

ASX Announcement

2 February 2012

CathRx Announces Strategic and Management Changes

Under the revised strategy, CathRx Ltd (ASX: CXD) plans to become a catheter technology design house focused on the improvement of its product platform and the addition of new innovative designs.

CathRx advises that despite extensive negotiations it has not yet been able to conclude a suitable licence and co-operation agreement for Europe with its prospective German partner.

As a consequence, a broad program of cost reductions involving the internal restructuring of personnel will be implemented immediately. The expected cost reductions are expected to reduce cash burn by more than 60%. As part of the restructure, Mr Jeff Goodman and Ms Amanda Wong, who have been intimately involved in the development of the new strategy and restructure plans, will cease in their respective roles as CEO and CFO of CathRx. Mr Goodman will step down as CEO effective immediately but will remain an advisor and director of the Company. Ms Amanda Wong will cease as CFO of CathRx following the release of the half yearly financial report.

"These measures have been implemented with a view to transitioning the company into a technology development and licensing business intent on formalizing potential regional strategic partnerships," said Mr Denis Hanley, Chairman of CathRx.

CathRx also advises that it has already begun discussions with 3 new prospective licencees in Asia and the USA for their respective markets. These opportunities are in addition to the European opportunity. CathRx President, Mr Ged Wallace will be managing the licensing opportunities.

Over the last few months, while negotiating with the prospective German partner, CathRx has completed the development of the first 3 products in its product range, two of which are at the point of initial production and the third being at the point of pilot production. CathRx has developed the required tools and methods to manufacture these products which are the most complex in the range to be produced.

With the products and processes developed, CathRx is now able to contract its manufacturing requirements to an outside organisation with the required skills and approvals.

CathRx has also obtained CE mark approval for the sale of its first product in its new generation product range, the Variable Loop diagnostic catheter and has discussed with European Notified bodies how CathRx might obtain now also obtain approval for its own novel reprocessing of its products.

"In the present financial environment we believe that the strategic restructure is both necessary and prudent. We remain committed to programs that will enable us to maximize shareholder value from our technology," said Mr Denis Hanley.

The Chairman of CathRx, Mr. Denis Hanley, will in the short term assume the role of Executive Chairman and Chief Executive Officer.

CathRx will be holding an investor teleconference in relation to the revised strategy. Details of the investor teleconference will be announced in due course.

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CathRx Ltd
ABN 23 089 310 421

5 Parkview Drive
Homebush Bay NSW 2127
Australia
Telephone +61 (0)2 9397 5700
Facsimile +61 (0)2 9397 5701
www.cathrx.com

About CathRx

CathRx is a medical device company which designs reprocessable cardiac catheter solutions for the treatment of people suffering from electrical problems of the heart known as cardiac arrhythmias. CathRx's proprietary diagnostic and therapeutic catheters are designed to give physicians the tools to cost effectively treat patients with speed, safety and precision.



About cardiac arrhythmias

Cardiac arrhythmia describes a group of increasingly common conditions where there is abnormal electrical activity in the heart. The beating of a normal heart is controlled by electrical impulses. When these impulses are uncoordinated the heart fails to function properly. This can result in complications ranging from fatigue to stroke and even death. More than 10 million people worldwide suffer from abnormal heart rhythms. Atrial fibrillation is the most common form of arrhythmia and affects over 5 million people worldwide. Current drug therapies often fail to control the problem and can have side effects. Cardiologists worldwide are increasingly using cardiac catheters to diagnose and successfully treat arrhythmias.

For further information:

Denis Hanley

CathRx Executive Chairman and Interim Chief Executive Officer

Telephone: 0418 445 021

