attached to Shares, on a winding up, a liquidator of CathRx may, with the sanction of a special resolution of shareholders, divide among shareholders the whole or any part of the property of CathRx and may decide how to distribute the property as between the shareholders.

Transfer of Shares – Subject to the constitution of CathRx, the Corporations Act, the Listing Rules and any escrow arrangements, generally the Shares are freely transferable.

Future Changes in Capital – Subject to the Corporations Act, the Listing Rules of ASX and the constitution of CathRx, the Board may issue, grant options over, or otherwise issue shares on such conditions, at such times and with the preferred, deferred or other special rights or restrictions, as the Directors think fit. Subject to the Corporations Act and the Listing Rules, CathRx may by resolution, consolidate and divide its share capital or reduce its share capital and buy back its shares.

Variation of Rights – CathRx may only vary or cancel the rights attaching to any class of shares, or convert shares from one class to another, by a special resolution of CathRx and a special resolution passed at a meeting of the holders of shares in that class or the written consent of shareholders with at least 75% of the votes in that class.

Proportional Takeover – The constitution of CathRx contains a proportional takeover provision that may be renewed from time to time in accordance with the Corporations Act.

Copy of constitution – Full details of the rights attaching to Shares are set out in the constitution of the Company, a copy of which is available at www.cathrx.com or obtained through ASIC or by contacting the Company Secretary.

Disclosing entity

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the disclosing obligations under the Listing Rules and the Corporations Act which in summary terms requires continuous disclosure to the market of information the Company has which a reasonable person would expect to have a material effect on the price or value of its Shares.

Copies of documents the Company has lodged with ASX or ASIC may be obtained from, or inspected at ASIC. Copies of announcements made to ASX may be viewed at www.asx.com.au or www.cathrx.com.

The Company will provide each of the following documents, free of charge, to any person who requests it before the Closing Date:

- the annual financial report for the Company for the financial year ended 30 June 2006;
- the half yearly financial report for the Company for the half year ended 31 December 2006; and
- continuous disclosure notices given by the Company after lodgement of the annual financial report for the Company for the financial year ended 30 June 2006 and before lodgement of this Prospectus with ASIC, being:

31 July 2007	Commitment test entity – fourth quarter report
20 July 2007	Appendix 3B
2 July 2007	Lapse of employee options
15 June 2007	Appendix 3B
6 June 2007	Appendix 3B
21 May 2007	Investor audio presentation
21 May 2007	Investor update
21 May 2007	Investor presentation dated May 2007
14 May 2007	Appendix 3B
27 April 2007	Commitments test entity – third quarter report
4 April 2007	CathRx files for CE marking for deflectable diagnostic catheters
21 March 2007	Appendix 3B
7 March 2007	Appendix 3B – Exercise of employee options
22 February 2007	Half yearly report
19 February 2007	Change of Director's interest notice
12 February 2007	Quarterly report highlights presentation
6 February 2007	Quarterly investor update
30 January 2007	Commitments test entity – second quarter report
22 December 2006	CathRx receives CE marking for cardiac diagnostic catheters
12 December 2006	Appoints distributor in Germany & Austria
11 December 2006	Positive notification of status of European approvals
22 November 2006	Appendix 3B
16 November 2006	Quarterly investor update
16 November 2006	Results of annual general meeting
15 November 2006	Chief Executive Officer's presentation to annual general meeting
15 November 2006	Chairman's address to annual general meeting
10 November 2006	Official opening of new manufacturing facilities
9 November 2006	Appointment of Chief Financial Officer
23 October 2006	Commitments test entity – first quarter report
18 October 2006	Change of Director's interest notice
16 October 2006	Notice of annual general meeting
16 October 2006	Updated investor presentation
12 October 2006	Change of Director's interest notice
28 September 2006	Annual report for the year ended 30 June 2006

Litigation

So far as the Company is aware, there are no legal or arbitration proceedings, active or threatened against, or being brought by, the Company which may have a material effect on the Company's financial position.

Underwriting Agreement between the Company and Wilson HTM Corporate Finance Limited

The Company and the Underwriter have entered into an agreement dated 3 August 2007 for the underwriting of all the New Shares to be issued under the Offer. Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter:

- a management fee equal to 1.75% of amount raised under the Offer, being approximately \$2,468,523;
- an underwriting commission equal to 3% of the amount raised under the Offer, being approximately \$803,181; and
- reimbursement of outgoings, costs and expenses reasonably incurred by the Underwriter in connection with the Offer.

The Underwriter must pay all sub-underwriting fees, brokerage or other fees payable to sub-underwriters, brokers, licensed dealers in securities and investment advisers arising as a result of the issue of Shares under the Offer.

Termination

The Underwriter may terminate the Underwriting Agreement as a result of any one or more of the following events:

- ASX suspends quotation of the Shares;
- approval for official quotation of the Offer Shares on ASX is refused or is not granted, or if such approval is granted, the approval is granted subject to a condition that is not a customary condition or is subsequently withdrawn, qualified or withheld before the Closing Date;
- the S&P/ASX 200 Index is at the close of normal trading for a total of two consecutive trading Days at any time prior to the date of allotment of the New Shares more than 10% below the level of that index at the close of normal trading on the trading day before the date of the Underwriting Agreement;
- any material adverse change occurs in the assets, liabilities, financial position or operations, profits, losses or prospects of the Company from those disclosed;
- the Company withdraws or terminates the Prospectus or the Offer;
- any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their acceptances for New Shares;
- there is introduced, or there is a public announcement of a proposal to introduce, a new law or a new policy which does or is likely to have a material adverse effect on the success of the Offer;
- an event specified in section 652C(1) or section 652C(2) of the Corporations Act occurs (but replacing 'target' with 'Company');
- a statement contained in the Prospectus is misleading or deceptive, or a matter required by the Corporations Act is omitted from the Prospectus;
- there occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus under the Corporations Act if it had arisen before the Prospectus was lodged and which is materially adverse from the point of view of an investor;
- the Company, being prohibited by the Corporations Act from offering New Shares under the Prospectus, lodges a supplementary or replacement prospectus in relation to the Offer;
- the Company fails to lodge a supplementary or replacement prospectus in a form acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the a supplementary prospectus is required;
- 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 due diligence process is misleading or deceptive;
- termination or a material amendment of any material contract of the Company;

- a change in the board of Directors or senior management of the Company occurs without the prior written consent of the Underwriter;
- a Director is charged with an indictable offence, legal proceedings are commenced against the Company or any Director or any Director is disqualified from managing a corporation;
- the Company changes its constitution or the Company's capital structure without the prior written consent of the Underwriter;
- a contravention by the Company of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- the Prospectus or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- ASIC gives notice of an intention to hold a hearing or investigation in relation to the Prospectus or the Offer;
- any person who has previously consented to being named in the Prospectus withdraws their consent;
- the Company issues a public statement concerning the Offer which has not been approved by the Underwriter;
- the Company breaches any of its obligations under the Underwriting Agreement;
- any person commits a breach of a material contract;
- any representation or warranty contained in the Underwriting Agreement on the part of the Company is not true or correct;
- an event specified in the Offer timetable is delayed for more than five Business Days other than as the direct result of actions taken by the Underwriter or as may be agreed under the Underwriting Agreement.

Indemnities

The Company has indemnified the Underwriter, its related corporations, and their respective directors, officers, employees and agents against any claims, demands, damages, losses, costs, expenses and liabilities incurred directly or indirectly in connection with the Prospectus or the Offer. The indemnity provided by the Company does not extend to any losses to the extent those losses are judicially determined to result from any fraud, wilful misconduct, gross negligence or breach of contract of by an indemnified party.

Interests of Directors

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director has, or has had in the two years before the date of this Prospectus, any interests in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion;
 - the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:
- any Director or proposed Director to induce him or her to become, or to qualify as, a Director of the Company; or
 - any Director or proposed Director for services which he or she has provided in connection with the formation or promotion of the Company or the Offer.

Directors Fees

The constitution of the Company and the Listing Rules specify that the aggregate cash remuneration of non executive Directors shall be determined from time to time by Shareholders at general meeting. An amount not exceeding the amount determined is then divided between the non executive Directors as agreed. This can take the form of a salary or a fixed sum for attendance at each meeting of the directors of both. The Shareholders have approved an aggregate cash remuneration of \$350,000 per annum. Non executive Directors remuneration currently comprises of:

- a base fee for serving as a Director is currently \$75,000 per annum for the chairman and \$35,000 for other non executive Directors;
- an additional fee for Directors serving on committees, currently \$5,000 per annum;
- statutory superannuation for the independent non executive Directors, currently 9% of the base fee; and
- options under the Company's employee option plan.

As the Chief Executive Officer, for the year ended 30 June 2007, Mr Neil Anderson was paid a salary of \$195,000, a cash bonus of \$54,889, statutory superannuation and was granted options under the Company's employee option plan.

Deeds of Access, Indemnity and Insurance

The Company has entered into deeds of access, indemnity and insurance with each Director of the Company and certain officers (including Mr Cameron Billingsley as company secretary). The deed provides rights of access to certain board papers of the Company during the period while the relevant Director or officer is or was an officer of the Company and for a period of seven years after they cease to be an officer and subject to the limitations set out in the Corporations Act, the Company indemnifies the relevant officer against any liability incurred whilst acting in their capacity as a Director or officer of the Company. The Company also maintains a policy of directors' and officers' insurance for the Directors and certain officers of the Company.

Directors Interests in Securities

Details of the Shares and Options in which the Directors have a relevant interest as at the date of this Prospectus are as follows:

Director	Shares	Options
Neil Anderson(i) (vi)	4,108,000	614,308
Denis Hanley(ii) (vi)	1,449,019	129,168
Andrew Denver(iii) (vi)	537,500	79,168
Carrie Hillyard (iv) (vi)	11,426,862	216,668
Jane Wilson (v) (vi)	410,000	50,000

Notes

- A trust of which Neil Anderson is a potential beneficiary holds 108,000 Shares and 16,668 unlisted options with an exercise price of \$1.00 and an expiry date of 31 July 2010. AMC Technologies Pty Ltd as trustee for the AMC Technology Trust holds 4,000,000 Shares. A trust of which Neil Anderson is a potential beneficiary holds a 2/3 interest in the units of the AMC Technology Trust. Neil Anderson holds 497,640 Options with an exercise price of \$0.25 and an expiry date of 31 December 2013 and 100,000 Options with an exercise price of \$1.00 and an expiry date 25 August 2015.
- Denis Hanley holds 1,337,500 Shares and 29,168 Options with an exercise price of \$1.00 and an expiry date of 30 July 2010 and 100,000 Options with an exercise price of \$1.00 and an expiry date of 25 August 2015. A trust of which Denis Hanley is a beneficiary holds 111,519 Shares.

- (iii) Andrew Denver owns 287,500 Shares and a trust of which Andrew Denver is a potential beneficiary holds 250,000 Shares. Andrew Denver holds 29,168 Options with an exercise price of \$1.00 and an expiry date of 30 July 2010 and 50,000 Options with an exercise price of \$1.00 and an expiry date of 25 August 2015.
- (iv) Carrie Hillyard is a partner of CM Capital Investments Pty Ltd. CM Capital Investments Pty Ltd as manager of CM Capital Venture Trust No. 3 holds 7,730,222 Shares and 130,768 Options with an exercise price of \$1.00 and an expiry date of 30 July 2010, and 37,500 Options with an exercise price of \$1.00 and an expiry date of 25 August 2015. CIBC Australia VC Fund L.L.C. in its capacity as general partner of the Australia Venture Capital Fund L.P. of which CM Capital Investments Pty Ltd is a special limited partner holds 1,975,640 Shares and 35,900 Options with an exercise price of \$1.00 and an expiry date of 30 July 2010 and 12,500 Options with an exercise price of \$1.00 and an expiry date of 25 August 2015. CM Capital acts as an investment manager for two other entities which collectively have interests in 1,721,000 Shares.
- (v) Jane Wilson holds 400,000 Shares and 50,000 Options over Shares with an exercise price of \$1.00 and an expiry date of 25 August 2015. Jane Wilson holds 10,000 Shares as trustee on behalf of her children.
- (vi) As noted in section 6, as part of the Company's annual review of grants of employee options, the Company is proposing that Options be granted to certain new and existing employees and Directors. The proposed grant of Options will be considered at the next Board meeting of the Company on 22 August 2007. Consistent with the shareholder approvals obtained at the annual general meeting held on 15 November 2006, it is currently proposed that 50,000 employee Options over ordinary shares would be granted to each of Neil Anderson and Denis Hanley and that 25,000 employee Options would be granted to each of Andrew Denver, Carrie Hillyard and Jane Wilson. The Options are proposed to be granted on the same terms as options previously granted by the Company and would have a life of 10 years and an exercise price calculated as the average closing price of Shares over the five trading days prior to grant.

Other interests of Directors and advisers

Denis Hanley and Andrew Denver are directors of and shareholders in The Principals Funds Management Pty Ltd which was paid a fee of \$138,000 from the Underwriter in connection with the Company's initial public offering in 2005. Mr Cameron Billingsley, the principal of PFM Legal Pty Ltd, is a director but not a shareholder of The Principals Funds Management Pty Ltd.

Wilson HTM Investment Group Ltd, the parent company of the Underwriter, is a public company whose shares are traded on ASX. Certain Directors, officers and employees of the Company and their affiliates hold shares in Wilson HTM Investment Group Ltd. Dr Jane Wilson is the spouse of Mr Steven Wilson who is an executive officer and substantial shareholder of Wilson HTM Investment Group Ltd. The Underwriter received fees of \$860,000 (excluding GST) in 2005 in connection with its role as underwriter of the Company's initial public offering. The Underwriter will receive fees in connection with this Offer as set out below.

Sub-underwriting arrangements

CM Capital Investments Pty Ltd is a prominent venture capital investor which invests in life sciences, telecommunications and information technology companies, of which Dr Carrie Hillyard is a partner. CM Capital Investments Pty Ltd as manager of CM Capital Venture Trust No. 3, has agreed with the Underwriter to sub-underwrite 2,045,454 New Shares under the Offer worth approximately \$4.5 million, which would represent approximately 4.8% of the capital of the Company post Offer. CM Capital Investments Pty Ltd's sub-underwriting obligations are reduced on a one for one basis to the extent that it or certain of its associates take up New Shares under the Offer. CM Capital Investments Pty Ltd has existing security interests in the Company as set out above. It is not possible at the date of this Prospectus to determine the total number of New Shares that may be taken up in its capacity as sub-underwriter or generally in the Offer by CM Capital Investments Pty Ltd and their resultant percentage interests in the Company. The Underwriter has agreed to pay CM Capital Investments Pty Ltd a fee of 2% per cent of value of the sub-underwritten New Shares taken up by them under the Offer up to a maximum

fee of \$90,000. The sub-underwriting agreement terminates automatically upon termination of the Underwriting Agreement. The sub-underwriting fee is not payable if the sub-underwriting agreement is terminated. CM Capital Investments Pty Ltd has indemnified the Underwriter, its related bodies corporate, officers, employees and agents against any loss which may be suffered as a result of a breach of the sub-underwriting agreement.

PFM Cornerstone Limited is a public company which has been formed to invest in and support Australian technology companies. Messrs Denis Hanley and Andrew Denver are directors of PFM Cornerstone Limited and Mr Cameron Billingsley is company secretary. Messrs Denis Hanley, Andrew Denver, Cameron Billingsley and Dr Elizabeth Wilson and Wilson HTM Investment Group Ltd each have equity interests in PFM Cornerstone Limited. PFM Cornerstone Limited has indicated that it wishes to become a substantial Shareholder of the Company and that it will seek to purchase Rights on ASX. In addition, to demonstrate its commitment to the Company, PFM Cornerstone Limited has agreed with the Underwriter to sub-underwrite 6,136,363 New Shares under the Offer worth approximately \$13.5 million. PFM Cornerstone Limited's sub-underwriting commitment is reduced on a one for one basis to the extent that it acquires Rights and takes up New Shares under the Offer. It is not possible at the date of this Prospectus to determine the number of New Shares that may be taken up in its capacity as sub-underwriter or generally in the Offer by PFM Cornerstone Limited. An acquisition of 6,136,363 New Shares in the Offer would result in PFM Cornerstone Limited holding approximately 14.4% of the Company's Shares post Offer. Refer to the table above for details of the security interests of Messrs Hanley and Denver who are directors of PFM Cornerstone Limited. Given that Messrs Denis Hanley and Andrew Denver are involved with PFM Cornerstone Limited who wishes to make a substantial investment in the Company, they have indicated that they are unlikely to take up their entitlements under the Offer but will instead offer those Rights for sale on ASX. The Underwriter has agreed to pay PFM Cornerstone Limited a fee of 2% per cent of value of the New Shares sub-underwritten by them, being a fee of \$270,000. In the event of a shortfall and PFM Cornerstone Limited fails to subscribe for its commitment of sub-underwritten New Shares, the fee will be reduced accordingly on a pro-rata basis. The sub-underwriting agreement terminates automatically upon termination of the Underwriting Agreement. The sub-underwriting fee is not payable if the sub-underwriting agreement is terminated. PFM Cornerstone Limited has indemnified the Underwriter, its related bodies corporate, officers, employees and agents against any loss which may be suffered as a result of a breach of the sub-underwriting agreement.

Other Interests of experts

Other than as set out below or elsewhere in this Prospectus:

- (a) no promoter of the Company or person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has in the two years before the date of this Prospectus had, any interest:
- in the formation or promotion of the Company;
 - in property acquired or proposed to be acquired by the Company in connection:
 - with its formation or promotion;
 - the Offer; or
 - in the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any promoter of the Company, stockbroker or underwriter to the Offer or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or provided in connection with the formation or promotion of the Company or the Offer.

The expenses of the Offer are estimated to be \$1.366 million, covering fees payable to the Underwriter, legal advisers, the Share Registry and design and printing costs of the Offer, ASX costs and other related expenses. These expenses have been paid or will be payable by the Company. The interests and the amounts payable to advisers are as follows:

- Wilson HTM Corporate Finance Limited acted as underwriter in respect of the Offer and has or will be paid approximately \$1,271,704 (exclusive of GST) and will be reimbursed costs and disbursements associated with the Offer.
- PFM Legal Pty Ltd acted as legal advisers to the Company in connection with the Offer and have or will be paid approximately \$40,000 (exclusive of GST) in connection with the Offer and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus and the Offer, if any, to be paid in accordance with its usual rates. The principal of PFM Legal Pty Ltd holds Shares in the Company.
- Registries Limited acts as registrar to the Company and has or will be paid approximately \$10,000 (exclusive of GST) in connection with the Offer and will be reimbursed disbursements, with further amounts payable for additional services relating to this Prospectus and the Offer, to be paid in accordance with its usual rates.

Consents to lodgement

Wilson HTM Corporate Finance Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to being named in this Prospectus as Underwriter and Lead Manager to the Offer in the form and context in which it is named. Wilson HTM Corporate Finance Limited has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

PFM Legal Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to being named in this Prospectus as legal counsel to CathRx in the form and context in which it is named. PFM Legal Pty Ltd has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Registries Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as registrar to CathRx in the form and context in which it is named. Registries Ltd has made no statement included in this Prospectus, nor any statement upon which a statement in this Prospectus is based.

10 *Authorisation*

This Prospectus is dated 3 August 2007 and is issued by CathRx Ltd.

This Prospectus is signed by Mr Denis Hanley on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.

A handwritten signature in black ink, appearing to read 'D. Hanley', is positioned above the name and title of the signatory.

Denis Hanley
Chairman

\$ or Dollars	means dollars in Australian currency (unless otherwise stated).
ablation	means a process of delivering energy to destroy or isolate the source of the abnormal electrical activity in the heart.
Application Monies	means the aggregate amount of money payable for Shares applied for calculated by multiplying \$2.20 by the number of New Shares subscribed for.
ablation catheter	is another name for a therapeutic catheter.
atrial fibrillation	is a cardiac arrhythmia originating in the atria which causes a rapid and irregular heartbeat, during which the atria quiver or 'fibrillate'.
ASIC	means the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
cardiac catheter	a catheter used in medical procedures of the heart.
cardiac arrhythmias	are abnormalities in the rhythm of the heart caused by electrical disorders which disrupt the normal contraction – relaxation cycle of the heart.
catheter	means a tubular medical device for insertion into canals, blood vessels, passageways, or body cavities to perform a medical procedure.
CathRx	means CathRx Ltd ABN 23 089 310 421.
CHES	means Clearing House Electronic Sub-register System of ASTC.
Closing Date	means 5:00 pm Sydney time on 30 August 2007 or such other date as may be determined by the Directors.
Company	means CathRx ACN 089 310 421.
Corporations Act	means the Corporations Act 2001 (Cth).
Directors	means the directors of the Company.
diagnostic cardiac catheter	means a catheter used to map the electrical signals of the heart.
Eligible Shareholder	means a registered holder of Shares at 7:00 pm Sydney time on the Record Date.
Entitlement and Acceptance Form	means the form accompanying this Prospectus which sets out the entitlements of Eligible Shareholders under the Offer.
GST	has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Issue Price	means \$2.20 per New Share.
Listing Rules	means the official listing rules of ASX, as amended from time to time.
New Share	means a new fully paid ordinary Share to be issued pursuant to this Offer.
Offer	means the offer of New Shares under this Prospectus.
Option	means an unlisted option to subscribe for a Share.
Prospectus	means this prospectus dated 3 August 2007 and includes a hardcopy or electronic version of this prospectus and any supplementary prospectus.
Record Date	means 14 August 2007 or such other date as may be determined by the Directors.

Rights	means the renounceable rights to subscribe for New Shares on the basis of two New Shares for every five Shares on the Record Date.
Share	means an ordinary share in the capital of the Company.
Shareholder	means a shareholder of the Company.
Share Registry	means Registries Limited ACN 003 209 836.
therapeutic cardiac catheter	(also known as an ablation catheter) means a catheter used to treat (or ablate) an area of heart tissue that is causing abnormal heart rhythms.
Underwriter or Wilson HTM	means Wilston HTM Corporate Finance Limited ACN 057 547 323.
Underwriting Agreement	means the underwriting agreement dated 3 August 2007 between the Company and the Underwriter with respect to the Offer.

12 *Corporate Directory*

Board of Directors

Mr Neil Anderson (CEO)
Mr Denis Hanley (Chairman)
Mr Andrew Denver
Dr Carmel (Carrie) Hillyard
Dr Elizabeth (Jane) Wilson

Company Secretary

Mr Cameron Billingsley

Registered Office

Suite G16 National Innovation Centre
Australian Technology Park
Eveleigh NSW 1430
Australia
Phone: +61 2 9209 4770
Fax: +61 2 9209 4771
information@cathrx.com
Website www.cathrx.com
ASX code: CXD

Underwriter and Lead Manager

Wilson HTM Corporate Finance Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

Legal Adviser

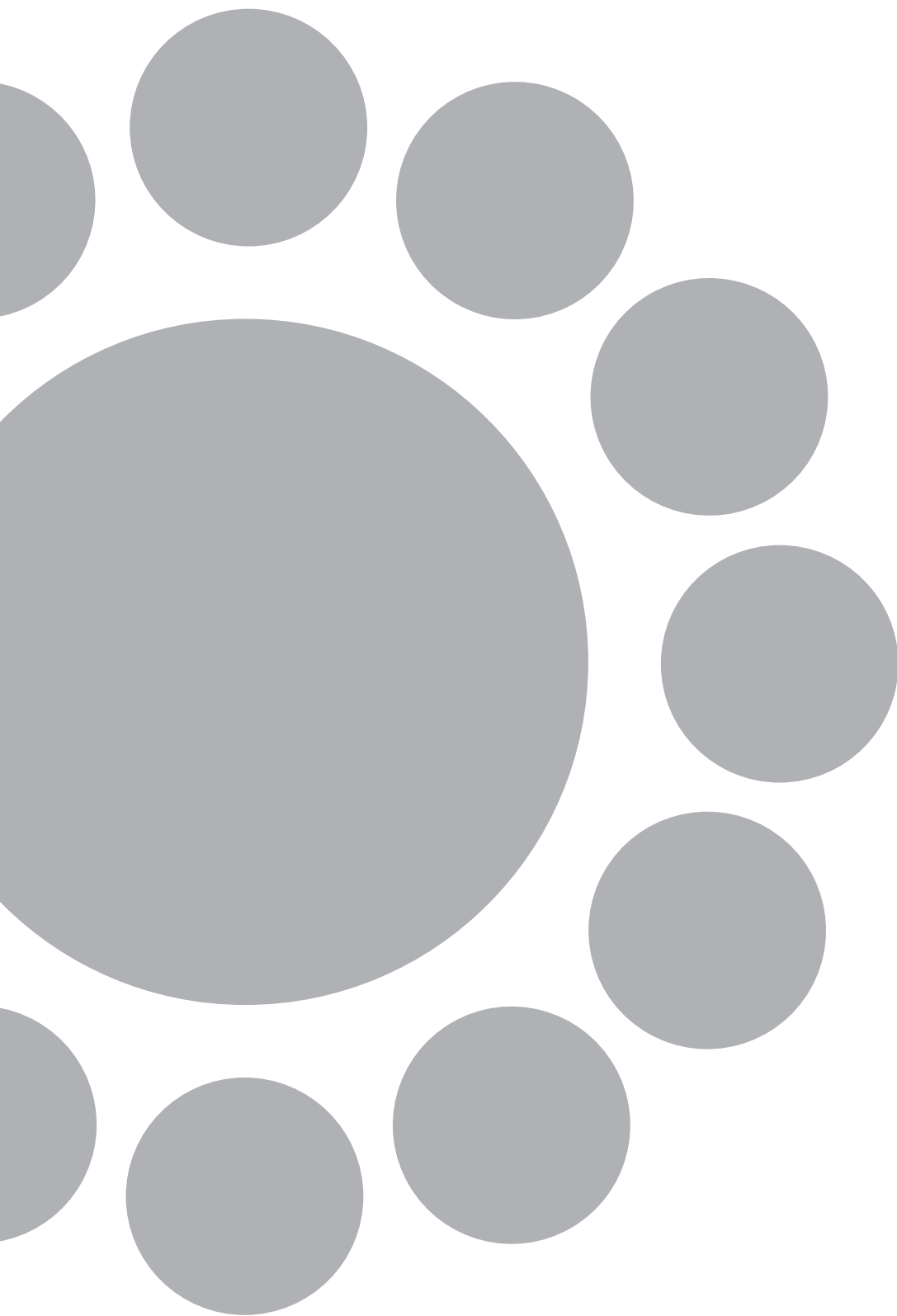
PFM Legal Pty Ltd
Level 12
117 York Street
Sydney NSW 2000
Australia

Share Registry

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000
Australia

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000
Australia



Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

CathRx Ltd

ABN

23 089 310 421

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately 12,169,415. The precise number will be advised to ASX upon the closing date under a prospectus dated 3 August 2007. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes. Upon allotment and issue, the new ordinary shares will rank pari passu in all respects with the existing ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>\$2.20 per new ordinary shares.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will be used primarily to:</p> <ul style="list-style-type: none"> • improve and expand the Company's production capacity to cater for commercial manufacturing of the Company's expanded product range; • fund working capital and marketing costs for the launch of the Company's initial product range into the existing market; • accelerate research and development activities in connection with specialised cardiac catheter devices for the diagnosis and treatment of atrial fibrillation; • undertake clinical trials of specialised cardiac catheter devices for the diagnosis and treatment of atrial fibrillation; • fund costs associated with expanding the Company's intellectual property portfolio including patent costs; and • fund the costs of the capital raising.
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>7 September 2007</p>

⁺ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	37,436,832	Fully paid ordinary

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	5,156,122	Fully paid ordinary (subject to escrow until 25 October 2007)
	971,152	Options expiring on 30 December 2013 with an exercise price of \$0.25
	50,000	Options expiring on 14 May 2014 with an exercise price \$0.25
	30,000	Options expiring on 13 June 2014 with an exercise price \$0.25
	20,000	Options expiring on 12 July 2014 with an exercise price \$0.25
	333,344	Options expiring on 30 July 2010 with an exercise price of \$1.00
	632,500	Options expiring on 25 August 2015 with an exercise price of \$1.00
	164,200	Options expiring on 11 December 2015 with an exercise price of \$1.00
	42,500	Options expiring on 20 June 2016 with an exercise price of \$1.53
	6,667	Options expiring on 27 August 2016 with an exercise price of \$1.50
	55,000	Options expiring on 15 November 2016 with an exercise price of \$1.64
	30,000	Options expiring on 20

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	55,000	March 2017 with an exercise price of \$2.14 Options expiring on 17 July 2017 with an exercise price of \$2.40
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	Two new ordinary shares for every five ordinary shares held
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	14 August 2007 - 7:00 pm Sydney time
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the next whole share
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Hong Kong Singapore Taiwan United Kingdom United States
19	Closing date for receipt of acceptances or renunciations	30 August 2007

+ See chapter 19 for defined terms.

20	Names of any underwriters	Wilson HTM Corporate Finance Limited
21	Amount of any underwriting fee or commission	Management and underwriting fee equivalent to 4.75% of the gross proceeds of the offer (approximately \$1,271,705)
22	Names of any brokers to the issue	Wilson HTM Corporate Finance Limited
23	Fee or commission payable to the broker to the issue	As per item 21
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	15 August 2007
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	8 August 2007
29	Date rights trading will end (if applicable)	23 August 2007
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Eligible shareholders will need to complete the section headed "Instructions to your Stockbroker" on the reverse of the Entitlement and Acceptance Form specifying that they will to sell all of their entitlements and lodge the completed Entitlement and Acceptance Form with their stockbroker
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Eligible shareholders will need to complete the section headed "Instructions to your

⁺ See chapter 19 for defined terms.

Stockbroker” on the reverse of the Entitlement and Acceptance Form specifying the number of entitlements which they wish to sell. To take up the balance of their entitlements, eligible shareholders should also specify the number of shares they wish to take up. The completed Entitlement and Acceptance Form and corresponding cheque for the application monies must be sent to the Company’s share registry (Registries Limited) before the closing date for acceptances. Alternatively eligible shareholders can contact their stockbroker directly and provide them instructions regarding the number of entitlements they wish to sell and advising their entitlement number.

32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?

Eligible shareholders whose shares are issuer sponsored may elect to transfer all or part of their entitlements to another person other than on ASX. Eligible shareholders whose shares are issuer sponsored and wish to transfer all of their entitlements will need to complete a standard renunciation form (available from their stockbroker or the Company’s share registry) and lodge it with the Share Registry along with the transferee’s cheque before the closing date for acceptances. Eligible shareholders whose shares are issuer sponsored and wish to transfer part of their entitlements will need to complete a standard renunciation form (available from their stockbroker or the Company’s share registry) for the number of entitlements they are selling and lodge it and the transferee’s cheque together with the accompanying Entitlement and Acceptance Form and the eligible shareholders cheque for the number of entitlements they wish to take up before the closing date for acceptances. Eligible shareholders whose shares are held on CHESS should contact their stockbroker.

33 ⁺Despatch date

6 September 2007

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

⁺ See chapter 19 for defined terms.

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Cameron Billingsley - Company Secretary

Date: 3 August 2007

⁺ See chapter 19 for defined terms.