

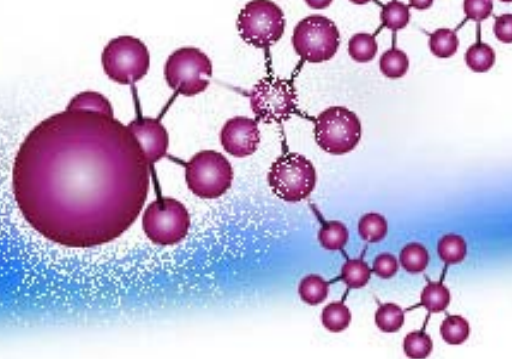
Cyclopharm Ltd

SHAREHOLDER UPDATE

6 July 2006

CYCLOPHARM

Announcement – New COO & Director of Science

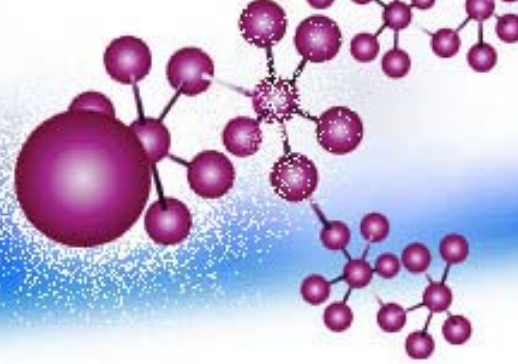


- We can announce that Dr Nabil Marcos will join Cyclopharm as Chief Operating Officer and Director of Science
- Dr Marcos has
 - B.A in Chemistry and Mathematics from Andrews University in the USA and
 - Ph.D Nuclear Chemistry / Radiochemistry, University of Arkansas
- Dr Marcos will head our venture into Molecular Imaging, Cyclotrons, and the production and distribution of radioactive isotopes



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Announcement – New COO and Director of Science

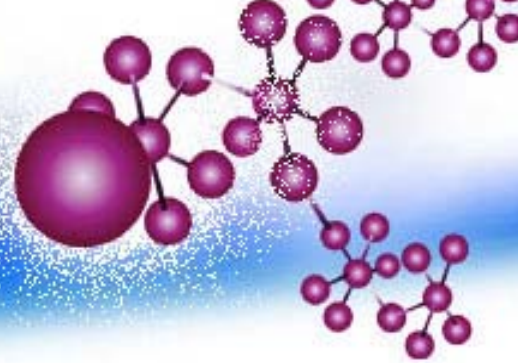


Dr Marcos was the former head of Radiopharmaceutical Research at ANSTO and is

- a world expert in the production of radioactive isotopes and nuclear medicine
- credited with being the author / inventor of several patents
- has published more than 50 Scientific Articles
- has written a reference book and contributed to other published material

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Announcement - New business initiative

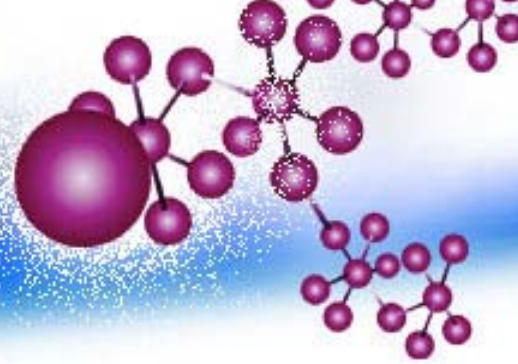


- Cyclopharm will enter into the field of Molecular Imaging and the production of radioactive isotopes
- Cyclopharm has entered into a HOA to license new Technology from Cyclopharma and Thallis
 - first new Cyclotron developed in many years and we believe it to be a quantum advance in production methods



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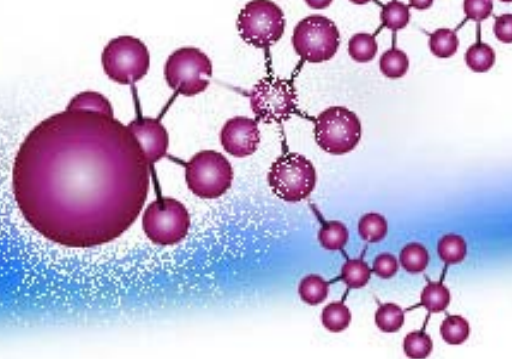
Announcement - New business initiative



- Cyclopharm aims to be a leading company within Nuclear Medicine
- In doing so, Cyclopharm will become
 - a world class radiopharmaceutical company with a suite of proprietary products
 - its Molecular Imaging division will be responsible for the production and distribution of PET biomarkers and equipment

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Announcement – Corporate restructure

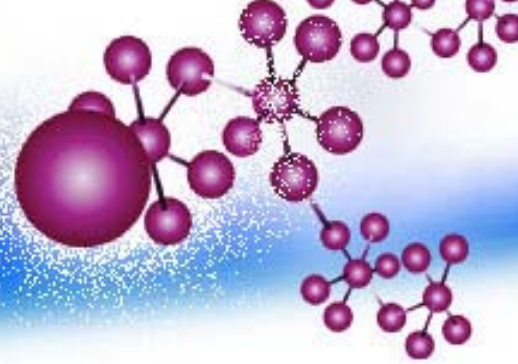


- Corporate restructure completed
- Offer to convert VLS Notes into Cyclopharm shares closed approximately three times oversubscribed
- 28.6 million shares in Cyclopharm were issued to Note holders at an average price of \$0.21 cents
- Cyclopharm has 106.6 million shares on issue
- Rights issue to purchase Cyclopharm shares to be completed before October 2006
- Cyclopharm to be listed on the ASX as soon as practicable



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Industry Outlook - Nuclear Medicine



Experiencing strong growth world wide as new technologies and applications are introduced.

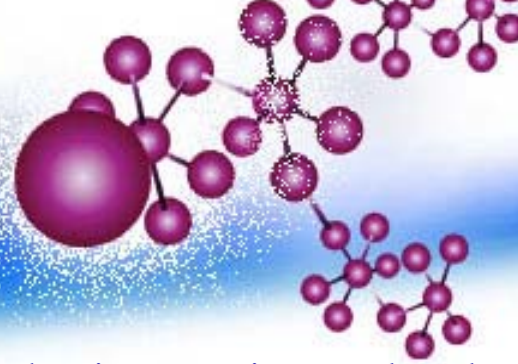
PET Imaging is the growth sector

- strong growth in USA and France
- emerging growth in Australia, Europe and UK



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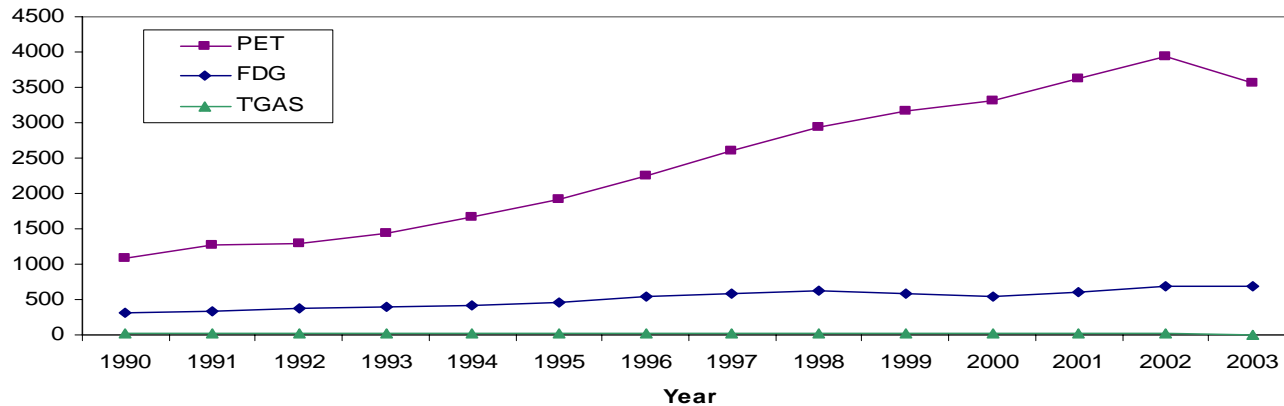
Industry Outlook of Nuclear Medicine



The growth potential for Cyclopharm's two business units, Molecular Imaging and Technegas, is reflected in the level of professional interest in their respective radiopharmaceutical sub-sectors:

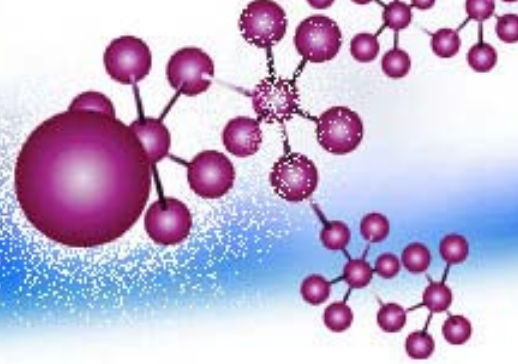
- Medical publications written on:
- Technegas averages 10 – 20 papers per year;
- FDG averages 600 – 700 papers per year; and
- PET averages 3,000 – 3,500 papers per year

Medical Publications



CYCLOPHARM - Molecular Imaging

What are PET Radiopharmaceuticals?



PET radiopharmaceuticals are difficult to produce and have a short half life, eg FDG 110 minutes. They require just in time delivery to staff

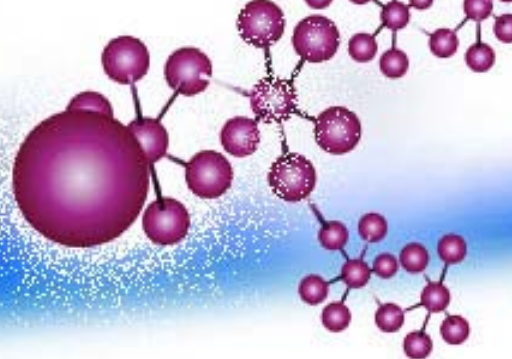
PET radiopharmaceuticals indications

- FDG - cancer tumours
- Fluoro Chlorine - prostate cancer*
- FLT - breast cancer*
- Fluoro Sodium - bone cancer*
- Fluoro DOPA - neurology*

*Not approved by TGA, Australia

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Industry Outlook – Radiopharmaceuticals in Australia



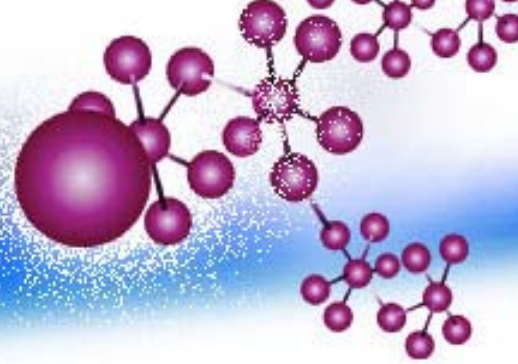
The market for FDG and other PET Radiopharmaceuticals is poised for 5 – 7 years of exponential growth. Australian Government is cautiously accepting PET for the diagnosis and monitoring of cancer.

- 18 - 20 PET Cameras to be installed by 2007/08
- one PET scanner / 1,000,000 population.
- CT Scanners were originally controlled at around 1 / 1,000,000 population. Now 1 / 250,000 population
- FDG is only one PET tracer. 3 – 5 new PET tracers are emerging.
- Government reimbursement for FDG is being restricted but market forces are irresistible



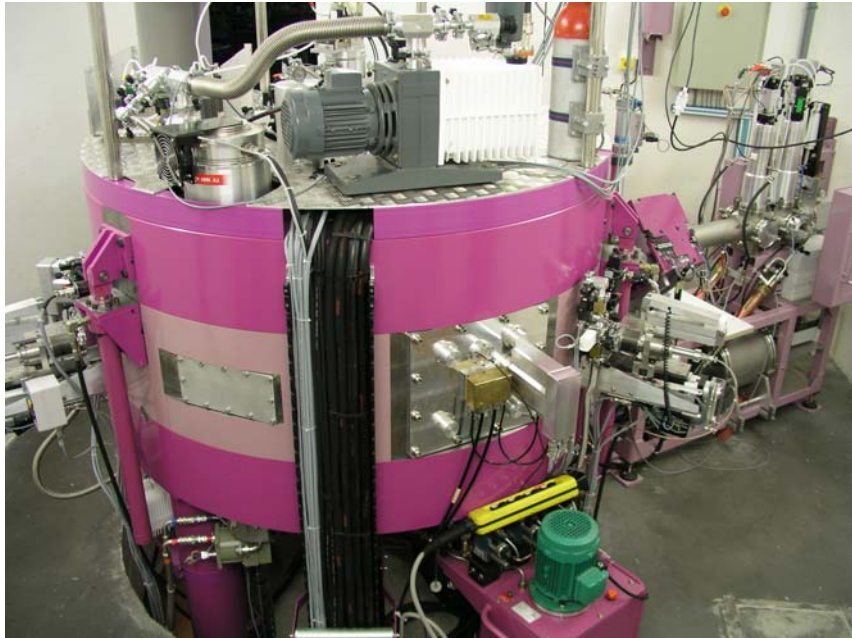
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Molecular Imaging – components of a central pharmacy



Cyclopharm has entered into a Heads of Agreement to license sophisticated proprietary hardware to facilitate high volume dose production, ie up to 100 doses per day.

Cyclotron



Synthesiser

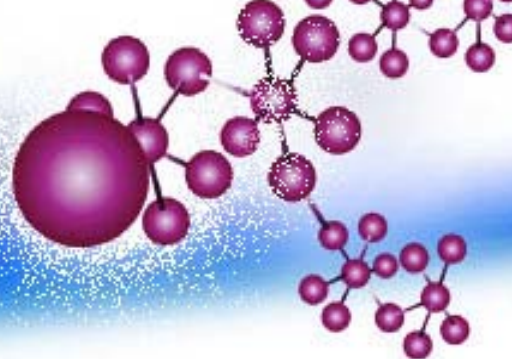


Dispenser



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Industry Structure

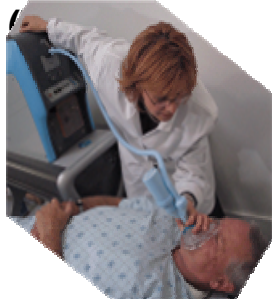


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100%

100%

Technegas



Molecular Imaging



Radiopharma Drugs

Licensed from Cyclopharma SA France

Nano-particulates
Technegas
ThromboTrace



Customer
Nuclear
Medicine
Departments/
Physicians



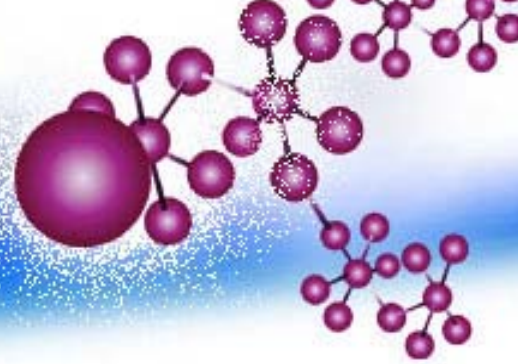
Central Pharmacies
FDG
Fluoro Chlorine
FLT
Fluoro DOPA
Fluoro Sodium



Melanoma
MAA
Others

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Outlook - Technegas

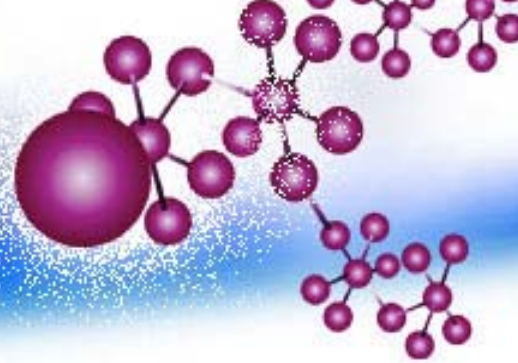


- New Technegas Plus launched in fourth quarter 2005
- Scientific advisory board establishment in process
- Strong pre orders for Technegas Plus (30 already delivered)
- New software being developed by leading software house to increase market acceptance of Technegas
- Growth to continue in China, Canada and Latin America
- New distribution agreement in France should add circa \$1.0 million to the PBT line for 2007
- Full benefits of restructured group expected in 2006.
- NDA on track for 2006



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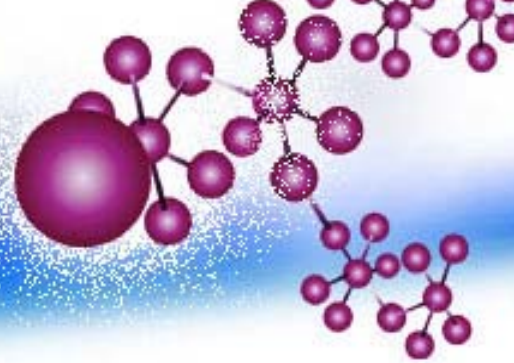
Outlook - Technegas



- Strong growth budgeted for 2006
 - refurbished generators
- Aggressive strategy to place refurbished generators in UK and Germany
- Strong cash flow expected
- Outlook is very positive

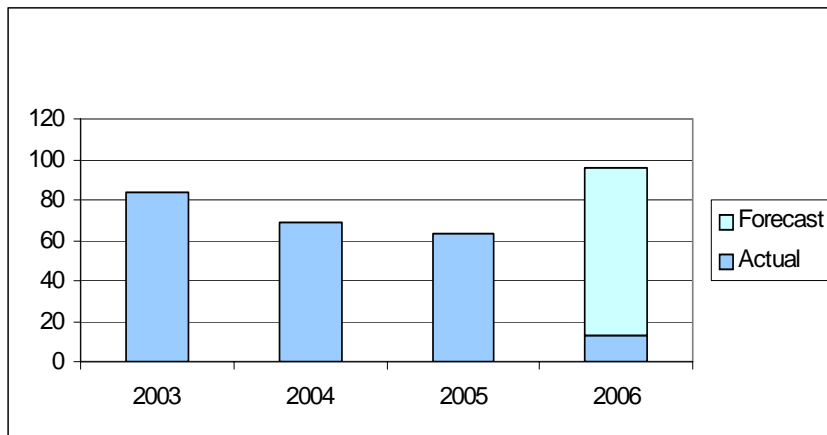
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Underlying Performance 2005

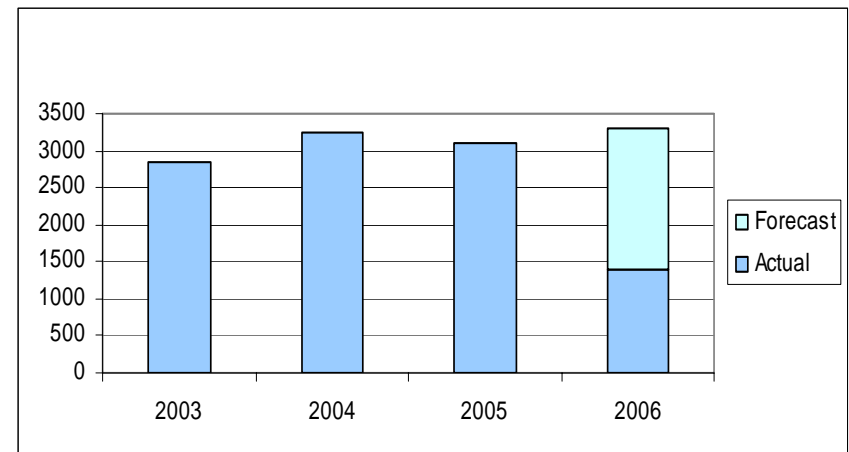


(AUD\$ Million)	2003	2004	2005
Sales	7.7	8.7	8.8
PBIT	1.8	2.8	2.4

Generator Sales & Placements

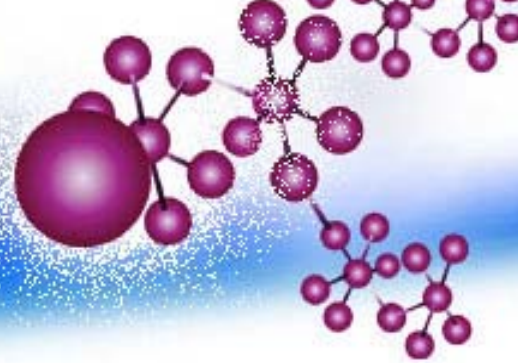


PAS Unit Sales



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Underlying Performance 2005

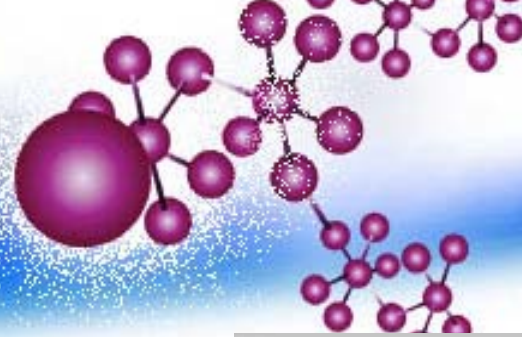


- Revenue is up
- Growth in new markets – China and Canada
 - Canadian PAS growth is 65%, and China PAS growth is 33% (yoy)
- Operating costs down yoy
- Total costs are up due to one off expenses e.g. investment in NDA (written off), new tooling and renewal of patents
- Sales of generators effected by delay in Technegas Plus
- Sales of PAS slightly down on last year



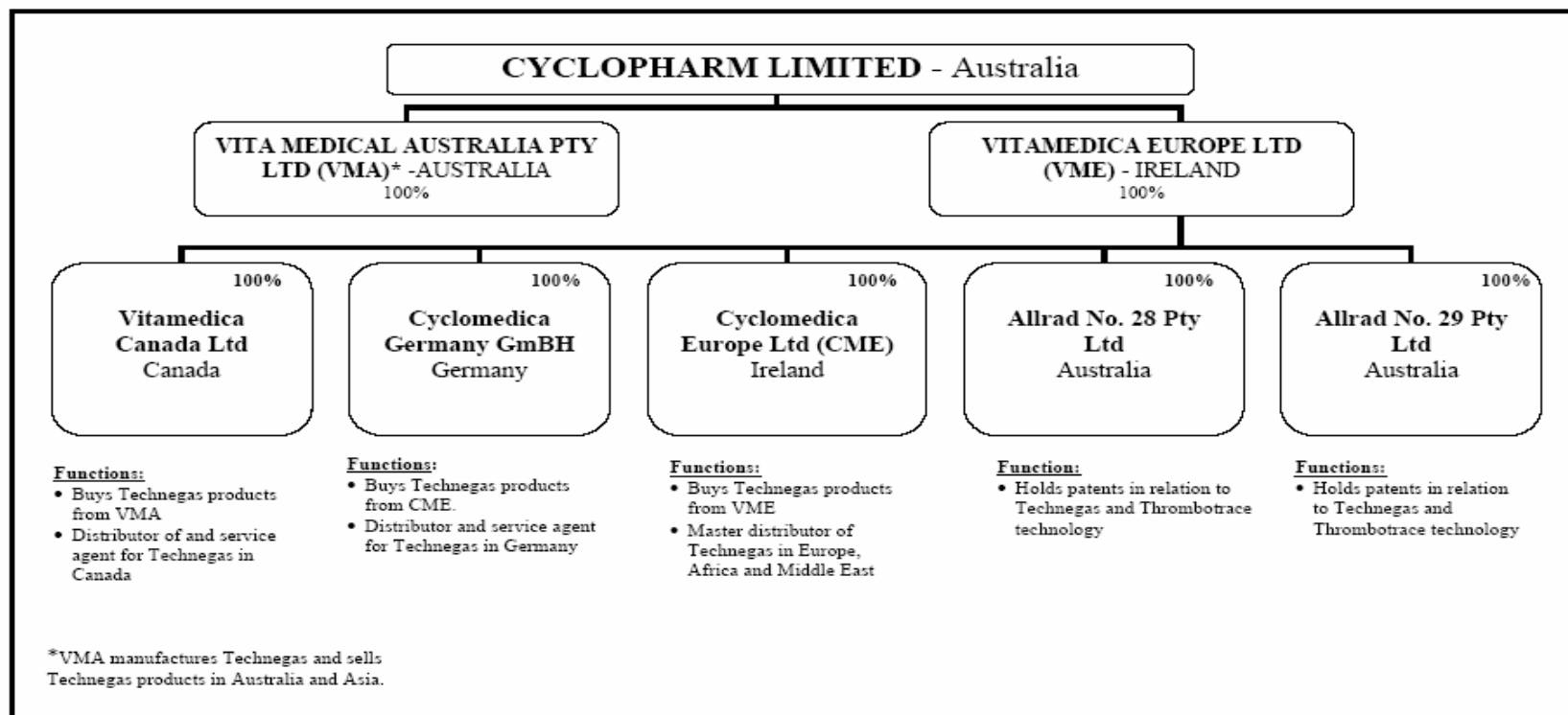
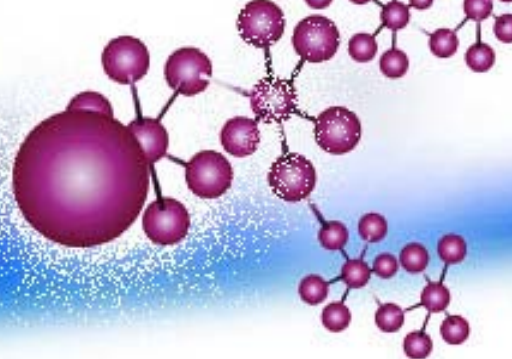
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Technegas Plus



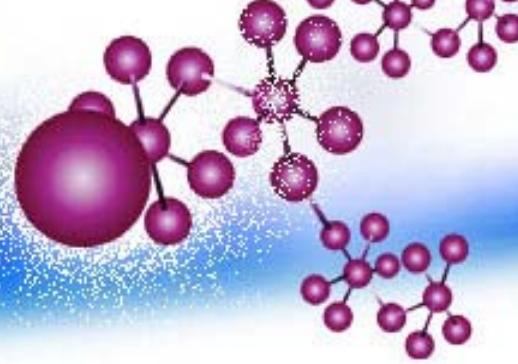
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Pro forma group structure



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New Drug Application



- Commenced the trials in December 2005.
- 3 Canadian hospitals signed up
 - Toronto General, Memorial University, CDHA Halifax
- 1 Australian hospital signed to perform additional studies
- Program expected for completion in 2006 early 2007
 - Depends on patient collection / participation rates