

21 February 2006

Dear Shareholder,

On behalf of the Board of Cryosite Limited ('Cryosite'), I take pleasure in offering you the opportunity to participate in a Share Purchase Plan ('Plan'). The Plan is intended to raise \$500,000 to strengthen our working capital base. The directors may decide to accept over subscriptions of an additional \$500,000. The Plan allows existing shareholders to acquire additional equity in the company at 14 cents per share which is a 2.1% discount from the volume weighted average market price during the 30 day period prior to today's date. Shares have traded as high as 17 cents per share and as low as 14 cents per share in the 30 day period preceding this offer.

The company is undertaking this capital raising to enable it to continue to develop each of its business services. Results to 30 June 2005 reported an increase in revenue of 40% to \$3.1m. All parts of the business contributed to these results with the clinical trials logistics service achieving sustained growth over the last 18 months – clinical trials revenue increased by over 80% for the half year to December 2005 compared to the corresponding period in 2004. Over the same period the cord blood service has recorded a 25% increase and archival storage revenue is up 20%. Full audited financial results for the 6 month period ending 31 December 2005 will be released to the market before 16 March 2006.

This continued growth in all parts of our business has resulted in a need for us to acquire additional equipment and to provide more capacity, particularly for the clinical trial logistics. We continue to be successful in securing contracts with leading pharmaceutical companies including Pfizer, Bristol-Myer Squibb and Boehringer-Ingelheim, as well as a significant proportion of the world's leading Contract Research Organisations. We are also planning to relocate the administration, finance and marketing functions to free up additional storage space in the current facilities.

In addition to using the funds raised to allow us to provide for our operational requirements, we are also ramping up our marketing activity, especially in the cord blood service. We are in a unique position to capitalise on the fact that Cryosite is the only Therapeutic Goods Administration licensed private cord blood service in Australia. It is important that we continue to be effective in conveying this important message to prospective customers.

Eligible Shareholders have the opportunity to purchase ordinary shares in Cryosite between a minimum value of \$1,000 and a maximum value of \$5,000 at an issue price of 14 cents per share. There is no brokerage or other transaction costs payable under the Plan.

Participation in the Plan is voluntary. You can participate in the Plan in one of two ways depending upon whether you wish to pay for the shares by cheque or by using BPay. If you choose to pay by cheque, you must complete the personalised Application Form accompanying this letter and **return it before 4.00pm on Monday March 27 2006**, together with your cheque for the number of shares for which you have subscribed. Alternatively, if you choose to make payment using BPay, please follow the instructions on your personalised Application Form and arrange payment **before 4.00pm on Monday March 27 2006**.

If the total value of applications under the Plan is in excess of \$500,000, the directors may accept oversubscriptions up to an additional \$500,000. If the total subscriptions received exceed \$1,000,000 all applications will be scaled back on a pro-rata basis. Should this occur, you may be allocated a number of shares which is less than that for which you have subscribed.

The following information sets out the details, terms and conditions of the Plan. I advise you to read it in its entirety before deciding whether to apply for shares under the Plan. If you have any questions about the Plan, you should consult your stockbroker, accountant, professional adviser or contact the Company Secretary, Bryan Dulhunty on 02 9440 5677.

All directors intend to participate in the Plan.

On behalf of the Board of Cryosite, I invite you to consider this opportunity.

Yours faithfully

Richard Grellman
Chairman

CRYOSITE LIMITED

SHARE PURCHASE PLAN OFFER AT A GLANCE

Key dates*

<i>Announcement Date</i>	21 February 2006	Share Purchase Plan announced to the market
<i>Record Date</i>	1 March 2006	Date for determining Eligible Shareholders
<i>Opening Date</i>	7 March 2006	Share Purchase Plan opens
<i>Closing Date</i>	27 March 2006	Share Purchase Plan closes at 4.00pm on this date
<i>Allotment Date</i>	31 March 2006	Shares to be issued under Share Purchase Plan are allotted
<i>Despatch Date</i>	3 April 2006	Confirmation of transaction despatched to shareholders
<i>Quotation Date</i>	3 April 2006	Company anticipates that Shares may be traded on ASX

* Dates are indicative only and the Company retains the right to vary these dates without advance notice.

Key offer details

	Number of Shares	Issue Price	Amount
<i>Minimum Application</i>	7,143	14 cents	\$1,000.02
<i>Maximum Application</i>	35,714	14 cents	\$4,999.96

Definitions

All defined terms used in this document have the meaning given to them in clause 13 of the terms and conditions of the Share Purchase Plan attached to this document.

Important Notice

The Board has determined that the Offer should only be available to those shareholders whose registered address is in Australia. Consequently, these materials do not constitute an offer of securities for sale in any place outside Australia and this offer is only made to those shareholders as at the Record Date with a registered address in Australia.

The Plan may be varied, suspended or terminated by the Board at any time at the Board's absolute discretion without advance notice. Neither the Company nor the Board accepts or assumes any liability to shareholders by reason of variation, suspension or termination of the Plan.

The acquisition of Shares in the Company under the Plan will have different ramifications depending upon the circumstances of each Eligible Shareholder. Eligible Shareholders wanting to participate in the Plan should obtain independent advice in relation to the taxation consequences of an investment under the Plan.

The Company reserves the right to refuse any application made, for example, if a cheque is returned unpaid or if the application form has not been properly completed or where there are grounds for believing that the applicant is not acting in good faith or if holdings have been split into smaller parcels for the purpose of multiple applications under the Plan. Application forms received after the Closing Date will not be accepted.

Cryosite Ltd Share Purchase Plan

QUESTIONS AND ANSWERS

What is the Share Purchase Plan?

The Plan being offered by the Company provides Eligible Shareholders with the opportunity to purchase additional Shares in the Company without incurring brokerage and transaction costs.

The Issue Price has been set at 14 cents. This is a discount of 2.1% from the volume weighted average market price for the 30 days preceding the announcement date.

The Plan will be offered on the terms and conditions which are set out in this document.

Shares issued under the Plan will rank equally in every respect with existing issued fully paid Shares and will be eligible to participate in all dividends for which the record date occurs after the date of issue.

Why is the Company issuing more Shares?

The Company is issuing shares to raise working capital to enable it to continue to develop each of its business services.

Am I an Eligible Shareholder?

All of the Company's shareholders as at the Record Date with a registered address in Australia are eligible to participate in the Plan.

The Company is not making this offer to shareholders in countries outside Australia.

Are Eligible Shareholders required to participate in the Plan?

Participation in the Plan is optional for Eligible Shareholders. In the event that an Eligible Shareholder wants to participate in the Plan, it may purchase Shares in accordance with the Plan terms and conditions of a value up to the Maximum Application Amount.

You should consider such information (including reviewing the Company's latest financial statements) and seek such advice from your financial adviser as you deem necessary prior to deciding on whether to participate in the Plan.

How much can I invest under the Plan?

Shareholders may subscribe under the Plan for Shares between a minimum value of \$1,000 and a maximum value of \$5,000. Using the Issue Price, this means that the minimum and maximum Application Amounts are as follows:

	Number of Shares	Amount
<i>Minimum Application</i>	7,143	\$1,000.02
<i>Maximum Application</i>	35,714	\$4,999.96

If you choose to apply for a number of Shares between the exact minimum and maximum amounts above, you will need to nominate the number of Shares to be purchased and multiply it by the Issue Price of 14 cents per Share.

What is the Issue Price?

The Issue Price is 14 cents per share. The Board has set the Issue Price in accordance with the terms and conditions of the Offer, being a 2.1% discount from the volume weighted average market price during the 30 day period prior to the Announcement Date.

The Issue Price is set as at the Announcement Date, and will not change during the Offer Period.

Cryosite Ltd Share Purchase Plan

QUESTIONS AND ANSWERS CONTINUED

What risks are associated with investing under the Plan?

The market price for the Company's Shares may change between the Announcement Date and the Allotment Date, but the Issue Price will not change during this period. If the market price of Shares falls below the Issue Price you may be financially disadvantaged by purchasing Shares under the Plan. You may choose not to participate in the Plan.

When can I sell Shares purchased under the Plan?

Shares issued under the Plan may be sold or transferred on ASX at any time after Quotation. The Company will apply for Quotation of all Shares issued under the Plan on the Official List of the Australian Stock Exchange Limited following the processing of all Applications received from Eligible Shareholders before the Closing Date.

The Quotation Date is expected to be 3 April 2006.

How do I apply for Shares under the Plan?

Eligible Shareholders can subscribe for Shares under the Plan in one of two ways, depending upon whether payment is to be made by cheque or alternatively by BPay.

To pay by cheque:

Eligible Shareholders must complete the personalised Application Form enclosed with this document and return it in the reply paid envelope provided, with a cheque in payment of the Application Amount before 4.00pm (Sydney time) on the Closing Date:

By Delivery

The Share Registry – Cryosite Limited
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

By Post

The Share Registry – Cryosite Limited
Link Market Services Limited
GPO Box 1500
Sydney South NSW 1234

For payment by BPay:

Eligible Shareholders must make payment by BPay following the instructions on the Application Form before 4.00pm (Sydney time) on the Closing Date.

What is the Application Amount?

The Application Amount is the amount payable in respect of the Shares subscribed for. It is calculated by multiplying the number of Shares applied for by the Issue Price of 14 cents per Share. The Application Amount must be no less than the Minimum Application Amount and no greater than the Maximum Application Amount.

How many Shares will I receive?

Subject to the Company undertaking a Scaleback, Eligible Shareholders will receive the lesser of:

- the number of Shares applied for; and
- the Maximum Application Number.

Cryosite Ltd Share Purchase Plan

QUESTIONS AND ANSWERS CONTINUED

When and why would the Company undertake a Scaleback?

Where the aggregate Application Amounts for the total number of Shares applied for by registered shareholders under the Offer (the Total Application Amount) exceeds \$500,000, the Company reserves the right, in its absolute discretion, to undertake a Scaleback. It is the present intention of the Board that a Scaleback will be undertaken if the Total Application Amount exceeds \$1,000,000.

In addition, the Board will undertake a Scaleback if necessary to comply with the ASX Listing Rules and the corporations legislation.

Will the Offer be available again?

The Plan is intended to be a one-off offer to Eligible Shareholders, providing them with an opportunity to purchase additional Shares without transaction costs and brokerage. However, the Board retains the right to make similar offers under future Share Purchase Plans.

Contact us

If you have any further queries in relation to the Plan, please contact the Company Secretary on 02 9440 5677.

Cryosite Ltd Share Purchase Plan Terms and Conditions of the Plan

1 OFFER TIMETABLE

- 1.1 The Offer is dated and taken to be made on 1 March 2006.
- 1.2 Only those shareholders recorded in the Share Register as at 7.00pm on 1 March 2006 ('Record Date') will be eligible to participate in the Plan.
- 1.3 The Offer opens on 7 March 2006 ('Opening Date').
- 1.4 The Offer will close at 4.00pm on 27 March 2006 ('Closing Date'). All Application Forms and payment of the Subscription Amount must be received by the Share Registry before the Closing Date.
- 1.5 The Company has the discretion to change, at any time, any of these dates, regardless of whether the Offer has opened or Applications have been received.

2 PARTICIPATION IN THE PLAN

- 2.1 Participation in the Plan is subject to these Terms. The Offer made under this Plan is made only to Eligible Shareholders.
- 2.2 The Offer is non-renounceable.
- 2.3 The Board may refuse to accept or may suspend or withdraw any Application if that Application might:
 - prejudice the effective operation of the Plan; or
 - give rise to breaches of applicable laws by the Company or its officers or by the Participants or their associates;and may reject any Application if it has reason to believe that the Participant concerned may not be acting in good faith.
- 2.4 It is the responsibility of each Eligible Shareholder to obtain any necessary approvals to enable them to participate in the Plan.
- 2.5 The Directors will refuse an Application where an Eligible Shareholder has, in the opinion of the Directors, split a shareholding, or acquired Shares as part of such a split, in order to attempt to increase the number of Shares that may be allotted under the Plan to that Eligible Shareholder or another person.

3 APPLICATION TO PARTICIPATE

- 3.1 An Eligible Shareholder may apply to the Company to participate in the Plan by:
 - completing an Application Form and returning it to the Share Registry before the Closing Date; or
 - by making payment by BPay before the Closing Date, following the instructions on the Application Form.
- 3.2 Applications must be made for an Application Amount which is:
 - no less than the Minimum Application Amount; and
 - no greater than the Maximum Application Amount.
- 3.3 Applications under clause 3.1, who return an Application form, must specify the dollar amount for the number of Shares applied for, and be accompanied by a cheque made out in favour of the Company in payment of this amount.

Cryosite Ltd Share Purchase Plan

Terms and Conditions of the Plan continued

3.4 By making an Application to the Company under clause 3.1 an Eligible Shareholder certifies to the Company that the aggregate of the dollar amount for the number of Shares applied for (calculated at the Issue Price), plus the dollar amount for any other Shares applied for by or issued to that Eligible Shareholder under the Plan or any similar arrangement in the 12 months prior to the date of the Application, does not exceed \$5,000.

3.5 Shares issued under the Plan will be issued at the Issue Price and credited as fully paid.

3.6 Eligible Shareholders who apply for shares pursuant to the Offer must send the exact amount of money payable for the number of Shares applied for, calculated at the Issue Price. If the exact amount is not tendered in accordance with clause 3.1, the Company reserves the right to:

- return the Application and amount tendered; or
- retain any amount in excess of the exact amount payable.

3.7 Interest does not accrue in respect of any amounts tendered to the Company with an Application.

4 OPERATION OF THE PLAN

4.1 An Eligible Shareholder who elects to participate in the Plan shall be deemed to have:

- confirmed, in relation to all Shares applied for by him or her under the Plan, that he or she does not make the Application for any other person in circumstances which might involve any breach of securities laws of any jurisdiction other than Australia; and
- agreed to be bound by the Company's Constitution in respect of all the Shares issued to the Eligible Shareholder under the Plan.

5 ISSUE PRICE

5.1 The Issue Price will be set at an amount calculated by the Board.

5.2 The Issue Price set by the Board shall be an amount which is:

- no less than 80% of the average Market Price for fully paid ordinary shares in the Company over the 5 days in which sales of Shares were recorded prior to the Announcement Date; and
- no greater than the average Market Price for fully paid ordinary shares in the Company over the 30 calendar day period prior to the Announcement Date.

6 SHARES ISSUED UNDER THE PLAN

6.1 Shares issued under the Plan will rank equally in all respects with existing Shares.

6.2 Shares issued to Eligible Shareholders under the Plan will be registered on the Share Register.

6.3 The Company will promptly, following the allotment and issue of Shares under the Plan:

- apply to the ASX for admission to the Official List; and
- send an allotment notice in respect thereof to the relevant Shareholder at his or her Registered Address.

Cryosite Ltd Share Purchase Plan

Terms and Conditions of the Plan continued

7 COST TO PARTICIPANTS

- 7.1 Subject to sub-clause 7.2 no brokerage, commission or other transaction costs will be payable by an Eligible Shareholder in respect of Shares issued under the Plan.
- 7.2 In the event of a change in legislation so that at the date of any allotment or issue, stamp duty or any other tax or duty is payable in respect thereof, the amount of such stamp duty or other tax or duty shall be paid by the Eligible Shareholder to whom the Shares are issued and in respect of each such Share, included in the calculation of the Issue Price.

8 NON-PARTICIPATION

- 8.1 Participation in the Plan is voluntary. It shall be a matter for each Eligible Shareholder to determine whether or not they make an Application for Shares under the Plan.

9 SCALEBACK

- 9.1 If the Total Application Amount exceeds \$500,000, the Company may, in its absolute discretion, undertake a Scaleback to the extent and in the manner it sees fit.
- 9.2 If necessary to comply with the ASX Listing Rules the Company will undertake a Scaleback to the extent and in the manner required to ensure compliance.
- 9.2 If the Company undertakes a Scaleback, the difference between the value of the Shares allotted and the value of the number of Shares applied for will be refunded without interest by cheque mailed on the Scaleback Refund Date.

10 APPLICATIONS AND NOTICES

- 10.1 Applications and notices for the purposes of the Plan shall be in writing in such form and lodged at such place as the Company and the Share Registry may from time to time require.
- 10.2 Applications and notices (other than notices of death, bankruptcy or liquidation) in respect of Shares registered in joint names shall be completed by all registered holders of those Shares who wish to subscribe for Shares.
- 10.3 Applications and notices will take effect on and from the date on which they are received by the Share Registry provided that an application to participate in the Plan is not effective until it has been accepted by the Board.
- 10.4 The Company has an absolute discretion:
- to accept and treat as valid an Application Form which does not satisfy clause 3; and
 - to reject and treat as invalid an Application Form where the Directors have determined acceptance of the application form would or might prejudice the effective operation of the Plan or would or might otherwise be contrary to the laws of any country.
- 10.5 The Company will be under no obligation to correct or amend defective Application Forms on behalf of Shareholders.

Cryosite Ltd Share Purchase Plan

Terms and Conditions of the Plan continued

11 BOARD'S POWERS IN RELATION TO THE ADMINISTRATION, VARIATION, SUSPENSION OR TERMINATION OF THE PLAN

11.1 The Plan will be administered by the Directors who have the power to:

- determine appropriate procedures for administration and implementation of the Plan (including setting or varying the key dates and minimum and maximum number of Shares which Eligible Shareholders may apply for) consistent with the Terms and to settle any difficulty which may arise in regard to the Plan as the Directors think fit (in accordance with the requirements of the ASIC and the ASX), and their determination will bind all shareholders and other persons to whom the determination relates;
- resolve conclusively all questions of fact or interpretation in connection with the Plan; and
- delegate to any one or more persons for such period and on such conditions as they may determine, the exercise of their powers or discretions arising under the Plan, but not including any powers under clause 10.4.

11.2 The Company and its officers and employees will not be held responsible or liable for any error or omission which occurs in the administration of the Plan.

11.3 The Board may vary administrative procedures to be followed in respect of the implementation of the Plan. The procedures may be varied at any time by the Board having regard to the requirements of the ASX or the ASIC.

11.4 The Board may:

- at any time modify, vary or amend the Plan;
- suspend the operation of the Plan from time to time for any period; or
- terminate the Plan at any time without any need for giving advance notice to shareholders.

12 TAXATION

12.1 The Company makes no representations or warranties in respect of, and accepts no responsibility for, the liability of Eligible Shareholders to pay income tax in respect of any issue of Shares, payment or other transaction pursuant to this Plan.

13 DEFINITIONS AND INTERPRETATIONS

13.1 When used in these Terms, the words listed will, except to the extent that the context otherwise requires, have the following meanings:

‘**Application**’ means an application by an Eligible Shareholder for Shares under this Plan.

‘**Application Amount**’ means, for a particular Application, an amount equal to the number of Shares applied for in that Application multiplied by the Issue Price.

‘**Application Form**’ means a personalised application form pursuant to which Eligible Shareholders may apply for Shares under the Plan.

‘**ASIC**’ means the Australian Securities and Investments Commission.

‘**ASX**’ means Australian Stock Exchange Limited ABN 98 008 624 691.

‘**Board**’ means the board of directors of the Company.

‘**Constitution**’ means the constitution of the Company.

Cryosite Ltd Share Purchase Plan

Terms and Conditions of the Plan continued

‘Eligible Shareholder’ means a shareholder in the Company as at the Record Date with a Registered Address in Australia.

‘Issue Price’ means the price at which new Shares will be allotted in accordance with clause 5.

‘Company’ means Cryosite Limited ABN 86 090 919 476.

‘Market Price’ means the closing price on SEATS, excluding special crossings, overnight sales and exchange traded option exercises.

‘Maximum Application Amount’ means \$4,999.96, being the amount corresponding to the dollar value of the greatest number of Shares which an Eligible Shareholder may subscribe for at the Issue Price without exceeding \$5,000 in value.

‘Maximum Application Number’ means 35,714, being the greatest number of Shares which an Eligible Shareholder may subscribe for at the Issue Price without exceeding \$5,000 in value.

‘Minimum Application Amount’ means \$1,000.02, being the amount corresponding to the dollar value of the smallest number of Shares which an Eligible Shareholders may subscribe for at the Issue Price without being less than \$1,000 in value.

‘Minimum Application Number’ means 7,143, being the minimum number of shares which an Eligible Shareholder may subscribe for at the Issue Price without being less than \$1,000 in value.

‘Offer’ means the offer to acquire shares under this Plan.

‘Offer Period’ means the period beginning on the Opening Date and ending at 4.00pm on the Closing Date.

‘Plan’ means the Cryosite Share Purchase Plan.

‘Registered Address’ means the address of an Eligible Shareholder as shown in the Share Register.

‘Scaleback’ means the Company has elected to issue less Shares than were applied for by Eligible Shareholders.

‘SEATS’ means the trading system known as the "Stock Exchange Automated Trading System", being a computer system and associated network operated by the ASX for the trading of financial products.

‘Share’ means a fully paid ordinary share in the Company.

‘Share Register’ means the register of all shareholders maintained by the Share Registry.

‘Share Registry’ means Link Market Services Limited, Level 12, 680 George Street, Sydney, NSW, 2000 or GPO Box 1500, Sydney South, NSW, 1234.

‘Terms’ means these terms and conditions.

‘Total Application Amount’ means the aggregate dollar value of the total number of Shares applied for by Eligible Shareholders pursuant to the Offer, calculated at the Issue Price.

13.2 Words importing the singular include the plural and vice versa, words importing any gender include other genders and ‘person’ includes a corporation.

13.3 Headings are for convenience only and do not affect the interpretation.

13.4 Any reference to time shall mean the time in Sydney, Australia.