



**CATHRX LTD**

**ABN 23 089 310 421**

**NON RENOUNCEABLE ENTITLEMENT OFFER**

A fully underwritten non renounceable pro-rata entitlement offer of 1 New Share for every 7 Shares held at an Issue Price of \$0.10 to raise approximately \$2 million.

**The last day for acceptance of this Entitlement Offer is 9 November 2011.**

This Offer Booklet is dated 14 October 2011. This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet in its entirety and obtain professional investment advice before deciding whether to apply for New Shares.

## Important Notice

### ***Important information***

This Offer Booklet is dated 14 October 2011 and a copy was lodged with ASX on that date. The Entitlement Offer is being conducted pursuant to section 708AA of the Corporations Act. This Offer Booklet is not a prospectus or other disclosure document for the purposes of the Corporations Act and does not contain all the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all the information which an investor may require to make an investment decision. In deciding whether or not to participate in the Entitlement Offer, you should refer to disclosures made by CathRx to ASX available at [www.asx.com.au](http://www.asx.com.au) and at [www.cathrx.com.au](http://www.cathrx.com.au) and seek the advice of your professional advisor. This Offer Booklet has not been lodged with ASIC. Neither ASIC nor the ASX, nor any of their officers or employees takes responsibility for the Offer Booklet, the Entitlement Offer or the merits of the investment to which this Offer Booklet relates.

You should read this Offer Booklet in its entirety before deciding what to do with your entitlement. If you have any questions, please contact either:

- CathRx's Share Registry, Registries Limited on +61 2 9260 9600; or
- your professional adviser.

You should be aware that an investment in CathRx involves a number of risks and uncertainties which can affect the value of your investment. The New Shares offered under this Offer Booklet should be viewed as a speculative investment.

### ***Future performance***

Some of the information contained in this Offer Booklet and released to the ASX constitutes forward looking statements. All statements, other than statements of historical facts, are forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause CathRx or CathRx's industry's actual results, levels of activity, performance and achievements to be materially different from those anticipated by the forward looking statements. CathRx cannot guarantee future results, levels of activity, performance or achievements. None of CathRx, its officers, advisers, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur. You are cautioned not to place undue reliance on any forward looking statements having regard to the fact that the outcome may not be achieved.

### ***Offering Restrictions***

This Offer Booklet 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. The distribution of this Offer Booklet 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 Offer Booklet 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.

### ***Entitlements are non renounceable***

The Entitlement Offer is non renounceable and as such Eligible Shareholders will not be able to trade their entitlements. If you decide not to participate in the Entitlement Offer, your entitlements will lapse and form part of the shortfall. You will receive no payment for entitlements not taken up and your percentage shareholding in CathRx will decrease corresponding to the extent that New Shares are issued in connection with the Entitlement Offer.

***No representations other than as set out in this Offer Booklet***

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

***Definitions and Glossary***

Definitions and a glossary of some of the terms used in this Offer Booklet appear at the end of this Offer Booklet.

## Table of Contents

Important Notice .....	2
Table of Contents .....	4
1. Chairman's Letter.....	5
2. Key Offer Information.....	6
3. Details of the Entitlement Offer .....	7
4. Effect of the Capital Raising .....	10
5. What Eligible Shareholders May Do.....	11
6. Investor Presentation .....	13
7. Risk Factors .....	19
8. Definitions and Glossary .....	23
9. Corporate Directory .....	25

# 1. Chairman's Letter

Dear Shareholder,

On behalf of the Board of CathRx Ltd, I am pleased to invite you to participate in a 1 for 7 non renounceable pro-rata entitlement offer of ordinary shares (**New Shares**) at an Issue Price of \$0.10 per New Share to raise approximately \$2 million (**Entitlement Offer**). The Entitlement Offer is fully underwritten by Cybotel Industries Sdn Bhd.

CathRx has been focussing its efforts on developing its suite of irrigated ablation and advanced diagnostic catheters which target the highest growth and most profitable segments of the cardiac catheter market. CathRx has also been pursuing strategic licensing arrangements with key players in both the re-processing or device segment of the market, and is currently in exclusive negotiations with a potential licensee in Europe.

The net proceeds of the Entitlement Offer will be used primarily to fund working capital and to continue the development and testing of CathRx's high growth product opportunities.

This Offer Booklet includes important information about the Entitlement Offer, including:

- key dates for the Entitlement Offer;
- information in relation to CathRx, the Entitlement Offer and some important risks for you to consider; and
- information on how you can apply for New Shares.

Accompanying this Offer Booklet is a personalised Entitlement and Acceptance Form which details your entitlement.

**This Entitlement Offer closes at 5:00 pm AEDT on 9 November 2011.** If you decide to take this opportunity to participate in the Entitlement Offer, please ensure that your completed Entitlement and Acceptance Form and Application Monies are received by CathRx before this time.

On behalf of the Board I invite you to join me in accepting this Entitlement Offer.

Yours faithfully



Denis Hanley  
Chairman

## 2. Key Offer Information

### Summary of the Entitlement Offer

Issue Price per New Share	\$0.10 per New Share payable in full on application
Issue Price discount to last closing price on ASX prior to announcement of the Entitlement Offer	33.33%
Eligible Shareholder entitlements	1 New Share for every 7 Shares held on the Record Date
Approximate amount to be raised (before costs of the Entitlement Offer)	\$2,046,856
Approximate number of New Shares to be issued	20,468,560 New Shares
Approximate number of Shares on issue following the Entitlement Offer	163,748,480 Shares

### Indicative Timetable

Shares trade 'ex-entitlements' (the date from which shares commence trading without the entitlement to participate in the Entitlement Offer)	18 October 2011
Record Date to determine entitlements for the Entitlement Offer (7:00 pm AEDT)	24 October 2011
Anticipated despatch of Entitlement Booklet and personalised Entitlement and Acceptance Forms	25 October 2011
Closing Date. Last day for acceptance and payment (5:00 pm AEST)	9 November 2011
New Shares quoted on a deferred settlement basis	10 November 2011
Expected date for despatch of holding statements for New Shares	17 November 2011
Expected date for commencement of trading of New Shares	18 November 2011

These dates are indicative only and may be subject to change. Shareholders wishing to take up their entitlements are encouraged to submit their Entitlement and Acceptance Form and Application Money as soon as possible after the opening of the Entitlement Offer. CathRx reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice.

### **3. Details of the Entitlement Offer**

#### ***Entitlement Offer to Eligible Shareholders***

CathRx is making a non renounceable Entitlement Offer of New Shares to Eligible Shareholders on the basis of 1 New Share for every 7 Shares held on the Record Date of 24 October 2011. The Issue Price for each New Share is \$0.10. The Issue Price is payable in full on application.

The number of New Shares which you are entitled to subscribe for is shown on your personalised Entitlement and Acceptance Form which accompanies this Offer Booklet.

CathRx reserves the right to withdraw the Entitlement Offer and this Offer Booklet at any time before any New Shares are issued. If this occurs, CathRx will refund Application Monies (without interest) that have already been received by CathRx.

#### ***New Shares***

The number of New Shares being offered under the Entitlement Offer will be approximately 20,468,560 to raise approximately \$2,046,856, before costs of the Entitlement Offer. The precise number of New Shares issued will be subject to the rounding of the entitlements and whether any employee options are exercised prior to the Record Date. Following the Entitlement Offer, there will be approximately 163,748,480 Shares on issue.

#### ***No rights trading***

The Entitlement Offer is non renounceable and as such Eligible Shareholders are not able to trade or sell their entitlements. Any entitlements to New Shares not taken up will lapse on the Closing Date and will form part of the shortfall. Eligible Shareholders will receive no payment for entitlements not taken up and their percentage shareholding in CathRx will decrease corresponding to the extent that New Shares are issued under the Entitlement Offer.

#### ***Use of Funds***

The net proceeds of the Entitlement Offer will be used primarily to fund working capital and to continue the development and testing of CathRx's high growth product opportunities. The allocation and use of funds will vary depending on the circumstances in which the business develops and operates.

#### ***Underwriting***

The Entitlement Offer is fully underwritten by Cybotel Industries Sdn Bhd. CathRx has agreed to reimburse certain costs and expenses incurred by the Underwriter and to pay the Underwriter a fee of 3% of the amount raised, which is equal to approximately \$61,405.68. CathRx has provided customary warranties and has indemnified the Underwriter in connection with the Entitlement Offer. The Underwriting Agreement also contains customary rights of termination.

#### ***Ranking of New Shares***

All New Shares being offered under this Offer Booklet will, on issue, rank equally in all respects with all other Shares of CathRx currently on issue. The rights attaching to the Shares are derived through a combination of CathRx's constitution and the law.

#### ***CHESS and issuer sponsored holdings***

The New Shares will participate in CHESS from the date of commencement of quotation and must be held in uncertificated form on the CHESS sub-register or on the issuer sponsored register. No certificates will be issued. Arrangements can be made at any subsequent time to convert your

holding from the issuer sponsored sub-register to the CHESS sub-register or vice versa by instructing your controlling participant.

#### ***ASX quotation***

CathRx will apply for quotation of the New Shares on the ASX.

#### ***Issue Price and discount***

The issue price for each New Share under the Entitlement Offer is \$0.10 (**Issue Price**). The Issue Price represents a discount of 33.33% to the closing price of CathRx's Shares on ASX on the trading day prior to the announcement of the Entitlement Offer (being \$0.15). The lowest and highest market sale prices of Shares on ASX during the three months preceding the lodgement date of this Offer Booklet, were \$0.08 and \$0.16, respectively.

#### ***Overseas Shareholders***

Having regard to the small numbers of holders and holdings outside of Australia and New Zealand, and the cost of complying with the legal and regulatory requirements in the countries concerned, CathRx has decided it is unreasonable to make the Entitlement Offer available generally outside of Australia and New Zealand (except to certain professional and sophisticated investors who do not require a disclosure document in their jurisdiction). Consequently, the Entitlement Offer is not being generally extended to, and New Shares will not be issued or allotted to Shareholders with registered addresses outside of Australia and New Zealand.

The distribution of this Offer Booklet 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 Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Likewise, Eligible Shareholders holding their shares on behalf of persons resident outside Australia or New Zealand (including nominees, custodians and trustees) should seek independent advice and observe any restrictions relating to the acceptance of entitlements and the distribution of the Offer Booklet. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Return of a duly completed Entitlement and Acceptance Form or payment by BPAY® will be taken by CathRx to constitute a representation that there has been no breach of such laws. CathRx reserves the right to treat as invalid any acceptance which does not comply with the requirements of the Offer Booklet or the Entitlement and Acceptance Form or which CathRx believes has been sent for or on account of a person not entitled to participate in the Entitlement Offer.

#### ***Taxation***

There may be taxation implications associated with participating in the Entitlement Offer and receiving New Shares. The taxation consequences of participating in the Entitlement Offer and receiving New Shares may vary depending on individual circumstances. Shareholders should consult their own professional taxation advisors 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 Offer Booklet.

#### ***Dividends***

During the development and early commercialisation of products, CathRx is unlikely to pay a dividend. The ability for CathRx to pay a dividend in the future and the timing of any dividend is dependent on a number of factors including CathRx ability to derive sufficient cash flows from future operations and the costs of its ongoing research and development activities.

***Governing Law***

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

***Summary of Key Risks***

*An investment in CathRx involves a high degree of risk and should be regarded as being a speculative investment.* Some of the key risks to CathRx are the:

- ability to enter into the collaborative licensing arrangement currently being negotiated for Europe and the ability to establish and maintain other suitable commercial partnerships in the future;
- successful development and regulatory approval of products being developed;
- ability to secure sufficient funding for its continuing operations;
- success of the re-manufacturing business model;
- ability for products to be manufactured and remanufactured cost effectively with the necessary quantity and quality required for market success; and
- market's acceptance of CathRx's products and the ability of CathRx and its partners to achieve sales objectives.

A summary of risks associated with an investment in CathRx is set out in section 7 and in other information released to the market by CathRx. Before making an investment decision, Eligible Shareholders should read the Offer Booklet in full, review other publicly available information released by CathRx and should consult their professional advisors.

***Questions***

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

## 4. Effect of the Capital Raising

### *Effect of Entitlement Offer*

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

Number of Shares on issue prior to the Entitlement Offer	143,279,920 Shares
Approximate number of New Shares to be issued	20,468,560 New Shares
Approximate number of Shares on issue following the Entitlement Offer	163,748,480 Shares
Number of Options on issue	5,583,367 Options

The number of New Shares to be offered under the Entitlement Offer will be subject to the rounding of the entitlements of Eligible Shareholders and whether any employee options are exercised after the date of this Offer Booklet but prior to the Record Date. Upon issue of the New Shares, the exercise price of unexercised Options will be adjusted in accordance the terms of the CathRx employee share option plan and the ASX Listing Rules.

### *Impact on Control*

For details of the potential effect of the issue of New Shares on the control of CathRx, refer to the section 708AA notice filed with ASX on 14 October 2011. If all Eligible Shareholders take up their Entitlement, the Entitlement Offer will have no significant effect on the control of CathRx. If an Eligible Shareholder does not take up their Entitlement in full, that Shareholder's proportional interest will be diluted. Those shareholders who are not Eligible Shareholders are not entitled to participate in the Entitlement Offer and their proportional interests in the CathRx will likewise be diluted. The Entitlement Offer is fully underwritten by the Underwriter. If all Eligible Shareholders take up their entitlement to subscribe for New Shares, then the Underwriter (in its capacity as the Underwriter) will not be issued with any New Shares. In the event there is a shortfall, the Underwriter and/or its nominee's shareholding in CathRx will increase to the extent of the shortfall. There is the potential that the Underwriter may obtain a substantial shareholding in CathRx.

## 5. What Eligible Shareholders May Do

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

If you are an Eligible Shareholder you may take any of the following actions:

- take up your entitlement for New Shares in full;
- take up part of your entitlement for New Shares and allow the balance to lapse; or
- do nothing and allow all of your entitlement for New Shares to lapse.

Please carefully read this Offer Booklet in its entirety before making your decision.

### 5.1 How to Accept of All of Part of your Entitlement

#### *Take up all or part of your entitlement for New Shares*

If you wish to take up all or part of your entitlement you must either:

- pay the applicable amount of the Application Monies (for the number of New Shares of your entitlement you wish to subscribe for) by BPAY<sup>®</sup> so that your payment is received by CathRx by 5:00 pm (AEDT) on the Closing Date of 9 November 2011. If you pay by BPAY<sup>®</sup> you do not need to submit your personalised Entitlement and Acceptance Form.  
OR
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies (for the number of New Shares of your entitlement you wish to subscribe for) by cheque so that your personalised Entitlement and Acceptance Form and payment are received by CathRx by 5:00 pm (AEDT) on the Closing Date of 9 November 2011.

#### *Do nothing and allow all of your entitlements for New Shares to lapse*

If you decide not to take up your entitlement for New Shares, you are not required to do anything, in which case your entitlements will lapse and form part of the shortfall. You will receive no payment for entitlements not taken up. Although you will continue to own the same number of Shares in CathRx, your percentage shareholding in CathRx will decrease corresponding to the extent that New Shares are issued under the Entitlement Offer.

### 5.2 Payment Options Payment Options

#### *How to pay by BPAY<sup>®</sup>*

For payment by BPAY<sup>®</sup>, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number (CRN)). You can only make a payment via BPAY<sup>®</sup> if you are the holder of an account with an Australian financial institution that supports BPAY<sup>®</sup> transactions. Please note that if you choose to pay by BPAY<sup>®</sup>:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- your payment must be for an amount equal to \$0.10 multiplied by the number of New Shares that you are applying for.

When completing your BPAY<sup>®</sup> payment, please be sure to use the specific Biller Code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the

entitlement on that Entitlement and Acceptance Form. If you inadvertently use the same CRN for more than one of your entitlements, you will be deemed to have applied only for New Shares on the Entitlement and Acceptance Form to which that CRN applies.

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making your payment. It is your responsibility to ensure that funds submitted through BPAY<sup>®</sup> are received by no later than 5:00 pm (AEDT) on 9 November 2011.

***How to pay by cheque***

For payment by cheque you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the Entitlement and Acceptance Form and return it accompanied by a cheque for the amount of the Application Monies, payable to "**CathRx Ltd Trust Account**" and crossed "Not Negotiable". Your cheque must be:

- for an amount equal to \$0.10 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed Entitlement and Acceptance Form, together with the Application Monies, should be mailed or hand delivered to the following address:

**By mail to:**

CathRx Ltd Entitlement Offer  
c/o Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

**By hand to:**

CathRx Ltd Entitlement Offer  
c/o Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

If you are paying by cheque, your Entitlement and Acceptance Forms and Application Monies must be received by the Share Registry, Boardroom Pty Limited, by no later than 5:00 pm (AEDT) on the Closing Date of 9 November 2011.

You should ensure that sufficient funds are held in relevant accounts to cover the Application Monies. If the amount of your cheque for Application Monies is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form. Alternatively, your application may not be accepted, at the sole discretion of CathRx. Cash payments will not be accepted and receipts for payment will not be issued.

***Entitlement and Acceptance Form or payment through BPAY<sup>®</sup> is binding***

A completed and lodged Entitlement and Acceptance Form or a payment made through BPAY<sup>®</sup> constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and the Entitlement and Acceptance Form and, once lodged or paid, 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, CathRx in its absolute discretion can reject it or treat it as valid. CathRx'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.



## Non Renounceable Entitlement Offer



October 2011

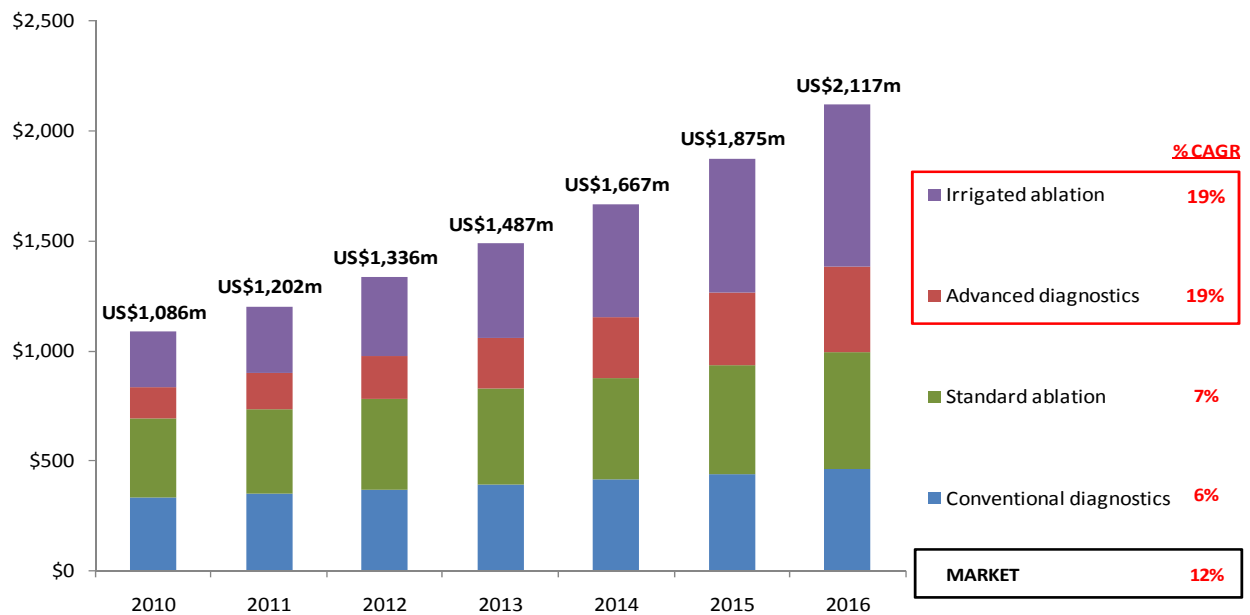
## CathRx Corporate Overview

CathRx Overview	<ul style="list-style-type: none"> <li>• An Australian medical device company focused on commercialising a patented suite of innovative cardiac catheters</li> <li>• Catheters specifically designed for reprocessing/remanufacturing → cost advantages</li> <li>• Headquartered in Homebush Bay, Sydney</li> <li>• Australian Stock Exchange listed: CXD</li> </ul>
CathRx Key Management	<ul style="list-style-type: none"> <li>• Jeffrey Goodman - Chief Executive Officer</li> <li>• Previously, Executive Vice President and President, International Boston Scientific and President of Baxter's Biotech North America division</li> </ul> 
	<ul style="list-style-type: none"> <li>• Ged Wallace - President of Sales and Marketing</li> <li>• Previously, President of Boston Scientific's Europe, Middle East and Africa divisions and President of Baxter Healthcare Asia/China</li> </ul> 
	<ul style="list-style-type: none"> <li>• Roman Greifeneder - Director, R&amp;D and Manufacturing</li> <li>• Over 17 years of experience in the medical device sector.</li> <li>• Previously, President of Operations at Ventracor Limited, Manufacturing/Engineering Manager at ResMed Limited</li> </ul> 
	<ul style="list-style-type: none"> <li>• Brian Lee - Director Technical Services</li> <li>• Over 36 years of experience in the Medical Devices and Pharmaceutical Industries, including 27 years for Baxter Healthcare Pty Ltd - Managing Director of Baxter Australia and New Zealand</li> </ul> 



# Projected Growth in Global Cardiac Catheter Market

Projected to be a \$2B+ Market by 2016



3

Source: CathRx estimates

## High Procedure Cost Limiting Existing Cardiac Catheter Market

### Cardiac Catheter Market Drivers

✓	Ageing population → Increased incidence of Atrial Fibrillation
✓	Untreated AF → 5x higher chance of stroke
✓	Increasing evidence of cardiac ablation effectiveness

### Cardiac Catheter Market Limitations

✗	High procedure costs, limited reimbursement rates
✗	Current restrictions on reprocessing of single-use devices
✗	Healthcare budgetary pressures

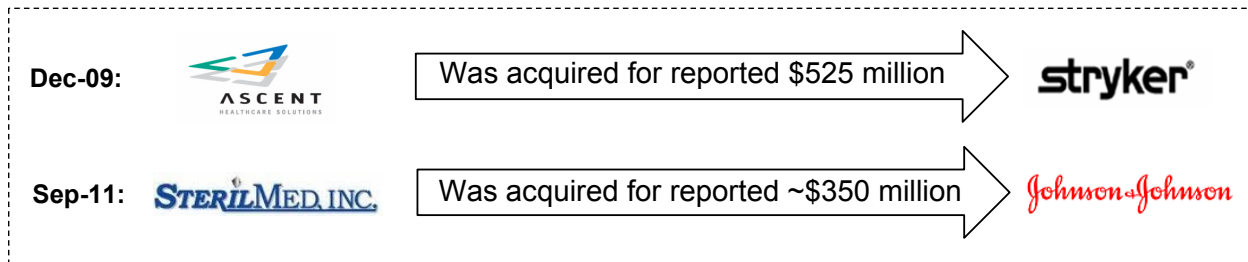


4

# Emergence of Medical Device Reprocessing

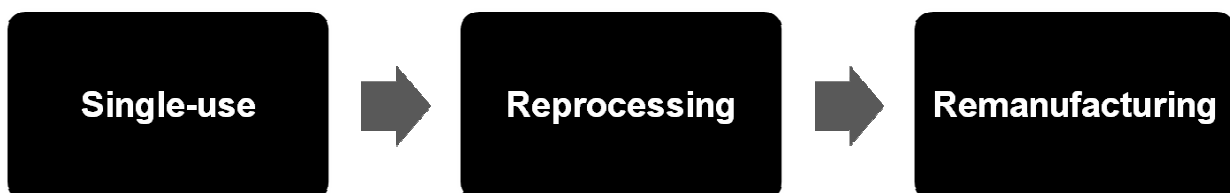
- Medical device reprocessing can reduce device cost per use ~30%
- Germany and the US are the largest existing reprocessing markets
- **Ascent** is the leading medical device re-processor in the US - Since inception Ascent has grown to reprocess over 50 million single use devices
- **SterilMed** is the second largest medical device reprocessor in the US

## Medical Device Reprocessor Acquisitions



5

## Next Step – Remanufacturing

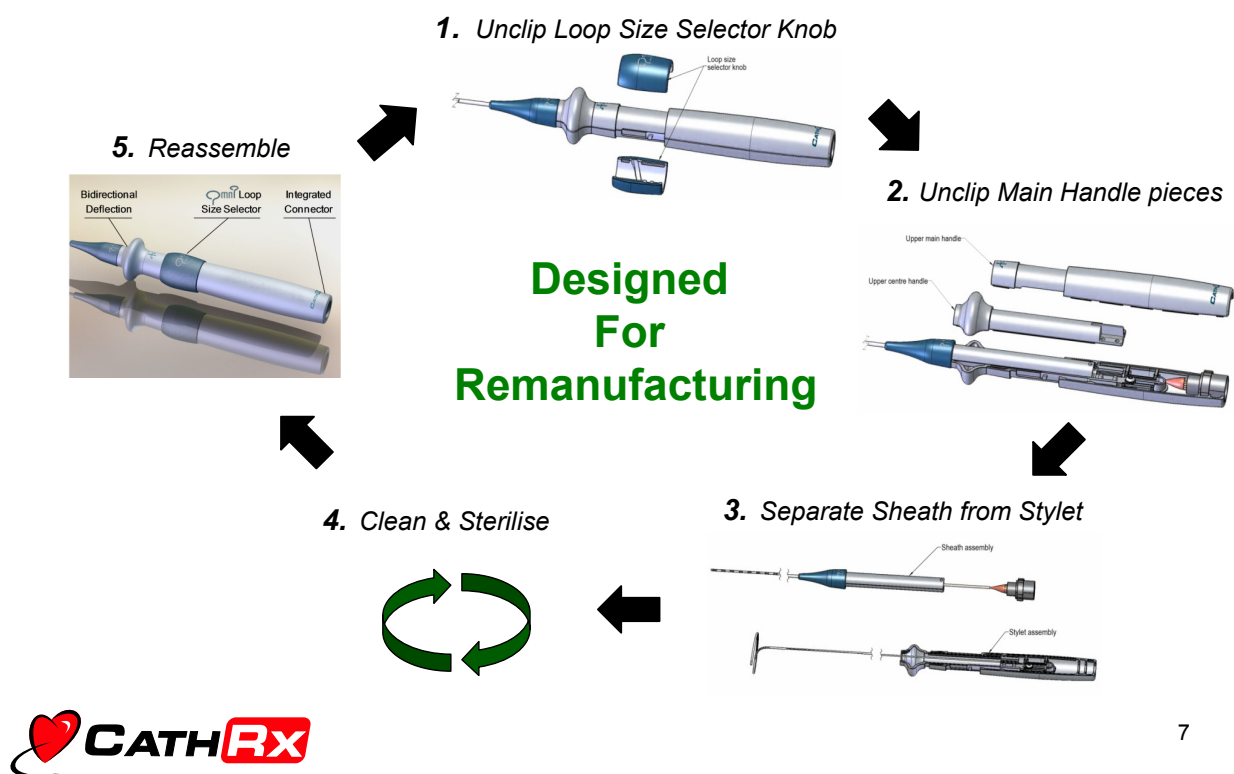


- Emergence of medical device reprocessing driven by economics – allows hospitals to achieve significant cost reduction
- However, reprocessing limited due to:
  - Reprocessing bans and restrictions in several countries
  - Reliance on single-use device manufacturers for original device
  - Potentially need to reverse engineer single-use devices before reprocessing
- Remanufacturing can address these issues:
  - Remanufacturing combines manufacturing with reprocessing – devices designed for multiple use
  - Minimises cost per use and environmental impact
  - Addresses some regulatory and legal issues



6

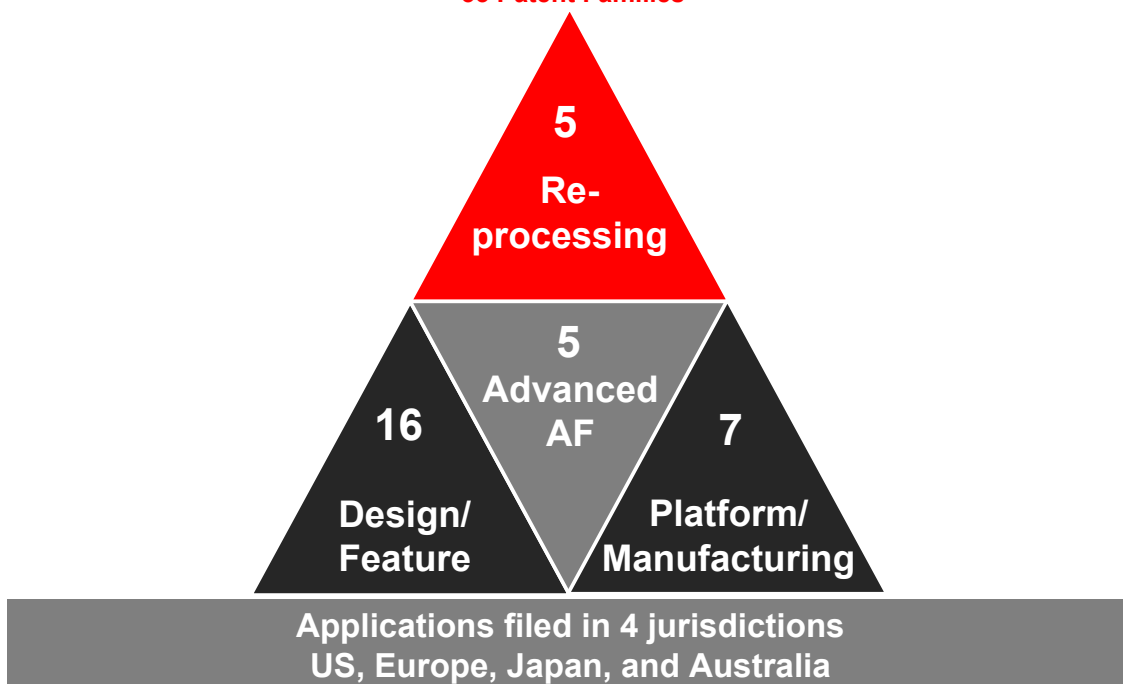
# CathRx Solution: Cardiac Catheters Designed for Remanufacturing



7

## Strong Patent Coverage

33 Patent Families



# CathRx Commercialisation Strategy

	Strategy	Status	Comments
1	Regional Commercial Partnerships	Next 3-6 months	<ul style="list-style-type: none"> <li>European Partnership                             <ul style="list-style-type: none"> <li>- Non binding term sheet for exclusive negotiations now signed</li> <li>- Diligence expected to be complete by end Oct.</li> </ul> </li> <li>Other potential regional partnerships                             <ul style="list-style-type: none"> <li>- USA – Largest market, preliminary discussions, planning regulatory submissions</li> <li>- Other regions - Evaluating opportunities</li> </ul> </li> </ul>
2	Product Launch - Variable Loop	Next 3-9 months	<ul style="list-style-type: none"> <li>Variable Loop catheter pending CE Mark</li> <li>Partner to launch product to market</li> <li>Further product launches to follow</li> </ul>
3	Prove Business Model		<ul style="list-style-type: none"> <li>Expand launch to other CathRx products in the pipeline and other geographical regions</li> <li>Demonstrate effectiveness of remanufacturing model</li> <li>Increase corporate interest in CathRx</li> </ul>



9

## Entitlement Offer Summary

OFFER SUMMARY	
Entitlement Offer Objective:	To raise approximately \$2 million
Use of funds:	To supplement CathRx's working capital for continued development
Offer type:	Fully underwritten non-renounceable shareholder entitlement offer
Shareholder entitlements:	Right to purchase 1 New Share for every 7 Share held
Issue price per new share:	\$0.10 per New Share payable in full on application
Discount to the last closing price of \$0.15:	33.33%
Listed shares on issue	143.280 million
Approximate number of New Shares to be issued:	20.469 million shares
Approximate number of Shares on Issue following the issue:	163.748 million shares
Unlisted options	5.583 million

### KEY FINANCIAL INFORMATION @ 30 September 2011

Cash	\$2.7 million
Pro forma cash including amount to be raised <sup>1</sup>	\$4.7 million

1. Excluding capital raising costs



10

## Indicative Timetable

Indicative Timetable	
Announcement of Entitlement Offer	14 October 2011
Shares trade 'ex date' - the date on which shares commence trading without entitlement to participate in the Entitlement Offer	18 October 2011
Record date - the date for determining entitlements of shareholders to participate in the Entitlement Offer	24 October 2011
Expected despatch of Offer Booklet and personalised Entitlement & Acceptance forms	25 October 2011
Closing date – last day for acceptance and payment	9 November 2011
Expected notification to market of undersubscription of New Shares	14 November 2011
Expected despatch of holding statements for New Shares	17 November 2011
Expected date for commencement of trading of New Shares	18 November 2011



11

## CathRx Summary Financials – 30 June 2011

	YEAR ENDING 30 JUNE 2011
<b>Summary Profit/Loss</b>	
Revenue	\$24,622
Cost of sales	\$19,569
Gross Profit/(Loss)	\$5,053
Expenses	(\$9,706,137)
Pre tax loss	(\$8,947,978)
<b>Cash position</b>	
Cash and cash equivalents	\$4,758,761
Trade and other receivables	\$180,484
Inventories	\$982,235
Average quarterly operating cash burn*	\$1,748,000

\* Number has been rounded to the nearest \$1,000.



12

## 7. Risk Factors

### *Introduction*

An investment in CathRx involves a high degree of risk and 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 investment. 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 Offer Booklet carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which they may trade on the ASX.

Potential investors should carefully consider the following risk factors together with other information released by CathRx 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 medical devices company. CathRx has refocused its business strategy on products for the re-processable cardiac catheter market and is seeking to form partnerships with organisations involved in that market, while at the same time continuing to develop advanced products for the treatment of atrial fibrillation. CathRx's ability to generate adequate revenues in the future will be subject to a number of factors, including:

- CathRx's ability to enter into and maintain partnership arrangements with organisations involved in the re-processing market;
- the successful development and market launch of products for the re-processing market and in the future, for the treatment of atrial fibrillation;
- market acceptance and adequate market uptake of CathRx's catheters for the re-processing market;
- the success of the cardiac catheter re-processing business model generally;
- the ability for CathRx's catheters to be manufactured and reprocessed in commercial quantities at an acceptable cost;
- CathRx achieving satisfactory margins on the sale and reprocessing of products; and
- regulatory approval of CathRx's products in the jurisdictions in which CathRx and its potential future partners wish to market its catheters.

### *Partnership strategy*

CathRx's strategy involves the Company seeking to enter into collaborative license arrangements with organisations involved in the re-processing market. CathRx has recently entered into an exclusive non binding term sheet with one potential licensee with respect to the European Union. While negotiations continue, there is no guarantee that CathRx will be able to successfully enter into this potential collaborative agreement for Europe with the current potential licensee or any other organisation, on acceptable terms or at all. If CathRx is unable to enter into such an agreement for Europe, it may need to change its strategy or delay, reduce the scope of or eliminate some or all of its development programs. CathRx also intends to either expand the scope of the proposed strategic alliance beyond the European Union or to enter into other partnership arrangements. There is no guarantee that CathRx will be able to successfully enter into any such arrangement outside of the European Union.

To the extent CathRx is able to enter into partnership arrangements, these arrangements may place important development and sales and marketing decisions outside CathRx's control and will expose CathRx to risks and uncertainties related to those collaborative arrangements, including the risk that:

- CathRx may not be able to control the amount and timing of resources that its strategic partner/collaborators may devote to products;
- CathRx's potential strategic partner/collaborators may experience financial or operational difficulties;
- business combinations or significant changes in a partner's business strategy may also adversely affect a partner's willingness or ability to complete its obligations under any arrangement.

### ***Success of Revised Strategy***

CathRx's revised strategy is dependent to a large extent on the development of the emerging cardiac catheter re-processing market. Although there is an established re-processing market in Germany and the USA, the re-processing of cardiac catheter devices is not currently widespread in other jurisdictions. CathRx considers that there is significant potential in the re-processing market however the Company cannot be sure that the market will grow as it anticipates. Growth will require support from regulatory authorities, hospitals and health care professionals in markets outside of Germany and the USA to effect a change. Even if the reasons for re-processing are compelling, significant resources may be required by CathRx and its strategic partners to effect widespread changes in practice in relation to the re-processing of cardiac catheter devices and the change may be slower than presently anticipated. These factors may also inhibit the adoption of re-useable electrophysiology catheter devices which may impact the market acceptance of any of the products that the Company may develop.

### ***Development Risks***

CathRx has a pipeline of products at varying stages of development. As part of its revised strategy, CathRx will focus on products for the re-processing market, while also continuing to develop advanced products for the treatment of atrial fibrillation. Delays in the establishment of a collaborative arrangement for Europe or the delays in product development will delay CathRx's revenue. Although CathRx has demonstrated an ability to develop catheter devices, the development of specific new catheters may not be successful or the outcomes of the development activities may not warrant the launch of the relevant product.

### ***Market Acceptance***

Success of CathRx's products is ultimately dependent on their market acceptance and the level of sales and re-processing of those products. There can be no assurance that CathRx's catheters will be successful in the market. Market acceptance will depend on CathRx and its potential licensee's ability to provide and maintain evidence of safety, efficacy, ease of use, re-processability and cost effectiveness.

### ***Competition***

CathRx and its potential licensee conduct 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 with novel technologies. Competitors may develop competing technologies that may reduce or eliminate the market opportunity for CathRx's products.

### ***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 and expensive process. CathRx has previously received CE marking for its irrigated ablation device as well as number of its fixed curve and deflectable diagnostic catheters. CathRx has also obtained CE marking of its deflectable stylets for re-processing. In July 2011 CathRx submitted its application for CE mark approval for its Variable Loop advanced diagnostic catheter. Although CathRx has had success in obtaining regulatory approvals in the past, there is no guarantee that CathRx will in the future, receive the relevant CE marking or other necessary regulatory approvals in a timely fashion for future products or the reprocessing process. Unsuccessful or delayed regulatory approval of products will delay product launches and consequently delay revenue from the sale of products. CathRx and its potential partners must also continue to satisfy ongoing regulatory requirements with respect to its products and facilities.

### ***Funding Risks***

CathRx's future funding requirements are difficult to predict and CathRx may wish to or be required to raise 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 or even potentially eliminate the scope of some or all of its development programs and commercialisation efforts.

### ***Manufacturing risks***

There are risks associated with the manufacture of CathRx's products, including maintaining and scaling up manufacturing, the consistency of incoming raw materials, equipment design and automation, material procurement, production yields and quality control and assurance. CathRx and any of its licensees may fail to achieve and maintain required manufacturing standards which could result in patient injury or death, product recalls or withdrawals, product shortages, delays or failures in product testing or delivery or other problems that could seriously harm CathRx's business.

### ***Recall***

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

### ***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. In the event that CathRx identifies any third party infringing its intellectual property, it may be required to expend significant funds to protect its intellectual property.

### ***Key Personnel***

The success of CathRx is dependent on the ability of CathRx to retain key employees. The loss of some key employees may have a materially adverse effect on CathRx.

### ***Product Liability Claims***

CathRx's business activities could result in claims against CathRx including, product liability claims from development, clinical trials, manufacturing, marketing and the 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***

CathRx has sought to address some of the key risks associated with an investment in CathRx. However, there are other factors, not specific to CathRx, which may impact on CathRx, including:

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

## 8. Definitions and Glossary

\$ 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 equal to \$0.10 multiplied by the number of New Shares that you are applying 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 or, the market operated by ASX Limited as the context requires.
cardiac catheter	a catheter used in medical procedures 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.
CHESS	means Clearing House Electronic Sub-register System of ASTC.
Closing Date	means 5:00 pm AEDT on 9 November 2011 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 CathRx.
diagnostic 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 AEDT on the Record Date with a registered address in Australia or New Zealand and a certain professional and sophisticated investors outside of Australia and New Zealand who do not require a disclosure document in their jurisdiction.
entitlement	means the non renounceable entitlement to subscribe for New Shares on the basis of 1 New Share for every 7 Shares held on the Record Date.
Entitlement and Acceptance Form	means the form accompanying this Offer Booklet which sets out the entitlements of Eligible Shareholders under the Entitlement Offer.
Entitlement Offer	means the offer of New Shares under this Offer Booklet.
GST	has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Issue Price	means \$0.10 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 Entitlement Offer.
Offer Booklet	means this Offer Booklet dated 14 October 2011 and includes a

	hardcopy or electronic version of this Offer Booklet and any supplementary Offer Booklets.
Option	means an unlisted option to subscribe for a Share.
Record Date	means 24 October 2011 or such other date as may be determined by the Directors.
re-processing	refers to the cleaning, testing, repackaging, and sterilising of a cardiac catheter to enable subsequent additional use of the device.
Share	means an ordinary share in the capital of CathRx.
Shareholder	means a shareholder of CathRx.
Share Registry	means Boardroom Pty Limited ACN 003 209 836.
Underwriter	means Cybotel Industries Sdn Bhd.
Underwriting Agreement	means the underwriting agreement between the Company and the Underwriter.

## 9. Corporate Directory

### Board of Directors

Mr Jeffrey Goodman (CEO)  
Mr Denis Hanley (Chairman)  
Dr Elizabeth (Jane) Wilson  
Dr Colin Adam  
Dr Michael Hirshorn

### Company Secretary

Mr Cameron Billingsley

### Registered Office

5 Parkview Drive  
Homebush Bay, NSW 1430  
Australia  
Phone: +61 2 9397 5700  
Fax: +61 2 9397 5701  
[information@cathrx.com](mailto:information@cathrx.com)  
Website: [www.cathrx.com](http://www.cathrx.com)  
ASX code: CXD

### Underwriter

Cybotel Industries Sdn Bhd

### Legal Adviser

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

### Share Registry

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Phone: + 61 2 9290 9600  
Facsimile: +61 2 9279 0664

### Company Auditors

Ernst & Young  
680 George Street  
Sydney NSW 2000  
Australia

## RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

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

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm  
on 24 October 2011

**Offer Closes: 5pm AEDT 9 November 2011**

NON-RENOUNCEABLE ISSUE OF APPROXIMATELY 20,468,560 NEW SHARES AT AN ISSUE PRICE OF \$0.10 EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 7 ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

### A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 1 New Share for 7 Ordinary Share held	Price Per Share	Amount Payable for Full Acceptance, at \$0.10 per New Share
	<b>\$0.10 per Share =</b>	

If you wish to accept **PART ONLY OF YOUR ENTITLEMENT** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	<b>\$0.10 per Share =</b>	<b>\$</b>

### B Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the CathRx Limited Share Registry. Payments cannot be made at any bank.

#### Payment Option 1 - BPAY



**Biller Code: XXXX**  
**Ref: «BPayCRN»**

#### Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price of \$0.10 will be deemed to be the total number of shares you are applying for.

#### Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				<b>\$</b>

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "CathRx Ltd Trust Account" and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

### C Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	( )	( )	

**THIS FORM CONTINUES OVERLEAF**

By submitting this Entitlement and Acceptance Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Offer Booklet to which this Entitlement and Acceptance Form relates and declare that this Entitlement and Acceptance Form is completed and lodged according to the Offer Booklet and the instructions on the reverse of the Entitlement and Acceptance Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of CathRx Limited and agree to the terms and conditions of the Offer under the Offer Booklet. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in this Offer Booklet when making my/our decision to invest.

## LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

### ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares for which you are accepting by \$0.10 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

Telephone No. 02 9290 9600  
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm AEDT on 9 November 2011.

### PAYMENT

#### Cheque or Draft

All cheques or drafts (expressed in Australian currency) are to be made payable to "CathRx Ltd Trust Account" and crossed "Not Negotiable".

#### BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: [www.bpay.com.au](http://www.bpay.com.au). Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEDT on 9 November 2011.

### PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia. Contact the Company if you wish to make an electronic payment.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

### INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Offer Booklet.

### CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /  
Sole Director & Sole Company  
Secretary

Joint Shareholder 2 (Individual) /  
Director

Joint Shareholder 3 (Individual) /  
Director/Company Secretary  
(Delete one)

#### Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Entitlement and Acceptance Form.

Our privacy policy is available on our website ([http://www.boardroomlimited.com.au/help/share\\_privacy.html](http://www.boardroomlimited.com.au/help/share_privacy.html)).