



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

ASX Announcement

27 September 2012

Company Update



CathRx Ltd (ASX code: CXD) (Company) has been in discussions for some time to secure an underwriter for a capital raising that would fund ongoing product development and working capital.

CathRx had recently, subject to finalization of documentation, agreed the terms with a prospective underwriter for a fully underwritten renounceable rights issue at a price of \$0.01 per share to raise approximately \$5 million. The \$0.01 per share issue price was equal to the market price per share in the period leading up to 19 September 2012 and CathRx was in the process of obtaining applicable regulatory approvals for the capital raising. However, recent trades in the Company's shares resulted in its market price dropping to \$0.004 cents, i.e. well below the proposed issue price.

The proposed renounceable rights issue offer structure is governed by requirements of the ASX Listing Rules which provide that the proposed rights issue may not be carried out at a price higher than the then current average market price. As such, at this time, the Company is not in a position to proceed with the rights issue at \$0.01. The Company considers that a right issue at \$0.004 (being the prevailing market price at the date of this announcement) would not reflect the inherent value in the Company and would be overly dilutive for shareholders.

The Company has already advised shareholders of its intention to seek to delist from the ASX after the capital raising and so, having considered available options at this time, the Company proposes to apply to the ASX and to seek any necessary shareholder approvals to be delisted.

The Company recently received a cash refund of approximately \$2.2 million under the R&D Tax Incentive Scheme which provides sufficient working capital for the capital raising to be deferred until after delisting. Once delisted, the Company believes that it will be able to undertake a capital raising at the originally intended issue price of \$0.01.

In order to delist, the Company must apply to the ASX. If the ASX is satisfied, it may in response to the application, approve that CathRx be delisted subject to compliance with conditions which generally include:

- that the delisting is approved as an ordinary resolution by shareholders;
- that, if approved, the delisting will take place no earlier than one month after shareholder approval is granted; and
- the Company release the full terms of the ASX's decision to the market.

The Company intends to file an application to delist with the ASX today. The Company will make a further announcement in relation to ASX's decision to the proposed delisting immediately following its receipt from ASX. The notice of meeting seeking shareholder approval will set out the commercial rationale for delisting.

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.

For further information:

Denis Hanley
CathRx Executive Chairman and Chief Executive Officer
Telephone: 0418 445 021