

21 December 2009

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Dear Shareholder

Non-Renounceable Rights Issue

I am pleased to advise that Fluorotechnics Limited (**Company**) announced yesterday a fully underwritten, non-renounceable 1:5 rights issue of fully paid ordinary shares at an issue price of \$0.30 per new share.

The purpose of the rights issue will be to strengthen the Company's balance sheet and fund ongoing sales and marketing costs. The Rights Issue will raise approximately \$1,819,000.

Only Fluorotechnics shareholders registered at 7.00pm (Sydney time) on 30 December 2009 (**Record Date**) will be entitled to participate in the Rights Issue (**Eligible Shareholders**).

Due to costs and regulatory constraints, the Offer will only be available to Fluorotechnics' shareholders with a registered address in Australia or New Zealand. This approach is permissible under the ASX listing rules.

Subscribing to the Rights issue will be the publicly listed funds manager – Hunter Hall International Limited (Hunter Hall). Hunter Hall will invest \$486,000 by taking up its full entitlement. Hunter Hall is also fully underwriting the Rights Issue and will take up any shortfall to ensure that the maximum of \$1,819,000 is raised.

Hunter Hall currently own approximately 26.71% of the shares in Company and as a result of the underwriting agreement, this ownership is likely to increase. For example, if they take up a 20% shortfall their ownership percentage will increase to 30.05% and if there is a 100% shortfall the percentage will increase to 38.93%.

No underwriting fees will be payable by the Company.

Eligible Shareholders may also elect to participate in the Shortfall Facility by applying for new shares in excess of their pro rata entitlement. The shortfall may also be placed with third parties and the underwriter at the Board's discretion.

Business Progress

Since the start of the financial year we have been focused on the successful scale up, launch and roll out of the High Performance Electrophoresis (HPE) system.

Our HPE system brings together our major product offerings and has been described by an opinion leading customer as "a major leap forward in proteomics research".

Our new gel system has already been adopted by selected key opinion leading research organisations in Europe and Asia. As stated at our recent AGM, although sales are lower than expected we are particularly encouraged by the number of new customers interested in our products, especially in the HPE gel system.

Our strategy in this regard involves us first, concentrating our sales effort to convert other selected opinion leading scientists so that they also incorporate our products in their workflow. This strategy is working as we are now getting high praise from these important customers. Secondly, they then recommend the new HPE FlatTop Tower System to their colleagues. This means when we approach a new customer, we can point to very positive statements made by their peers and accordingly, this makes the job of convincing them of the benefits of the system that much easier.

In short, I am pleased to advise we are expecting a substantial ramp up of sales this 2010 financial year. This is because of the initial reception in the market for our new High Performance Electrophoresis FlatTop Tower.

Sales success for the 2010 year will be very much about; executing well on our sales plan for the High Performance Electrophoresis system, ensuring there is a good cross sell of consumable products for use on this system and the continued performance of our genomics operations.

The board and management remain positive about the position and future of the company. This Rights Issue is being undertaken as we wish to have more working capital to give us greater flexibility in implementing our sales strategy.

The Board maintains sales guidance for the year to June 2010 of \$7-10 million.

Offer Document available online

Full details of the Rights Issue are contained in the Rights Issue Offer Document (**Offer Document**) lodged with the ASX on 17 December 2009. The Offer Document, Cleansing Notice and the Appendix 3B are available on the ASX's company announcement platform at www.asx.com.au and at www.fluorotechnics.com.

Your Entitlement

The Offer Document together with an Entitlement and Acceptance Form will be despatched to all Eligible Shareholders no later than 4 January 2010.

How to Apply

Application for new shares under the Rights Issue may only be made by lodging a completed Entitlement and Acceptance Form with the applicable application money by the close of the Rights Issue at 5.00pm (Sydney time) on 18 January 2010.

Shareholders eligible to participate in the Rights Issue should read the Offer Document carefully and consult their professional advisor before making any investment decision.

Event	Date
Announcement of Offer	17 December 2009
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	17 December 2009
Despatch of notices to Shareholders informing them of the Offer	21 December 2009
Shares quoted on ex-entitlement basis	22 December 2009
Record Date for determining Entitlements	7pm 30 December 2009
Offer opens - despatch of Offer Document and Entitlement and Acceptance Form	4 January 2010
Offer Closing Date	5pm 18 January 2010
Shares quoted on deferred settlement basis	19 January 2010
Company notifies the ASX of under-subscriptions	21 January 2010
Despatch of holding statements and allotment and issue of New Shares	27 January 2010
Trading of New Shares on ASX expected to commence	28 January 2010

This timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the closing date without prior notice, subject to the Listing Rules. Any extension of the closing date will have a consequential effect on the anticipated date for allotment and issue of the new shares.

If you have any questions, then please contact Ian Gilmour via email at igilmour@fluorotechnics.com or by telephone on +61 (0)401 700 106.

For and on behalf of
Fluorotechnics Limited



Rick Taylor
Non-Executive Chairman