

ASX ANNOUNCEMENT

CELLMID SECURES US\$8M FUNDING

Sydney, 15 September 2010: Cellmid Limited (ASX:CDY) and La Jolla Cove Investors, Inc. today signed a funding agreement for the provision of up to US\$8 million over three years. The funding will be provided by way of issuing up to eight Convertible Notes (Notes) with a face value of US\$1 million each.

The funds will be used to accelerate Cellmid's product development including the therapeutic programs for autoimmune diseases, cancer, heart attack and alopecia as well as for advancing the midkine diagnostic portfolio.

La Jolla Cove Investors, Inc. (La Jolla Cove) is a US based private company with investment interests in small to medium size publicly listed companies. Their team has extensive experience in strategic business development of high growth companies and introducing them to the US investment community. It is envisaged that La Jolla Cove will provide their expertise to Cellmid in addition to their funding commitment.

The facility is expected to be a stable source of funding initially in the form of debt. Subsequent Notes will only issue once the previous Notes are either repaid or outstanding to the extent of not more than US\$250,000, so the principal amount of Notes outstanding at any time cannot exceed US\$1,250,000. Drawings in excess of that will have been converted to equity.

The issuing of the Notes, and the shares they may be converted into, will be subject to compliance with ASX Listing Rule 7.1. The first Note will issue shortly using available capacity under Listing Rule 7.1. Subsequent issuing of Notes is effectively conditional on there being sufficient capacity under Listing Rule 7.1 or appropriate shareholder approval.

Additional terms of the funding facility are:

- Drawdown in relation to each Note will be US\$200,000 on issue of the Note and then US\$200,000 per month until fully drawn, subject to compliance with the ASX Listing Rules;
- Each Note will have a repayment term of five (5) years and a 4.75% pa interest will be payable monthly in arrears on unconverted drawdown amounts;
- The conversion price will be the lesser of:
 - the price calculated as a 20% discount to the three lowest daily volume weighted average sale prices of the Company's shares during the 21 days before the conversion date; or
 - AU\$0.09 (for notes issued in the first 12 months) or AU\$0.15 (for notes issued afterwards);

- Conversion of the Notes will be at La Jolla Cove Investors' option, except:
 - during the last three months of the five year term of each Note, when Cellmid may force conversion of any unconverted portion of the Note ; and
 - in the event that on the conversion date the Company's shares trade below a floor price of AU\$0.025 Cellmid may elect to repay the face value of the Note plus a 5% premium together with any unpaid interest;
- The investor's holding as a result of conversion of the Notes will be limited to 9.99% of the issued shares of Cellmid and its overall holding is capped at 20%.

"The La Jolla Cove team helped develop this tailor-made funding agreement, which will service the Company's capital needs during the next three years and will provide us control over the capital structure." said Dr David King, the Chairman of Cellmid.

"La Jolla Cove is extremely excited to team up with Cellmid, a company with such an impressive product portfolio around a novel target, midkine. Given the Company's comprehensive intellectual property assets, midkine's application in both the therapeutic and diagnostic markets and the outstanding team, Cellmid should be poised for extraordinary success." said Malcolm Thompson, Director of La Jolla Cove Investors.

"We look forward to working with the Company's management team to capitalize on current opportunities, identify nascent areas for expansion and take Cellmid to its next stage of development during the coming three years." added Mr Thompson.

"The partnership with La Jolla Cove is important because the funding will secure the commercialisation of our midkine product portfolio. We look forward to working with the La Jolla Cove team and take advantage of their strategic business development and capital markets expertise." said Maria Halasz, CEO of Cellmid.

End

Contact:

Maria Halasz, CEO
M +61 416 008 413

About Cellmid Limited (ASX: CDY)

Cellmid Limited is a biotechnology company listed on the Australian Stock Exchange. The Company is the owner of the most comprehensive intellectual property portfolio around midkine globally. Midkine is a significant novel therapeutic and diagnostic target. It is a native protein expressed during early cancer formation as well as at the onset of a number of inflammatory processes. Cellmid is committed to the commercialisation of its portfolio of therapeutic and diagnostic products.

Investment in biotechnology companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.