
CELLMID LIMITED

ACN 111 304 119

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:30am (Sydney time)

DATE: Thursday 23 November 2017

PLACE: BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000

THIS NOTICE OF ANNUAL GENERAL MEETING SHOULD BE READ IN ITS ENTIRETY. IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR PROFESSIONAL ADVISERS.

SHOULD YOU WISH TO DISCUSS THE MATTERS IN THIS NOTICE OF ANNUAL GENERAL MEETING PLEASE DO NOT HESITATE TO CONTACT THE COMPANY SECRETARY ON (02) 9221 6830.

CONTENTS PAGE

Time and Place of Meeting and How to Vote	1
Letter from the Chairman	2
Notice of Annual General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	7

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the shareholders of Cellmid Limited ACN 111 304 119 (**Company**) to which this Notice of Annual General Meeting relates will be held at BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000 at 9:30am (Sydney time) on Thursday 23 November 2017 (**Annual General Meeting**).

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

You have the right to appoint a proxy. The proxy need not be a shareholder of the Company. If you are entitled to two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the enclosed proxy form and return to the Company's share registry, by:

- (a) post to Automic Pty Limited at PO Box 2226, Strawberry Hills, New South Wales, 2012, Australia; or
- (b) delivery to Automic Pty Limited at Suite 309, 3rd Floor, 50 Holt Street, Surry Hills, New South Wales, 2010, Australia; or
- (c) facsimile to Automic Pty Limited on facsimile number +61 2 8583 3040,

so that it is received not later than 9.30am (Sydney time) on Tuesday 21 November 2017.

Proxy forms received later than this time will be invalid.

LETTER FROM THE CHAIRMAN

Dear Shareholder,

I am pleased to invite you to the Annual General Meeting of the Company which will be held at BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000 on Thursday 23 November 2017, commencing at 9:30am (Sydney time).

I have enclosed with this Notice of Annual General Meeting your personalised proxy form.

If you have elected to receive a hard copy of the Company's Annual Report, a copy of that Annual Report is also enclosed with this letter. A copy of the Company's Annual Report is available now on the Company's website (www.cellmid.com.au).

The following pages contain details of the items of business that you have the opportunity to vote on at the Annual General Meeting.

The Directors of the Company believe, subject to any required voting exclusions and abstentions that all the Resolutions referred to in this Notice of Annual General Meeting are in the best interests of the Company and its shareholders and encourage you to vote in favour of all of the Resolutions.

I look forward to seeing you at the Annual General Meeting on Thursday 23 November 2017. If you are unable to attend please ensure that you fill out and return your personalised proxy form to the Company by the required date and time.

Yours sincerely,



David King
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of the Company will be held at BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000 at 9:30am (Sydney time) on Thursday 23 November 2017.

The Explanatory Statement to this Notice of Annual General Meeting provides information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Annual General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at 7pm (Sydney time) on Tuesday 21 November 2017.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To consider the financial statements of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' report, the remuneration report and the Auditor's report.

RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

"That the remuneration report as contained in the Directors' report of the Company for the financial year ended 30 June 2017 be adopted."

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR EDWARD FINTAN WALTON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Dr Edward Fintan Walton, who retires in accordance with Clause 47.1 of the Company's constitution and being eligible, offers himself for re-election, be re-elected a Director."

RESOLUTION 3 – ELECTION OF DIRECTOR – DR MARTIN GEORGE CROSS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Dr Martin George Cross, who retires in accordance with 47.1 of the Company's constitution and being eligible, offers himself for election, be elected a Director."

SPECIAL BUSINESS

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ORDINARY SHARES UNDER PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and all other purposes, approval is given for the issue and allotment of 99,000,000 fully paid ordinary shares at \$0.03, as detailed in the Explanatory Statement."

RESOLUTION 5 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That in accordance with section 327B of the Corporations Act and for all other purposes, Grant Thornton, having been nominated by a Shareholder and consented in writing to act as auditor of the Company, be appointed as auditor of the Company to fill the vacancy created by the resignation of BDO East Coast Partnership with effect from the close of this Annual General Meeting."

RESOLUTION 6 – CONSOLIDATION OF SECURITIES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of section 254H of the Corporations Act 2001 and clause 7 of the Company's constitution and for all other purposes, with effect from close of trading on 24 November 2017, the share capital of the Company be consolidated through the conversion of every 20 fully paid ordinary shares in the Company into one fully paid ordinary share in the Company and that any resulting fractions of a share be rounded to the nearest whole number of shares, exact half shares being rounded up and post consolidation holdings of less than one share being rounded up to one share and that options on issue be adjusted in accordance with ASX Listing Rule 7.22.1"

RESOLUTION 7 – APPROVAL OF THE EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Cellmid Employee Incentive Plan (**Plan**) tabled at the Annual General Meeting and marked with the letter "A" and initialled by the Chairman of the meeting for the purpose of identification, be approved by the Company and that approval be given in accordance with ASX Listing Rule 7.2 Exception 9(b) for the issue of securities from time to time under the Plan as an exception to the rule in ASX Listing Rule 7.1."

VOTING EXCLUSION STATEMENTS

For the purposes of ASX Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast on the following Resolutions by or on behalf of the following persons:

Resolution	Excluded Party(s)
Resolution 1	None
Resolution 2	None
Resolution 3	None
Resolution 4	<ul style="list-style-type: none">• a person who participated in the Share issue the subject of Resolution 4; and• any associate of that person
Resolution 5	None
Resolution 6	None
Resolution 7	<ul style="list-style-type: none">• a Director of the Company; and• any associate of that person

However, the Company need not disregard a vote on a Resolution if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of section 250R of the *Corporations Act 2001* (**Corporations Act**), the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company details of whose remuneration are included in the remuneration Report or a closely related party of such a member (referred to as an **Excluded Person**).

However, an Excluded Person may cast a vote as a proxy if the vote is not cast on behalf of an Excluded Person and either:

- the Excluded Person is appointed as a proxy by writing that specifies how the Excluded person is to vote on Resolution 1; or
- the Excluded Person is the Chairman of the meeting and the appointment of the Chairman as proxy does not specify the way the Chairman is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

For the purposes of section 250BD of the *Corporations Act*, a person appointed as a proxy must not vote on Resolution 1 or 7 on the basis of that appointment if that person is

an Excluded Person and the appointment does not specify how the Excluded Person is to vote on Resolution 1 or 7 (as applicable).

However, the Excluded Person may vote on Resolution 1 or 7 if they are the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

GENERALLY

It is the intention of the Chairman to vote eligible undirected proxies in favour of Resolutions 1 to 7.

In respect of Resolutions 1 and 7, the proxy form contains an express authorisation for the Chair to exercise undirected proxies even though these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel of the Company.

Those shareholders appointing a proxy who do not want the Chair to vote for them or do not want the Chair to vote in accordance with the Chair's intentions, have the ability to:

- (a) appoint the Chairman as proxy with a direction to cast votes contrary to the Chair's stated voting intentions by instructing the Chair to vote 'against' or to 'abstain' from voting on any or all of these Resolutions (as the shareholder considers appropriate); or
- (b) appoint a person other than the Chairman as proxy or attorney with or without a direction to cast votes 'for', 'against' or to 'abstain' from voting on any or all of these Resolutions (as the shareholder considers appropriate).

DATED: 23^h October 2017

BY ORDER OF THE BOARD



David King
CHAIRMAN

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000 on Thursday 23 November 2017 at 9:30am (Sydney time).

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to shareholders in deciding whether or not to pass the Resolutions in this Notice of Annual General Meeting.

All references to shares in Resolutions 1-5, and 7, of the Notice of Meeting and Explanatory statement are on a PRE-CONSOLIDATION basis.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Company's constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' report, the remuneration report and the Auditor's report.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about, or make comments on, the reports or statements.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

RESOLUTION 1 – REMUNERATION REPORT

The remuneration report as set out in the Directors' report in the Company's 2017 Annual Report must be put to the vote for its adoption in accordance with section 250R(2) of the Corporations Act. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report for the financial year ending 30 June 2017. The 2017 Annual Report of the Company (containing the remuneration report) is available on the Company's website at www.cellmid.com.au.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about, or make comments on, the remuneration report.

RESOLUTION 2 – ELECTION OF DIRECTOR – DR EDWARD FINTAN WALTON

Clause 47.1 of the Company's constitution requires one-third of Directors to retire from office at the Company's Annual General Meeting. In addition, this clause requires any Director for whom this would be the third general meeting since their last appointment to retire from office.

The retiring Director, Dr Edward Fintan Walton, is eligible for re-election and accordingly submits himself for re-election as a Director of the Company.

Dr Edward Fintan Walton is Founder and CEO of PharmaVentures Ltd, a UK based corporate advisory firm with more than 30 professional advisers, assisting pharmaceutical and biotechnology companies worldwide in all aspects of corporate transactions, business brokering, mergers and acquisitions and licensing deals. Since he founded PharmaVentures in 1992, he and his team have advised blue chip clients in North America, Europe and Asia, delivering more than 700 assignments for 180 companies in 38 countries.

Dr Walton has worked with clients including most of the major and mid-sized pharmaceutical and biotechnology companies. His experience extends to industries such as pharmaceuticals, diversified chemicals, diagnostics, medical devices, generic and over-the-counter medicines as well as government agencies. He has transactional experience representing corporates as well as major banks, investment and merchant banks, private equity and venture capital groups.

Educated at Trinity College (Dublin, Ireland), where he obtained his PhD in genetics, Dr Walton has subsequently gained broad commercial experience in biotechnology in management positions at Bass and Celltech plc (1982-1992) prior to founding PharmaVentures.

The board of the Company considers Dr Walton to be an independent director.

Recommendation

The Board of the Company supports the re-election of Dr Edward Fintan Walton. The Directors (with the exception of Dr Edward Fintan Walton who is abstaining) strongly recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ELECTION OF DIRECTOR – DR MARTIN GEORGE CROSS

Clause 47.1 of the Company's constitution requires that any Director that has been appointed by the directors since the last annual general meeting retire from office at the Company's Annual General Meeting.

Dr Martin George Cross, who was appointed by the Board as a Director on 16 October 2017 retires and, being eligible for re-election, submits himself for re-election as a Director of the Company.

Dr Cross is a highly regarded pharmaceutical executive with over 30 years' experience including corporate and industry leadership roles in global business management, marketing and sales.

From 2010 to 2013 Dr Cross was Managing Director of Alphapharm Pty Ltd, the largest generics company in Australia and New Zealand, with responsibility for 750 employees and sales of over US \$500m per annum. He has extensive experience in the entire

consumer health supply chain including manufacturing, fulfilment and pharmacy distribution.

During the same period he was Chairman of both the Generics Medicine Industry Association and Pharmaceutical Industry Council. From 2013 to 2015 Dr Cross was the Chairman of Medicines Australia, the country's peak body representing the pharmaceutical industry including major multinational companies.

Earlier in his career Dr Cross was Country Head and Managing Director of Novartis Australia and New Zealand, and Head of Global Marketing and Sales Capabilities from 2001 to 2003, based in Switzerland.

Dr Cross has a PhD in Microbiology from the University of Aberdeen and is a Fellow of the Australian Institute of Company Directors.

Dr Cross was appointed a Non-Executive Director of OncoSil Medical Ltd in 2017 and serves on the University of Technology Sydney (UTS), Pharmacy Advisory Board.

Dr Cross brings his considerable expertise in pharmaceutical development, sales and distribution to the Company. His in depth knowledge of and contacts in the pharmacy distribution sector is expected to serve the Company well as the Company continues to grow in Australia and overseas.

The board of the Company considers Dr Cross to be an independent director.

Recommendation

The Board of the Company supports the election of Dr Cross. The Directors (with the exception of Dr Cross who is abstaining) strongly recommend that shareholders vote in favour of Resolution 3.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ORDINARY SHARES UNDER PLACEMENT

On 1 November 2016, the Company announced that it had secured a private placement of 100,000,000 fully paid ordinary shares to sophisticated and professional investors at \$0.03 per share (**Placement Shares**). The Company has used its capacity under ASX Listing Rule 7.1 to issue 99,000,000 of those Placement Shares.

Under ASX Listing Rule 7.4, shareholders may approve the issue of securities made within the limitation of ASX Listing Rule 7.1. Shareholder ratification of the issues of securities is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to shareholders:

- (a) the number of shares issued was 99,000,000 ordinary shares at \$0.03 per share;
- (b) the shares were issued to sophisticated and professional investors identified by the Company;
- (c) the shares issued rank equally in all respects with other existing ordinary shares;
- (d) the Company received a total of \$2.97 million from the issue of the Placement Shares. The Company has used and intends to use those funds as working capital to further expand the Company's growth in Australia and internationally; and

- (e) Resolution 4 is subject to a voting exclusion statement (see the Notice of Annual General Meeting).

Recommendation

The Directors recommend that shareholders vote in favour of Resolution 4.

RESOLUTION 5 – APPOINTMENT OF AUDITOR

The Company has received notice from the Company's auditor, BDO East Coast Partnership, that it seeks to resign. The Company and BDO East Coast Partnership agree that it is good governance to review a company's audit and auditors on a regular basis. Cellmid's Audit Committee and BDO have met as part of this review and agreed that after eight years of being audited by the firm it is prudent to change auditors.

On 12 October 2017, the Company received notice from a Shareholder, Maria Halasz, of the nomination of a new auditor, Grant Thornton. A copy of that nomination is enclosed with this Notice of Annual General Meeting.

On 13 October 2017, the Company received notice from Grant Thornton that it is prepared to accept this appointment as auditor of the Company.

At the Directors' Meeting held on 19 October 2017, the Directors considered and resolved to approve the appointment of Grant Thornton, conditional upon the approval of ASIC, to that appointment.

On 19 October 2017 the Company's auditors, BDO East Coast Partnership, submitted an application to ASIC for consent to resign as an auditor of the Company, with effect from this Annual General Meeting. Receipt of ASIC's approval is pending as at the date of this Notice of Annual General Meeting. Shareholders will be updated as to the status of ASIC's approval in due course.

Recommendation

The Directors recommend that shareholders vote in favour of Resolution 5.

RESOLUTION 6 – CONSOLIDATION OF SECURITIES

The purpose of this Resolution 6 is to enable the Company to consolidate its securities into a reduced number. In particular, the Resolution seeks to consolidate the Company's shares in a ratio of 1 share for every 20 shares held (**Consolidation**). Fractions of a share will be rounded to the nearest whole number. Exact half shares will be rounded up to the nearest share, and post Consolidation holdings of less than one share will be rounded up to one share.

This proposal requires shareholder approval by ordinary resolution under section 254H of the Corporations Act.

The Consolidation is proposed to take effect from the close of trading on 24 November 2017.

The board of directors believes that consolidating the Company's share capital at a ratio of 1 share for every 20 on issue will:

- (a) reduce share price volatility (given a change in the price of shares would represent a lower percentage of the share price than it would if the Company had a lower share price);

- (b) result in reduced administration time and transaction costs;
- (c) reduce negative market perceptions associated with a low share price relative to Company progress;
- (d) enable a broader range of investors to enter the Company's registry as many investors are reluctant to invest in lower priced shares and often have investment restrictions in companies with a low share price; and
- (e) enable investors to better evaluate the Company as the change in value per share will allow clearer comparison with listed companies of shares with similar share value.

Shares

At the date of the Notice of Annual General Meeting there are 1,068,456,303 fully paid shares on issue. This represents approximately 2,091 shareholders in the Company.

There are no amounts unpaid on the Company's issued shares.

If approved by shareholders, the proposed Consolidation will result in the issued share capital of the Company reducing from 1,068,456,303 shares to 53,422,815 shares. Individual holdings will be reduced in accordance with the consolidation ratio of 20 to 1.

These numbers are approximate as they do not take into account any rounding required on account of individual shareholders holding fractional securities following the Consolidation nor any existing options which may be exercised between the date of the Notice of Annual General Meeting and the date of the Consolidation. These numbers also do not take into account any share issues by the Company following the date of this Notice of Annual General Meeting.

The proposed Consolidation will not affect shareholders' percentage interests in the Company, except to the extent that shareholders holding any fractional securities after the Consolidation will have fractions of a share rounded to the nearest whole number. Exact half shares, and post Consolidation holdings of less than one, will be rounded up to the nearest share.

As an example, if you held 20,000 shares before the Consolidation, you would hold 1,000 after the Consolidation. To demonstrate the treatment of fractional securities post Consolidation, if you held 20,012 shares before the Consolidation, you would hold 1,000 after the Consolidation.

Post Consolidation, if all things held equal, the market price of each share following the Consolidation should increase 20 times in current value. However, the actual share market price following the Consolidation may be higher or lower than the theoretical post Consolidation price.

The aggregate value of each shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the Consolidation alone (assuming no other market movements or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of shares on issue.

Current rights attaching to shares will not be affected by the Consolidation.

Options

At the date of the Notice of Annual General Meeting, there are nil existing quoted options and 33,000,000 unquoted options on issue. In accordance with ASX Listing Rule 7.22.1 and in accordance with their terms, if the Consolidation is approved by shareholders, the existing options will also be re-organised. All existing options will be consolidated in the same ratio as the shares on issue. Fractions of an option will be rounded up to the nearest whole number, exact half options and post Consolidation holdings of less than one will be rounded up to the nearest option. The exercise prices for the existing options will be amended in inverse proportion to that ratio.

The expiry date of the existing options will not change.

Accordingly, if Resolution 6 is passed, every 20 existing options on issue will be consolidated into one option and the current exercise price of each option will be multiplied by 20 to obtain the new exercise price post Consolidation. Following the Consolidation, there will, subject to the exercise of any existing options, be nil existing quoted options on issue and 1,650,000 existing unquoted options on issue.

The table below shows the number of options and their exercise price after the Consolidation, subject to the exercise of options.

Unlisted options	
Pre-consolidation	Post-consolidation
4,000,000 Options exercisable at \$0.04 on, or before, 1 August 2018	200,000 Options exercisable at \$0.80 on, or before, 1 August 2018
4,000,000 Options exercisable at \$0.05 on, or before, 1 August 2018	200,000 Options exercisable at \$1.00 on, or before, 1 August 2018
10,000,000 Options exercisable at \$0.06 on, or before, 1 August 2018	500,000 Options exercisable at \$1.20 on, or before, 1 August 2018
11,500,000 Options exercisable at \$0.06 on, or before, 19 November 2018	575,000 Options exercisable at \$1.20 on, or before, 19 November 2018
500,000 Options exercisable at \$0.031 on, or before, 19 November 2018	25,000 Options exercisable at \$0.62 on, or before, 19 November 2018
2,000,000 Options exercisable at \$0.03 on, or before, 31 October 2019	100,000 Options exercisable at \$0.60 on, or before, 31 October 2019
1,000,000 Options exercisable at \$0.03 on, or before, 1 July 2020	50,000 Options exercisable at \$0.60 on, or before, 1 July 2020
Total unlisted option pre-consolidation: 33,000,000	Total unlisted option pre-consolidation: 1,650,000

Other securities convertible into shares

Other than the existing options described above, the Company has no other securities which are convertible into shares as at the date of the Notice of Annual General Meeting.

Timetable

The proposed Consolidation, if approved by shareholders, is expected to be implemented in accordance with the indicative timetable below.

Event	Date
<ul style="list-style-type: none"> • Hold Annual General Meeting • ASX announcement regarding results of meeting, including approval of Consolidation 	23 November 2017
Last day of trading in pre-consolidated securities	24 November 2017
Trading in the consolidated securities on a deferred settlement basis commences	27 November 2017
Last day to register transfers on a pre-consolidated basis	28 November 2017
<ul style="list-style-type: none"> • Company to send notice to each shareholder in relation to the number of securities held before and after the reorganisation • First day to register transfers on a post-consolidated basis 	29 November 2017
<ul style="list-style-type: none"> • Deferred settlement trading ends • Holding statements despatched to shareholders 	5 December 2017
Normal (T+2) trading starts	6 December 2017

Holding Statements and Taxation Implications

From the date of the Consolidation, all existing holding statements for shares and options will cease to have any effect, except as evidence of entitlement to a certain number of shares on a post Consolidation basis.

After the Consolidation becomes effective, new holding statements will be issued by the Company's share registry to shareholders and option holders. Shareholders and option holders are responsible for verifying their holdings after the Consolidation. The HIN/SRN of each holding will remain the same after the Consolidation.

Shareholders and holders of options are urged to seek their own tax advice on the effect of the Consolidation. None of the Company, the directors, the Company's share registry or other advisers accept any responsibility for the individual taxation implications arising from the Consolidation.

Recommendation

The directors recommend that shareholders vote in favour of Resolution 6.

RESOLUTION 7 – APPROVAL OF THE EMPLOYEE INCENTIVE PLAN

Background

To attract, motivate and retain key employees, officers and contractors, the Company has an employee incentive scheme known as the Cellmid Employee Incentive Plan

(Plan). The Plan gives Eligible Persons (as defined below) an opportunity to participate in the equity of the Company.

The Plan the subject of Resolution 7 is substantially the same as that approved by shareholders on 10 October 2014.

6,279,458 ordinary shares and 33,000,000 options have been issued under the Plan since the last shareholder approval of the Plan on 10 October 2014.

Application of ASX Listing Rules

ASX Listing Rule 7.1 effectively limits the number of ordinary shares the Company may issue without the approval of its shareholders to 15% of issued capital unless the issue can be brought within one of the exceptions set out in ASX Listing Rule 7.2. ASX Listing Rule 7.2 Exception 9(b) permits issues under an employee incentive scheme if within three years before the date of issue the scheme has been approved by shareholders.

If Resolution 7 is passed at the Annual General Meeting, the directors may issue securities under the Plan under ASX Listing Rule 7.2 Exception 9(b) until 23 November 2020.

ASX Listing Rule Information

The rules for the Plan are summarised in the following paragraphs:

- (a) The Plan will be open to full time or part time employees, directors and officers, consultants or contractors of the Company or a controlled entity of the Company (**Eligible Persons**).
- (b) Under the Plan, the directors at their discretion may offer ordinary fully paid shares in the Company or options to acquire ordinary fully paid shares in the Company to Eligible Persons. However, approval of shareholders under ASX Listing Rule 10.14 will still be required each time the Company proposes to issue shares and/or options under the Plan to a director, or to anyone whose relationship with the Company is such that the ASX considers approval is necessary.
- (c) The shares issued under the Plan have the same rights as other ordinary fully paid shares in the Company subject to restrictions on transfer, which apply where a loan made by the Company remains unpaid or if the shares are issued subject to a Qualifying Period (as defined below).
- (d) The subscription price for shares will be the Market Value of the shares on the day of offer or any other date that the directors determine (having regard to all applicable laws) i.e. the weighted average of the prices at which the shares were traded in the five business days prior to the offer or such other date determined by the directors (**Market Value**).
- (e) The Company at the time of making an offer to purchase shares may also provide an interest free loan to assist with purchase of those shares. Unless otherwise specified in the offer document the terms of the loan will be as follows:
 - the loan will be interest free and for a term of 5 years;
 - the loan will be immediately repayable if a disqualifying event or takeover offer for shares event (as defined in the Plan rules) occurs or the term of the loan expires. If the loan is not repaid, then the Company may sell the shares and after costs apply the sale proceeds to repay the outstanding amounts of the loan. If there is a shortfall between the loan amount still owing and the

sale price, the employee will not be required to make good the shortfall. If there is a surplus after the sale of the shares the employee is only entitled to the surplus if the Qualifying Period (as defined below) has expired; and

- if at the expiry of a loan term, a plan participant does not repay the loan, the Company may sell the shares in such manner as they may determine (which may include a buy-back or other form of sale permitted by statute or law) and after costs, repay the loan. Any surplus will be repaid to the participant. No shortfall between the sale price and the loan amount will be recoverable from the participant.
- (f) While an offer to take up shares under the Plan will be at Market Value the incentive for employees to accept the offer is the granting of an interest free loan to fund all or part of the purchase price.
- (g) In certain circumstances the directors may specify in an offer to an Eligible Person that the Eligible Person may not transfer shares for a certain period of time (**Qualifying Period**). Where the Company issues shares under the Plan and there is a loan granted to purchase those shares, the Company retains a lien over the shares until such time as the loan is repaid in full.
- (h) Options offered under the Plan are issued free. Options will be exercisable at the price specified in the offer. However, the exercise price will be not less than the Market Value (as defined above). The term of any option cannot be more than 5 years.
- (i) Options cannot be exercised in any Qualifying Period specified in the offer or in certain circumstances. Importantly, the terms of the Plan have been amended so that an Option remains exercisable after an Eligible Person has retired or otherwise left the Company, during the 5 year term of the option.
- (j) The total number of shares issued and under option pursuant to the Plan or any other employee share scheme of the Company in respect of shares or grant of options over a period of 5 consecutive years will not exceed 10% of the total issued shares of the Company, however the 10% limit shall exclude expired or renounced options.
- (k) Options issued under the Plan will not be listed for quotation on any stock exchange.
- (l) In the event of a reconstruction of the Company's issued capital, the terms, including the number of options will be reconstructed in a manner so as to ensure that option holders did not receive a benefit, which is not also received by shareholders of the Company and in accordance with the ASX Listing Rules.
- (m) In the event of a takeover offer for shares in the Company, the Company will use its reasonable endeavours to procure that an offer or invitation is also made to option holders. If this cannot be procured, then option holders will have the right to exercise their options irrespective of any Qualifying Period or other limitations.
- (n) An option holder cannot participate in new issues of securities of the Company without first exercising the option.
- (o) By accepting an offer of shares or options in accordance with the Plan, a participant agrees to be bound by the rules of the Plan or other conditions contained in the offer document.

- (p) The Plan must comply with the requirements under the ASX Listing Rules and the Corporations Act from time to time.
- (q) Any amendment to the Plan rules will also be subject to the requirements of the ASX Listing Rules and the Corporations Act from time to time.
- (r) The Plan may only be amended by a resolution of the shareholders of the Company.

The detailed rules of the Plan may be inspected during normal business hours at the registered office of the Company by prior appointment.

Voting restrictions in respect of this resolution are set out in the Notice of Annual General Meeting, which this Explanatory Statement accompanies.

Recommendation

The directors recommend that shareholders vote in favour of Resolution 7.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[BARCODE]

Holder Number:
[HolderNumber]

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

Vote by Proxy: CDY

Your proxy voting instruction must be received by **9.30am (Sydney time) on Tuesday, 21 November 2017**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

CORPORATE REPRESENTATIVES






If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

CONTACT	Return your completed form:	Contact us – All enquiries to Automic:
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <p>BY MAIL Automic Registry Services PO Box 2226 Strawberry Hills NSW 2012</p> </div> <div style="width: 45%;">  <p>WEBCHAT https://automic.com.au/</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">  <p>IN PERSON Automic Registry Services Level 3, 50 Holt Street, Surry Hills NSW 2010</p> </div> <div style="width: 45%;">  <p>EMAIL hello@automic.com.au</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">  <p>PHONE 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)</p> </div> </div>	

STEP 1: Please appoint a Proxy	Complete and return this form as instructed only if you do not vote online
	<p>I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Cellmid Limited, to be held at 9.30am (Sydney time) on Thursday, 23 November 2017 at BDO Offices, Level 11, 1 Margaret Street, Sydney, NSW 2000 hereby:</p> <p>Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.</p> <div style="border: 1px solid black; width: 300px; height: 25px; margin-left: 50px;"></div>
	<p>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.</p> <p>AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution(s) 1 and 7 (except where I/we have indicated a different voting intention below) even though Resolution(s) 1 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.</p>

STEP 2: Your Voting Direction	Resolutions	For	Against	Abstain
	1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Re-election of Director – Dr Edward Fintan Walton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Election of Director – Dr Martin George Cross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Ratification of prior issue of Ordinary Shares under Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Consolidation of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Approval of the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i>				

STEP 3: Sign	SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED		
	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	<div style="border: 1px solid black; width: 100%; height: 25px;"></div>	<div style="border: 1px solid black; width: 100%; height: 25px;"></div>	<div style="border: 1px solid black; width: 100%; height: 25px;"></div>
	Sole Director and Sole Company Secretary	Director	Director / Company Secretary
	Contact Name..... Contact Daytime Telephone..... Date ____/____/____ Email Address _____		
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).			

[BARCODE]

[HolderNumber]