
MEDICAL THERAPIES LIMITED

ACN 111 304 119

NOTICE OF GENERAL MEETING

TIME: 2.30pm (AEST)

DATE: Monday 16th June 2008

PLACE: Level 6, 40 King Street, Sydney NSW 2000

This Notice of 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 prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact Medical Therapies' Secretary on (02) 9299 0311.

CONTENTS PAGE

1.	TIME AND PLACE OF MEETING AND HOW TO VOTE	3
2.	NOTICE OF GENERAL MEETING.....	3
3.	AGENDA.....	4
3.1	Resolution 1 – Approval for the issue of Shares to NS Capital Co Ltd representing 19.98% of the post capital of Medical Therapies Ltd.....	4
3.2	Resolution 2 – Approval for the issue of Shares to Cell Signals Inc representing 17% of the post capital of Medical Therapies Ltd in return for the transfer of all Intellectual Property Assets relating to midkine.....	4
3.3	Resolution 3 – Approval for the raising of up to \$3 million by the issuing of Shares within three months from the date of approval	4
3.4	Resolution 4 - Approval for director’s options.....	5
4.	VOTING EXCLUSION STATEMENT	6
5.	GLOSSARY.....	7
6.	EXPLANATORY STATEMENT.....	8
6.1	Introduction.....	8
6.2	Overview of the transaction	8
6.3	Resolution 1 – Approval for the issue of Shares to NS Capital Co Ltd representing 19.98% of the capital of Medical Therapies Ltd	11
6.4	Resolution 2 – Approval for the issue of Shares to Cell Signals Inc representing 17% of the post issue capital of Medical Therapies Ltd in return for the transfer of all Intellectual Property Assets relating to Midkine.....	12
6.5	Resolution 3 – Approval for the raising of \$3 million by the issuing of Shares within three months from the date of approval	13
6.6	Resolution 4 - Approval For Director’ Options.....	14

1. TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Medical Therapies Limited to which this Notice of Meeting relates will be held at 2.30pm (AEST) on Monday, 16th June 2008 at the premises of Medical Therapies located at level 6, 40 King Street, Sydney, New South Wales.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

- (a) by post to Registries Limited, Box R67, Royal Exchange, Sydney NSW 1223 or deliver to level 7, 207 Kent Street; or
- (b) by facsimile to Registries Limited on facsimile number (02) 9279 0664,

so that it is received not later than 2.30pm (AEST) on 14th June 2008.

Proxy forms received later than this time will be invalid.

2. NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Medical Therapies Limited (Medical Therapies or MTY) will be held at level 6, 40 King Street, Sydney NSW 2000 at 2.30pm (AEST) on Monday, 16th June 2008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of 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 General Meeting are those who are registered Shareholders of Medical Therapies on 14th June 2008 at 7.00pm (AEST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

3. AGENDA

3.1 Resolution 1 – Approval for the issue of Shares to NS Capital Co Ltd or its Nominee representing 19.98% of the post capital of Medical Therapies Ltd

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

“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, and conditional on the passing of Resolution 2, approval is given for Medical Therapies to allot and issue:

- *9,523,810 shares at 5.25 cents per share;*
- *7,142,857 shares at 7 cents per share; and*
- *6,833,333 shares at 10 cents per share,*

to NS Capital Co Ltd or its Nominee within 3 months from the date of approval, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the Notice of the meeting at which this resolution is passed.”

Short Explanation: Under ASX Listing Rule 7.1, Medical Therapies may not issue or agree to issue in excess of 15% of its ordinary share capital without shareholder approval. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution, Medical Therapies retains the flexibility to make issues of securities up to that threshold.

3.2 Resolution 2 – Approval for the issue of Shares to Cell Signals Inc representing 17% of the post capital of Medical Therapies Ltd in return for the transfer of all Intellectual Property Assets relating to midkine

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, and conditional on the passing of Resolution 1, Medical Therapies approves the issue of 20 million Shares to Cell Signals Inc., in accordance with the terms of the Intellectual Property Agreement as described in the Explanatory Statement accompanying the Notice of the meeting at which this resolution is passed.”

Short Explanation: Under ASX Listing Rule 7.1, Medical Therapies may not issue or agree to issue in excess of 15% of its ordinary share capital without shareholder approval. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution, Medical Therapies retains the flexibility to make issues of securities up to that threshold.

3.3 Resolution 3 – Approval for the raising of up to \$3 million by the issuing of Shares within three months from the date of approval

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

“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for Medical Therapies to raise

up to \$3 million by the issuing of Shares at a price not lower than a 20% discount to the average market price of the Company's ordinary shares over the last five (5) days on which sales were recorded before the issue is made (in accordance with ASX Listing Rules 7.3.3), within three months from the date of approval.

Short Explanation: Under ASX Listing Rule 7.1, Medical Therapies may issue up to 15% of its ordinary share capital in any 12 month rolling period without shareholder approval. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution, Medical Therapies retains the flexibility to make issues of securities up to that threshold.

3.4 Resolution 4 - Approval for director's options

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

"That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for Medical Therapies to allot and issue 5,000,000 options to acquire Shares to Maria Halasz pursuant to the employment agreement signed between Ms Halasz and MTY and pursuant to the Directors' Option Scheme on the terms and conditions set out in Section 7.7 of the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules require Medical Therapies to seek Shareholder approval prior to the issue of securities to a related party. Ms Maria Halasz is a related party by virtue of the fact she is a director of Medical Therapies. In accordance with Listing Rule 7.2, shareholders should note that if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

DATED: 15 May 2008

BY ORDER OF THE BOARD

**MARIA HALASZ
CEO AND MANAGING DIRECTOR**

4. VOTING EXCLUSION STATEMENT

Medical Therapies will disregard any votes cast on:

Resolution 1, by NS Capital Co Ltd, Cell Signals Inc or any other person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed:

Resolution 2, by Cell Signals Inc or any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed:

Resolution 3, by a person who may participate in the proposed issue or by any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed:

Resolution 4, by Maria Halasz or any of her associates.

However, Medical Therapies need not disregard a vote if it is cast by

- a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by 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.

5. **GLOSSARY**

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX.

Board means the current board of directors of Medical Therapies.

Company means Medical Therapies Limited (ACN 111 304 119).

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of Medical Therapies.

Explanatory Statement means the explanatory statement to the Notice of Meeting of which this glossary forms part.

Midkine is a low molecular weight growth factor like protein which has a role in a number of biological functions and is a strong target for therapeutic and diagnostic applications as more fully explained in the accompanying documents.

Notice means this notice of meeting.

AEST means Australian Eastern Standard Time.

Option means an unlisted option to acquire a Share on the terms and conditions set out in Section 7.7 of the Explanatory Statement.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of Medical Therapies Ltd and 'Shareholder' means the holder of such a share.

6. EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of Medical Therapies Limited (**Medical Therapies** or **MTY**) in connection with the business to be conducted at the General Meeting to be held at 2.30pm (AEST) on Monday 16th June 2008 at Medical Therapies' premises located at Level 6, 40 King Street, Sydney, New South Wales. The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

6.1 INTRODUCTION

Medical Therapies is a biotechnology company committed to the development and commercialisation of therapeutics and diagnostics for anti-inflammatory diseases and various cancers. MTY has been actively looking to acquire technology assets to expand its intellectual property portfolio.

MTY has identified a suitable technology portfolio which includes midkine and related assets. MTY proposes the acquisition of the entire patent portfolio, technical information, know-how as well as materials and reagents in relation to therapeutic and diagnostic applications of midkine and a large group of anti-midkine antibodies and nucleotides.

Midkine is a cytokine or growth factor like protein expressed strongly during tumour growth and at the onset of inflammation and tissue repair. The midkine related intellectual property is currently owned by Cell Signals Inc, a Japanese private company based in Yokohama.

6.2 OVERVIEW OF THE PROPOSED TRANSACTION

(a) Summary of the Transaction

On 16th April 2008 Medical Therapies entered into an Intellectual Property Agreement (**IP Agreement**) with Cell Signals Inc. (**Cell Signals**) covering the acquisition of a large portfolio of assets relating to the use of midkine protein, anti-midkine antibodies and anti-midkine nucleotides in therapeutic and diagnostic applications.

Consideration for the acquisition involves MTY issuing 20 million Shares and paying \$1.5 million to Cell Signals on settlement. The transaction is subject to the approval of the Shareholders of MTY.

To fund the cash component of the transaction NS Capital Co Ltd or its Nominee will invest \$1,683,333 for the issue of new MTY Shares on the following terms:

- 9,523,810 Shares will be issued at a price of 5.25 cents each to raise \$500,000; and
- 7,142,857 Shares will be issued at a price of 7 cents per each to raise an additional \$500,000; and
- 6,833,333 Shares will be issued at 10 cents each to raise an additional \$683,333.

(b) The midkine IP portfolio

Midkine is a growth factor like protein expressed strongly during tumour growth and at the onset of inflammation. Midkine was discovered by Emeritus Professor, and Cell Signals non-executive director, Dr Takashi Muramatsu and Professor Kenji Kadomatsu at Nagoya University in 1988.

Studies relating to its importance and applications in a number of cell pathways have since been conducted worldwide. Some of the key patents forming part of the 28 patents and patent applications in the midkine technology portfolio are listed in Table 1 below.

TABLE 1 PATENT PORTFOLIO (key patents only)

Application No.	Title	Country	
		Granted	Pending
PCT JP98/03161	AGENTS COMPRISING MIDKINE OR ITS INHIBITORS AS ACTIVE INGREDIENTS	AU,EU,KR	CA, CN, JP, US
PCT /JP98/04299	PREVENTIVES OR REMEDIES FOR ISCHEMIC DISEASES	AU, EU, KR, CN	CA, JP, US
PCT /JP99/04332	MASS SECRETION/EXPRESSION SYSTEM OF TRUE MK FAMILY PROTEIN	US	
PCT /JP99/04550	PREVENTIVES/REMEDIES FOR ARTERIOSCLEROSIS AND POST-PTCA REANGIOSTENOSIS	AU, CN, KR, US	CA, EU, JP
PCT /JP00/06147	EARLY CANCER TUMOR MARKER	AU, CN, KR, US, EU	CA, JP
PCT /JP2004/002888	PREVENTIVE FOR ADHESION FOLLOWING ABDOMINAL SURGERY		EU, JP, US
PCT /JP2005/022354	COMPOSITION FOR TREATING OR PREVENTING MYOCARDIAL DISORDER OR HEART FAILURE		EU, JP, US
PCT /JP2006/310375	PHARMACEUTICAL COMPOSITION FOR VASCULAR OCCLUSIVE DISEASE		EU, JP, US
PCT /JP2006/322659	METHOD FOR TREATMENT OR PREVENTION OF DISEASE ASSOCIATED WITH FUNCTIONAL DISORDER OF REGULATORY T CELL		WO
PCT /JP2007/001238	ANTIBODIES RECOGNIZING C-DOMAIN OF MIDKINE		WO
PCT /JP2007/070441	PHARMACEUTICAL COMPOSITION FOR OBLITERATIVE VASCULAR DISEASE		WO
PCT /JP2008/000815	AGENT FOR ACTIVATING NITRIC OXIDE SYNTHASE		WO

Midkine has been researched extensively since its discovery. A large body of evidence has been accumulated by Cell Signals in relation to its use for the diagnosis and treatment of various tumours as well as inflammatory and autoimmune diseases. Cell Signals is the owner of the intellectual property portfolio in relation to the therapeutic and diagnostic applications of midkine and a large number of anti-midkine antibodies and nucleotides. For these and other indications covered by the patent portfolio a detailed commercialisation plan will be developed by a joint Cell Signals/Medical Therapies team within 60 days of the settlement of the transaction.

(c) Conditions of Completion

Settlement of the transaction contemplated in the IP Agreement is scheduled to take place on or about the 20th June 2008 and is conditional upon, amongst other things:

- The passing of Resolutions 1 and 2 ; and
- The issuing of Shares to NS Capital Co Ltd or its Nominee on the conditions outlined in 7.2(a) above.

(b) Effect of the transaction on the Capital Structure and control of Medical Therapies

Medical Therapies' existing capital structure is set out in Table 2 below.

TABLE 2 CURRENT CAPITAL STRUCTURE

Security	Number
Shares	74,085,624
Options	2,505,000
Convertible Notes	9,381,096

The capital structure following the issue of the Shares to Cell Signals and NS Capital Co Ltd or its Nominee, but before conversion of options or Convertible Notes and assuming no issue of shares in respect of Resolution 3 (given the number of shares to be issued cannot be determined at this time) and disregarding any options issued in respect of Resolutions 5, will be as outlined in Table 3 below.

TABLE 3 CAPITAL STRUCTURE FOLLOWING THE ISSUE OF NEW SHARES

Security	Number	%
Shares	74,085,624	62.97%
New Shares (pursuant to Resolution 1)	23,500,000	19.98%
New Shares (pursuant to Resolution 2)	20,000,000	17.00%
Options	2,505,000	
Convertible notes	9,381,096	

Any Shares issued pursuant to Resolution 3 will have the effect of reducing the percentages referred to above and in particular the percentages applicable to the new Shares to be issued under Resolutions 1 and 2. Exercise of existing Options, or conversion of Convertible Notes, will further reduce these percentages. If Resolution 4 is approved, any exercise of Options issued following that approval will also reduce the percentages.

6.3 Resolution 1 – Approval for the issue of Shares to NS Capital Co Ltd or its Nominee representing 19.98% of the post capital of Medical Therapies Ltd

(a) General Information

Pursuant to clause 2.1 of the Intellectual Property Agreement it is one of the conditions of the transaction that MTY will raise \$1,683,333 by the issuing of Shares to NS Capital Co Ltd or its Nominee on the following terms:

- 9,523,810 Shares will be issued at a price of 5.25 cents each to raise \$500,000; and
- 7,142,857 Shares will be issued at a price of 7 cents per each to raise an additional \$500,000; and
- 683,333 Shares will be issued at 10 cents each to raise an additional \$683,333.

The monies raised will fund the cash component of the transaction (\$1.5 million) and will also provide additional working capital for MTY.

(b) ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires that a listed company must obtain shareholder approval prior to the issue of shares, or securities convertible into shares (such as a Convertible Note), representing more than 15% of the issued capital of Medical Therapies in any 12 month period.

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.3 for the issue of the above Shares (**Ratification**). By obtaining the Ratification, Medical Therapies will retain the flexibility to issue up to 15% of its issued capital, if required, in the next 12 months without the need to obtain prior Shareholder approval.

(c) ASX Listing Rule 7.3

Listing Rule 7.3 requires the Notice of Meeting to include the following information for Shareholders consideration in respect of Resolution 1.

- The maximum number of Shares to be issued is 23,500,000 Shares.
- The Shares will be issued and allotted on Completion which is expected to occur approximately 2 business days after the General Meeting but in any event within 3 months from the date of the Meeting.
- The price at which the Shares are issued is set out in the general information above.

- The allottee will be NS Capital Co Ltd or its Nominee.
- Terms of the issue of the Shares will be that they will rank equally in all respects with the existing shares in MTY.

(d) Purpose of new Shares to be issued

The capital raised by the Shares will be used as consideration by MTY for the purposes of the Intellectual Property Agreement and for general working capital.

(e) Other Required Information

The following further information is disclosed:

- a fee of 4% will be paid to a broker on the capital raised by the placement of Shares to NS Capital Co Ltd or its Nominee; and
- except as stated elsewhere in this Explanatory Statement, there is no current intention to redeploy any fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the new business.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors recommend that Shareholders vote in favour of Resolution 1 for the reasons set out in this Explanatory Statement. The Directors' intend to vote their shares in favour of Resolution 1. Shareholders should read this Explanatory Statement in full to form an opinion on the merits of the proposal.

6.4 Resolution 2 – Approval for the issue of Shares to Cell Signals Inc representing 17% of the post capital of Medical Therapies Ltd in return for the transfer of all Intellectual Property Assets relating to midkine

(a) General information

Pursuant to clause 5 of the Intellectual Property Agreement MTY is required, as part of the settlement of the transaction, to issue 20 million Shares to Cell Signals representing part of the compensation for the transfer of the midkine related intellectual property assets.

The Shares issued under this Resolution 2 will be escrowed as follows:

- 50% will be escrowed for 12 months from the date of issue; and
- another 50% will be escrowed for 24 months from the date of issue.

(b) ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires that a listed company must obtain shareholder approval prior to the issue of shares, or securities convertible into shares (such as a Convertible Note), representing more than 15% of the issued capital of Medical Therapies in any 12 month period.

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.3 for the issue of the above Shares (**Ratification**). By obtaining the Ratification, Medical Therapies will retain the flexibility to issue up to 15% of its issued capital, if required, in the next 12 months without the need to obtain prior Shareholder approval.

(c) ASX Listing Rule 7.3

Listing Rule 7.3 requires the Notice of Meeting to include the following information for Shareholders consideration in respect of Resolution 2.

- Maximum number of Shares to be issued is 20,000,000 Shares.
- The Shares will be issued and allotted on Completion which is expected to occur approximately 2 business days after the General Meeting but in any event within 3 months of the date of the Meeting.
- The price at which the Shares will be issued. This is not relevant as the Shares will be issued under the IP Agreement and no additional consideration will be payable by Cell Signals for the Shares.
- The allottee will be Cell Signals Inc.
- The Shares issued under Resolution 2 will rank equally in all respects with the existing Shares but will be subject to escrow restriction of 12 months for 50% of the new Shares and 24 months for the balance of the new Shares or as required by the regulatory authorities, whichever is the greater.
- There will be no funds raised in respect of the new Shares as they are to be issued as part consideration for the acquisition of the intellectual property under the IP Agreement.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors' recommend Shareholders vote in favour of Resolution 2 for the reasons set out in this Explanatory Statement. The Directors' intend to vote their shares in favour of Resolution 2. Shareholders should read this Explanatory Statement in full to form an opinion on the merits of the proposal.

6.5 Resolution 3 – Approval for the raising of \$3 million by the issuing of Shares within three months from the date of approval

(a) General Information

It is expected that MTY will require additional capital for the commercialisation of the assets acquired pursuant to the Intellectual Property Agreement and to provide general working capital.

MTY intends to raise the additional funds via a private placement to a number of parties at a price determined by market conditions at the time.

In any event MTY intends to issue new Shares at a discount not greater than 20% to the market price of Medical Therapies' ordinary shares over the last 5 days on which sales are recovered before the day on which the shares are issued in accordance with the Listing Rules.

(b) ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires that a listed company must obtain shareholder approval prior to the issue of shares, or securities convertible into shares (such as a Convertible Note), representing more than 15% of the issued capital of Medical Therapies in any 12 month period.

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.3 for the issue of the above Shares (**Ratification**). By obtaining the Ratification, Medical Therapies will retain the flexibility to issue up to 15% of its issued capital, if required, in the next 12 months without the need to obtain prior Shareholder approval.

(c) ASX Listing Rule 7.3

Listing Rule 7.3 requires the Notice of Meeting to include the following information for Shareholders consideration in respect of Resolution 3.

- The maximum number of Shares issued under this Resolution is not known. However, the maximum number will be equal to the number of Shares purchasable with \$3 million at the price(s) per share at which shares are issued.
- The Shares will be issued and allotted within 3 months of the date of the meeting.
- MTY intends to issue the new shares at a discount not greater than 20% calculated as specified in paragraph (a) above.
- The identifying of allottee/s has not yet been determined. The identity of the allottee/s will be at the discretion of Medical Therapies or in consultation with any broker the Company may engage to assist in the placing the shares or both.
- The terms of the issue of the Shares are that they will rank equally in all respects with the existing Shares.
- The funds raised are intended to be applied to the commercialisation of the assets acquired pursuant to the Intellectual Property Agreement and to provide general working capital.
- Shares will be allotted progressively.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors' recommend Shareholders vote in favour of Resolution 3 for the reasons set out in this Explanatory Statement. The Directors' intend to vote their shares in favour of Resolution 3. Shareholders should read this Explanatory Statement in full to form an opinion on the merits of the proposal.

6.6 RESOLUTION 4 - APPROVAL FOR DIRECTOR' OPTIONS

(a) Background

The issue of the Options to Maria Halasz as part of her employment agreement with MTY is subject to MTY obtaining prior Shareholder approval pursuant ASX Listing Rule 10.14. This approval is being sought pursuant to Resolution 4.

(b) Listing Rule 10.14

ASX Listing Rule 10.14 requires that a listed company must obtain shareholder approval prior to the issue of options to a director of the listed company.

MTY is seeking Shareholder approval for the proposed issue of Options under Resolution 4 so that Maria Halasz, the CEO, is able to participate in the employee incentive scheme currently in place.

(c) Technical Information Required by ASX Listing Rule 10.14

The maximum number of options to be issued is 5,000,000, in two tranches. Additional material terms and conditions of the Options are detailed in Table 4 below.

TABLE 4 NUMBER AND TERMS OF OPTIONS

Tranche No	Number of Options	Exercise Price	Vesting Date	Term	Vesting Hurdles
1.	2,000,000	7.5% premium on the volume weighted average trading price of Medical Therapies' shares over the 30 calendar days prior to the date of shareholder approval.	On the date of Shareholder approval	5 Y	Completed (Under the employment agreement between Ms Halasz and MTY the hurdle for this tranche was the first full year of service as CEO at MTY.)
2.	3,000,000	7.5% premium on the volume weighted average trading price of Medical Therapies' shares over the 30 calendar days prior to the date of shareholder approval.	Shareholder approval	5 Y	Completion of a materially significant transaction, such as acquisition of new technology, business or affecting merger with another entity

- (a) The term of the options is 5 years from the vesting date, which is the date of Shareholders' approval
- (b) The Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to Medical Therapies' share registry and received by it any time prior to the Expiry Date;
- (c) Each Option will entitle the holder to subscribe (in respect of each Option held) for a Share at an exercise price as described above;
- (d) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. MTY will apply to the ASX to have the Shares granted Official Quotation;
- (e) Any Notice of Exercise received by Medical Therapies' share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
- (f) There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options;
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of MTY prior to the Expiry Date,

all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules; and

- (h) Subject to the Corporations Act and the Constitution, the Options may be transferred at any time prior to the Expiry Date.
- (i) The Options expiry date is 5 years from the date of Shareholders' approval.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

Dr David King (Non-executive Chairman) and Dr Stephanie Williams (Executive Director) recommend Shareholders vote in favour of Resolution 4 for the issue of Options to Maria Halasz under the Directors Option Scheme and in accordance with her employment agreement with MTY. They intend to vote their Shares in favour of Resolution 4.

Under her employment agreement MTY was to grant 2 million Options to Ms Halasz, subject to shareholders' approval, following her completing the first full year of service as Chief Executive Officer of MTY. Ms Halasz has completed this condition. Subject to shareholders' approval, Ms Halasz' employment agreement also specifies the issuing of an additional 3 million Options subject to the completion of an acquisition of a new technology or business which, in the directors' assessment, adds significant value to shareholders' assets in MTY. Once Completion of the Intellectual Property Agreement is achieved this hurdle would also be completed.

Maria Halasz' contributions to MTY during her engagement with the company have been tireless and fruitful, and the Board is of the opinion that the issue of these Options to Maria Halasz is reasonable remuneration for her efforts and a good incentive for her to continue to pursue the interests of MTY and its Shareholders in the future. Maria Halasz was absent from, and abstained from voting on, the Board's resolution with respect to this recommendation. In accordance with the Voting Exclusion Statement above, MTY will not count any Shares voted on Resolution 4 by Maria Halasz or any of her associates.

END OF DOCUMENT