



SUPPLEMENTARY PROSPECTUS NON-RENOUNCEABLE RIGHTS ISSUE

Cytopia Limited
ACN 079 253 606

This document is a Supplementary Prospectus to Cytopia Limited's Prospectus dated 13 October 2004 (the **Prospectus**) for a 1 for 2 Non-renounceable Rights Issue by Cytopia Limited of approximately 24.0 million New Shares (with 2 New Options for every 3 New Shares subscribed for, each New Option entitling the holder to subscribe for one ordinary share at \$1.00 per share) at a total of \$0.55 per New Share.

This document forms part of the Prospectus, and this document and the Prospectus must be read together. To the extent of any inconsistency between this document and the Prospectus, this document prevails.

It is important that you carefully read this document and the Prospectus in their entirety before deciding to invest further in Cytopia. You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest or how to respond to this document.

Some terms and abbreviations used in this document are defined in the Glossary in the Prospectus (see Part 9 of the Prospectus).

This document is dated 5 November 2004 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this document or the Prospectus or the merits of the investment to which this document and the Prospectus relate.

ABN AMRO Morgans' Opinion is Not Authorised or Endorsed by Cytopia

When the Prospectus was mailed to Shareholders, a copy of a document prepared and issued by ABN AMRO Morgans Limited (the **ABN AMRO Opinion**) was mistakenly included in the envelope with the Prospectus and Entitlement and Acceptance Form. The ABN AMRO Opinion is a separate document of 4 pages headed "ABN AMRO Morgans" and dated Wednesday 13 October 2004.

Cytopia notifies Shareholders that:

- The ABN AMRO Opinion was mistakenly included in envelope with the Prospectus and Entitlement and Acceptance Form;
- None of the Cytopia Board or ASIC or ASX approved the ABN AMRO Opinion, or authorised the inclusion of the ABN AMRO Opinion with material sent to Shareholders with the Prospectus.
- Cytopia did not engage or request ABN AMRO Morgans Limited to prepare the ABN AMRO Opinion.
- Cytopia was not in any way involved in the preparation of the ABN AMRO Opinion and did not provide any information to ABN AMRO Morgans Limited for the purposes of preparing the ABN AMRO Opinion.
- The ABN AMRO Opinion is merely the opinion of ABN AMRO Morgans Limited.
- Cytopia has not verified the information contained in the ABN AMRO Opinion, and Cytopia does not adopt, support or endorse any of the statements or recommendations made in the ABN AMRO Opinion, whether as to present or future matters.
- Shareholders should not rely on the ABN AMRO Opinion when deciding whether to accept the Offer contained in the Prospectus.

Shareholders May Withdraw and Receive a Refund

Any Shareholder who has accepted the Offer but would like to withdraw their acceptance may, at any time before 5:00 pm Brisbane Time on 8 December 2004, withdraw their acceptance and receive a refund of the subscription price of \$0.55 per New Share applied for (**Subscription Price Refund**).

A Shareholder who has accepted the Offer can withdraw by completing the enclosed **Notice of Withdrawal** and returning it to Cytopia's share registrar, ASX Perpetual Registrars Limited, at:

- by mail: Cytopia Entitlement Offer C/- ASX Perpetual Registrars Limited
GPO Box 2537, Brisbane Qld 4001
- by delivery: Cytopia Entitlement Offer C/- ASX Perpetual Registrars Limited
Level 22, 300 Queen Street, Brisbane Qld 4000

so that it is received by ASX Perpetual Registrars Limited by no later than 5:00 pm Brisbane Time on 8 December 2004.

If you do not wish to withdraw your acceptance, do **NOT** complete and return this notice. If you do not wish to withdraw your acceptance, you need not take any action.

A Shareholder who gives a Notice of Withdrawal will be taken to have withdrawn their acceptance in relation to **all** (not just some) of the New Shares and New Options that they originally applied for.

It is proposed that New Options and New Shares will be issued to Shareholders who accept the Offer, by no later than 19 November 2004. A Shareholder to whom New Shares and New Options have been issued may still withdraw their acceptance and receive a refund if they notify Cytopia before 5:00 pm Brisbane Time on 8 December 2004. Where such a Shareholder gives a Notice of Withdrawal to Cytopia they must transfer their New Shares and New Options to one of the Underwriters, Reash Pty Ltd (a related entity of Mr Robert Watson who is a director of Cytopia), at a total price of \$0.55 per New Share (ie an amount equal to the Subscription Price Refund). By completing, signing and returning the Notice of Withdrawal, a Shareholder appoints each of Cytopia Limited and its directors as its attorney to execute on its behalf a transfer to Reash Pty Ltd of any New Shares and New Options that have been issued to that Shareholder under the Offer.

Within 10 Business Days after receipt by ASX Perpetual Registrars Limited of a completed and signed Notice of Withdrawal that is received before 5:00 pm Brisbane Time on 8 December 2004, Cytopia will:

- in the case of a Shareholder who gives a Notice of Withdrawal **before** any New Shares or New Options are issued to that Shareholder, pay the Subscription Price Refund to the Shareholder; or
- in the case of a Shareholder who gives a Notice of Withdrawal **after** New Shares or New Options are issued to that Shareholder, cause Reash Pty Ltd to pay the Shareholder a total price for those New Shares and New Options of \$0.55 per New Share (ie an amount equal to the Subscription Price Refund) to the Shareholder. In that case, Cytopia will retain the amount paid by the Shareholder to Cytopia for the New Shares and the New Options.

Cytopia will pay any stamp duty that applies to those transfers.

Underwriting Agreement

The terms of the Underwriting Agreement have been amended as follows:

- The Underwriters agree to subscribe for New Shares and New Options that are the subject of a valid Notice of Withdrawal that is received **before** the relevant New Shares and New Options are issued to the Shareholder giving the notice.
- One of the Underwriters, Reash Pty Ltd, agrees to accept a transfer of any New Shares and New Options that are issued to a Shareholder who gives a valid Notice of Withdrawal **after** those New Shares and New Options are issued. Reash agrees to pay a price of a total price of \$0.55 per New Share (ie an amount equal to the Subscription Price Refund) to the Shareholder for the transfer.

This document is a Supplementary Prospectus to Cytopia Limited's Prospectus dated 13 October 2004. It must be read together with the original Prospectus.

- To make it clear that Underwriting Options can be issued to an Underwriter in accordance with the Underwriting Agreement if Shareholders approve the issue of Underwriting Options to that Underwriter at the annual general meeting of Cytopia scheduled for 22 November 2004, even if Shareholders do not approve the issue of Underwriting Options to the other Underwriter and that Underwriter receives their Underwriting Fee in cash instead of Underwriting Options (in other words, to make it clear that their entitlements are independent).

Shareholdings of Underwriters

Parts 5.4 and 5.5 of the Prospectus contain information about the interests of the Underwriters and Mr Rowsthorn and Mr Watson in securities in Cytopia at the date of the Prospectus, and about the securities that the Underwriters may acquire under the Underwriting Agreement. The Underwriters' interests in Shares and options over Shares in Cytopia will be increased by the total number of New Shares and New Options offered under the Offer that are not accepted by Shareholders, **and** New Shares and New Options that are the subject of Notice of Withdrawal given **before** the relevant New Shares and New Options are issued. (The expression "**Shortfall**" used in Part 5.4 of the Prospectus should be taken to mean New Shares that are not accepted, **and** New Shares that are the subject of such a Notice of Withdrawal).

If any Shareholders give Notices of Withdrawal that are received **after** the relevant New Shares and New Options are issued, Reash Pty Ltd will (in accordance with the amended Underwriting Agreement) acquire those New Shares and New Options, and further increase its interest in shares in Cytopia. If Reash Pty Ltd exercises those New Options, it will further increase its Shareholding in Cytopia.

If one Underwriter gives notice to Cytopia terminating the Underwriting Agreement because a termination event (see Part 5.3 of the Prospectus) occurs under that agreement, the other Underwriter may (but is not obliged to) elect to assume the obligations of the Underwriter who has given notice of termination. If that occurs, then the continuing Underwriter will acquire any New Shares and New Options that are required to be transferred to the Underwriters because of any Notice of Withdrawal, in addition to all the New Shares and New Options not accepted by the Qualifying Shareholders, and the New Shares and New Options offered to Shareholders with registered addresses outside Australia and New Zealand who are not entitled to accept the Offer. The Continuing Underwriter will also be entitled to receive the whole Underwriting Fee.

The rights of the Underwriters to end the Underwriting Agreement if certain events occur, as described in the Prospectus, remain the same.

Terms of New Options

The Prospectus contemplated that New Options would be able to be exercised any time during the period commencing on the day they are issued, and ending at 5:00 pm Brisbane Time on 19 November 2007. The terms of the New Options have now been amended so that New Options can **not be exercised before 9 December 2004** and so that New Options cannot be exercised by a person who has given a Notice of Withdrawal in relation to those New Options. The other terms of the New Options remain the same as those described in the Prospectus, including the Closing Date and final time for exercise of New Options, which is 5:00 pm 19 November 2007.

The Board of Cytopia has consented to the transfer of New Options to the Underwriters in response to a Notice of Withdrawal, as contemplated in this document.

Indicative Timetable

The indicative timetable for the Rights Issue is now as follows:

Key dates

| | |
|--|---|
| Announcement of Offer | 13 October 2004 |
| Record Date for determining Entitlements to New Shares | 5.00 pm Brisbane time on 21 October 2004 |
| Prospectus and Entitlement and Acceptance Forms dispatched | 22 October 2004 |
| Opening Date of Offer | 22 October 2004 |
| Supplementary Prospectus dispatched | 3 November 2004 |
| Closing Date and final time for receipt of Entitlement & Acceptance Forms and payment in full for New Shares and New Options | 5.00 pm Brisbane Time on 11 November 2004 |
| Issue of New Shares and New Options | No later than 19 November 2004 |
| Dispatch of Holding Statements for New Shares | No later than 19 November 2004 |
| Final date and time to lodge Notice of Withdrawal | 5:00 pm Brisbane time on 8 December 2004 |
| First day for exercise of New Options | 9 December 2004 |
| Closing Date and final time for exercise of New Options | No later than 5.00 pm Brisbane time on 19 November 2007 |

These dates are subject to change and are indicative only. Cytopia reserves the right to amend this indicative timetable. In particular, Cytopia reserves the right, subject to the Corporations Act, the ASX Listing Rules and the approval of the Underwriters, to extend the Closing Date for receipt of Entitlement and Acceptance Forms or to withdraw the Offer without prior notice. Any extension of that Closing Date will have a consequential effect on the date for the issue of New Shares and New Options.

Application for New Shares and New Options

The offer of New Shares and New Options is made in the Prospectus. If you wish to apply for New Shares and New Options, you must complete and return the personalised Entitlement and Acceptance Form which accompanies the Prospectus, by the Closing Date of 5:00 pm 11 November 2004, in accordance with the instructions in the Prospectus and the Entitlement and Acceptance Form.

This document is a Supplementary Prospectus to Cytopia Limited's Prospectus dated 13 October 2004. It must be read together with the original Prospectus.