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**CELLMID LIMITED**

**ACN 111 304 119**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11am (NST)

**DATE:** Friday 25 November 2011

**PLACE:** Level 6, 40 King 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 MEETING PLEASE DO NOT HESITATE TO CONTACT THE COMPANY SECRETARY ON (02) 9299 0311.*

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Letter from the Chairman

Notice of General Meeting (setting out the proposed resolutions)

Explanatory Statement (explaining the proposed resolutions)

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders of Cellmid Limited to which this Notice of Meeting relates will be held at Level 6, 40 King Street, Sydney NSW 2000 at 11am (NST) on Friday, 25 November 2011.

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the Proxy Form enclosed and return by:

- (a) post to Cellmid Limited, Level 6, 40 King Street Sydney 2000
- (b) facsimile to Cellmid Limited on facsimile number (02) 9299 2198

so that it is received not later than 11am (NST) on Wednesday, 23 November 2011.

**Proxy forms received later than this time will be invalid.**

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**LETTER FROM THE CHAIRMAN**

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Dear Shareholder

I am pleased to invite you to the Annual General Meeting of the Company. The Meeting will be held at the company's offices at Level 6, 40 King Street, Sydney NSW 2000 on Friday, 25 November 2011, commencing at 11am (NST).

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

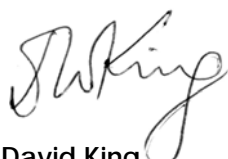
If you have elected to receive a hard copy of the Company's Annual Report, a copy of that Report is enclosed with this letter. A copy of the Company's Annual Report is also now available on the Company's website ([www.cellmid.com.au](http://www.cellmid.com.au)).

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

The Directors believe, subject to any required voting exclusions, that all the Resolutions are in the best interests of the Company and its Shareholders and encourage you to vote in favour of all of them.

I look forward to seeing you at the Meeting on Friday, 25 November 2011. If you are unable to attend please ensure that you fill out and return your proxy form, which is enclosed with this Notice.

Yours sincerely,



**David King**  
Chairman

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of shareholders of Cellmid Limited (**Company**) will be held at the Company's office at Level 6, 40 King Street Sydney at 11am (NST) on Friday, 25 November 2011.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual 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 Annual General Meeting are those who are registered shareholders of the Company on Wednesday, 23 November 2011 at 7pm (NST).

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## AGENDA

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### ORDINARY BUSINESS

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#### FINANCIAL STATEMENTS AND REPORTS

To consider the financial statements of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 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 2011 be adopted.”

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#### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ROBIN BEAUMONT

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

“That Mr Robin Beaumont, who retires in accordance with clause 47 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director.”

### SPECIAL BUSINESS

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#### RESOLUTION 3 – APPROVAL OF ISSUE OF OPTIONS TO SATISFY DIRECTOR'S FEES – ROBIN BEAUMONT

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

“That, for the purpose of ASX Listing Rule 10.11 and all other purposes, the issue of 3,971,962 options over ordinary shares in the capital of the Company to Mr Robin Beaumont (a director of the Company) in satisfaction of directors fees of \$42,499 due and payable to him, be and is approved.”

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#### **RESOLUTION 4 – APPROVAL OF AMENDMENT OF THE CONSTITUTION OF THE COMPANY (CONVERTIBLE PREFERENCE SHARES)**

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

“That the Company's constitution be amended by:

- (i) deleting the existing clause 5 and adding a new clause 5 together with a new Schedule 1 immediately after existing clause 104 on the terms tabled at the meeting, marked with the letter "A" and initialled by the Chairman of the meeting for the purpose of identification;
- (ii) deleting the words 'but only out of profits' from clause 69.1 and the words 'out of profits' from clause 80(a)(1); and
- (iii) replacing all references to 'Medical Therapies Limited' with a reference to 'Cellmid Limited',

such amendments to take effect from the close of the meeting or last adjournment of the meeting at which this resolution is passed.”

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#### **RESOLUTION 5 – APPROVAL FOR RAISING UP TO \$3 MILLION BY THE ISSUING OF ORDINARY SHARES WITHIN THREE MONTHS OF THE DATE OF APPROVAL**

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

“That for the purpose of Listing Rule 7.1 and all other purposes, approval is given for the Company to raise up to \$3 million by the issue of ordinary shares at a price not lower than a 15% 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 Rule 7.3.3), within three months from the date of approval. Related parties will be excluded from participation in an offer the subject of this Resolution 5.”

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#### **RESOLUTION 6 – ADOPTION 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 meeting and marked with the letter "B" and initialled by the Chairman of the meeting for the purpose of identification, be approved and adopted by the Company and that approval be given in accordance with 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 Listing Rule 7.1.”

#### **VOTING EXCLUSION STATEMENTS**

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##### **RESOLUTIONS 1**

As required by the Corporations Act, no member of the Company's key management personnel, details of which are included on page 13 of the Annual Report, or a closely related party of any such member may vote on this Resolution unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on the resolution; and

- (b) the vote is not cast on behalf of any member of the Company's key management personnel or a closely related party of such member.

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### **RESOLUTION 3**

As required by the ASX Listing Rules, the Company will disregard any votes cast on the proposed Resolutions 3 by Mr Robin Beaumont or by any associate of Mr Robin Beaumont. However, the Company need not disregard a vote on Resolution 3 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) 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.

As required by the Corporations Act, no member of the Company's key management personnel or a closely related party of any such member may vote as proxy on Resolution 3 unless:

- (a) the person votes as proxy appointed by writing that specifies how the person is to vote on Resolution 3 and the vote is not cast on behalf of any member of the Company's key management personnel or a closely related party of such member; or
- (b) the person is the chair of the meeting and votes as a proxy appointed by writing that expressly authorises the chair to vote on Resolution 3 even though that resolution is connected with the remuneration of a member of the Company's key management personnel.

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### **RESOLUTION 5**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 5 by a person who may participate in the proposed issue of securities and any person who might benefit from the issue of securities under these resolutions, except a benefit solely in the capacity of a holder of ordinary shares, and an associate of those persons. However, the Company need not disregard a vote on Resolution 5:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) 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.

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### **RESOLUTION 6**

As required by the ASX Listing Rules, the Company will disregard any votes cast on the proposed Resolutions 6 by any Director or by any associate of a Director. However, the Company need not disregard a vote on Resolution 6 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) 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.

As required by the Corporations Act, no member of the Company's key management personnel or a closely related party of any such member may vote as proxy on Resolution 6 unless:

- (a) the person votes as proxy appointed by writing that specifies how the person is to vote on Resolution 6 and the vote is not cast on behalf of any member of the Company's key management personnel or a closely related party of such member; or
- (b) the person is the chair of the meeting and votes as a proxy appointed by writing that expressly authorises the chair to vote on Resolution 6 even though that resolution is connected with the remuneration of a member of the Company's key management personnel.

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## GENERALLY

It is the intention of the Chairman to vote undirected proxies in favour of Resolutions 1, 3, and 6. Unless a shareholder appointing the Chairman (expressly or by default) as proxy indicates another intention by ticking the 'for', 'against' or 'abstain' box on the proxy form, the shareholder's votes will not be counted unless they also tick the second box under 'Step 1' on the proxy form.

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

- (a) appoint the Chairman as proxy with a direction to cast votes contrary to the Chairman's stated voting intentions by instructing the Chairman to vote 'against' or to 'abstain' from voting on these Resolutions under 'Step 2' of the proxy form;
- (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 these Resolutions (as the shareholder considers appropriate); or
- (c) leave the second box under 'Step 1' on the proxy form blank in which case the Chairman will not vote the shares on these Resolutions but in that case, if no other proxy is appointed in place of the Chairman, the shareholders votes on these Resolutions will not be counted.

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**DATED: Wednesday 26 October 2011**

**BY ORDER OF THE BOARD**



**David King**  
**CHAIRMAN**

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## EXPLANATORY STATEMENT

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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 the Company's office, Level 6, 40 King Street Sydney on Friday 25 November 2011 at 11am (NST).

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 the Notice of Meeting.

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## FINANCIAL STATEMENTS AND REPORTS

In accordance with the 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 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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## RESOLUTION 1 – REMUNERATION REPORT

The remuneration report is set out in the Directors' Report on pages 14 to 20 of the Company's 2011 Annual Report.

The Corporations Act requires that at a listed Company's Annual General Meeting a resolution that the remuneration report be adopted must be put to shareholders. However, such a 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 2011. The 2011 Annual Report of the Company (containing the remuneration report) is also available on the Company's website at [www.cellmid.com.au](http://www.cellmid.com.au). A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

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## RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ROBIN BEAUMONT

Clause 47 of the Company's Constitution requires one-third of Directors to retire from office at the Company's annual general meeting. The retiring Director, Robin Beaumont, is eligible for re-election and accordingly submits himself for re-election as a Director of the Company.

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## RESOLUTION 3 – APPROVAL OF ISSUE OF OPTIONS TO SATISFY DIRECTOR'S FEES – ROBIN BEAUMONT

### *Proposal*

As at 30 November 2011, Mr Robin Beaumont, a Director, will be owed \$42,356 in directors fees.

Rather than being paid the amount due in cash, Mr Robin Beaumont has indicated that he is willing to accept options over ordinary shares in the capital of the Company. The Company therefore proposes to issue 3,971,962 options (**Options**) to Mr Robin Beaumont in satisfaction of those director's fees. The terms of the Options are set out further below.



This assists in preserving cash for other product development, research and other working capital purposes.

The total number of shares issued on conversion of the Options, represent 1% of the total issued capital of the Company. This would increase Mr Robin Beaumont's relevant interest in the Company from the existing 0.2% to 1%.

ASX Listing Rule 10.11 requires that an issue or agreement to issue securities to a related party (which includes a director) be approved by ordinary shareholders, unless an exemption applies. As no exemption applies, shareholder approval is sought.

If shareholder approval is given to Resolution 3, approval is not required under Listing Rule 7.1 (limiting issues of shares without ordinary shareholder approval to 15% of the Company's capital unless an exemption applies). Therefore, approval will mean the issue of the shares to Mr Robin Beaumont will not use up any of the Company's capacity to issue shares without shareholder approval under the 15% rule. This enables the Company to retain capacity to take advantage of market conditions to make placements of shares at favourable prices for funding purposes and to give the Company the flexibility to issue or place shares for other purposes from time to time as the Board may consider appropriate.

### ***Listing Rule Information***

- (a) The name of the person to whom the Options will be issued - Mr Robin Beaumont, a Director of the Company.
- (b) The number of Options to be issued – 3,971,962.
- (c) The date by which the Options will be issued – within one month after the date of the meeting at which Resolution 3 is approved.
- (d) The issue price and other terms of issue of the Options are:
  - issue price – effectively \$0.0107 per Option;
  - term – 5 years from the date of grant;
  - exercise price - \$0.03; and
  - the Options are otherwise subject to the same terms as existing options over shares in the capital of the Company.
- (e) Voting exclusion statement - shareholders should refer to the voting exclusion statement in the Notice of Meeting relating to Resolution 3.
- (f) The intended use of the funds raised – as the Options are being issued in satisfaction of directors fees otherwise payable by the Company in cash, no funds are raised by the Company as a result of the issue of Options. As explained above, the issue of the Options preserves cash that would otherwise have been paid out so that it can be used for other purposes including other product development, research and other working capital purposes (as determined by the Board when appropriate).

### ***Recommendation***

The Directors (Mr Robin Beaumont abstaining) recommend that Shareholders vote in favour of Resolution 3.

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## RESOLUTION 4 – APPROVAL OF AMENDMENT OF THE CONSTITUTION OF THE COMPANY (CONVERTIBLE PREFERENCE SHARES)

### *Proposal*

As explained in more detail in relation to Resolution 5 below, the Company is seeking additional funding by a number of means. It is expected one of the forms of funding will be by way of a convertible preference share.

In order for the Company to be able to issue the preference shares now or in the future, the Corporations Act requires that the constitution include provisions relating to the rights that will attach to the preference shares in respect of repayment of capital, participation in surplus assets and profits, cumulative and non-cumulative dividends, voting, and priority of payment of capital and dividends relative to other shares or share classes. The Listing Rules of Australian Securities Exchange or ASX (**ASX**) also require that the preference shares have certain rights.

Therefore, it is proposed to insert into the Company's constitution provisions which deal with the matters set out in the Corporations Act and Listing Rules. This will be done by inserting a replacement clause 5 and a new Schedule 1.

Broadly speaking, and as required by the Listing Rules, the provisions give preference shareholders:

- (a) voting rights:
  - if dividends on the their shares are in arrears;
  - on proposals to reduce capital, approve a buy-back agreement, affecting rights attached to their shares, wind-up the Company, or to dispose of the whole of the Company's property, business and undertaking; and
  - during a winding up of the Company;
- (b) preference over ordinary shares as to dividends;
- (c) preference over ordinary shares as to return of capital on a winding up;
- (d) the same rights as ordinary shareholders to receive notices, reports and audited accounts, and to attend meetings of the Company.

Otherwise, the terms of issue of preference shares from time to time will be as determined by the Directors.

The opportunity is also being taken to:

- (a) replace obsolete references to 'Medical Therapies' and replace them with "Cellmid"; and
- (b) bring the provisions of the constitution into line with changes to the Corporations Act relating to payment of dividends by removing the requirement that they be paid out of profits. Under the Corporations Act, dividends can now be paid by the Company if:
  - the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for payment of the dividend;

- the payment of the dividend is fair and reasonable to the Company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

While the Company does not expect to be in a position to pay dividends on ordinary shares for the foreseeable future, the changes mean there will be no additional requirement for there to be profits on top of the Corporations Act requirements, before dividends can be paid. This change will apply to dividends that might be payable on preference or other types of share financing which may require the payment of dividends as well as to ordinary shares.

### ***Recommendation***

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

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## **RESOLUTION 5 – APPROVAL FOR RAISING UP TO \$3 MILLION BY THE ISSUING OF ORDINARY SHARES WITHIN THREE MONTHS OF THE DATE OF APPROVAL**

### ***Background***

As announced to ASX on 26 October 2011, the Company is undertaking a 1 for 4 rights issue (**Rights Issue**). If fully subscribed, the issue will raise approximately \$2 million. The funds raised will be used for the Company's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012.

It is proposed that additional funds be raised for these purposes by way of a private placement to a number of parties at a price determined by market conditions at the time.

In any event, the Company intends to issue new shares at a discount not greater than 15% to the market price of the Company's ordinary shares over the last 5 days on which sales are recorded before the day on which the shares are issued, in accordance with the Listing Rules.

Related parties will not be able to participate in a capital raising pursuant to this Resolution 5.

### ***Application of Listing Rules***

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to an issue of shares or securities convertible into shares, representing more than 15% of the issued capital of the company in any 12 months period.

There is provision in Listing Rule 7.1 for shareholders to give approval of share and security issues if there is no, or insufficient, capacity under Listing Rule 7.1. Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the above shares (**Approval**). By obtaining the Approval, the Company 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.

### ***Listing Rule Information***

Listing Rule 7.3 requires the Notice of Meeting to include the following information for shareholders consideration in respect of Resolution 5:

- (a) the maximum number of shares that will be issued under this Resolution is not known. However, the maximum number will not be more than the number of shares purchasable with \$3 million at the price(s) per share at which shares are issued;
- (b) the shares will be issued and allotted within 3 months of the date of the meeting, or adjournment of the meeting, at which Resolution 5 is approved;
- (c) the Company intends to issue the new shares at up to a discount of 15% of the price calculated as specified in the Background Information section above;
- (d) the identity of allottee/s has not yet been determined. The identity of the allottee/s will be at the discretion of the Company or in consultation with any broker or bank the Company may engage to assist in placing the shares or both;
- (e) the shares issued will rank equally in all respects with existing ordinary shares;
- (f) the funds raised are intended to be used for the Company's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012; and
- (g) shares will be allotted progressively.

### ***Recommendation***

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

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## **RESOLUTION 6 – ADOPTION OF THE EMPLOYEE INCENTIVE PLAN**

### ***Background***

To attract, motivate and retain key employees, officers and contractors, the Company intends to put in place an employee incentive scheme known as the Cellmid Employee Incentive Plan (**Plan**). The Plan will give Eligible Persons (as defined below) an opportunity to participate in the equity of the Company. As the Plan is new, no shares or option have been issued under the Plan.

### ***Application of Listing Rules***

Listing Rule 7.1 of the ASX 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 Listing Rule 7.2. 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 6 is passed at the Annual General Meeting, the Directors may issue securities under the Plan under Listing Rule 7.2 Exception 9(b) until 25 November 2014.

### ***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 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. There is provision under the Plan for the Company to buy shares on market as an alternative. Listing Rule 10.14 does not apply where securities are purchased on market on behalf of employees or Directors, in accordance with the Plan.
- (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 Director 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 (e.g. the participant ceases to be employed by the Company).
- (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 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 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 or other conditions contained in the offer document.
- (p) The Plan Rules must comply with the requirements under the Listing Rules of ASX and the Corporations Act from time to time.
- (q) Any amendment to the Plan Rules will also be subject to the requirements of the Listing Rules of ASX 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 with the Company Secretary.

Voting restrictions in respect of this resolution are set out in the notice of meeting, which this explanatory statement accompanies.

Shareholders should refer to the voting exclusion statement in the Notice of Meeting to Resolution 6.

### ***Recommendation***

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

# Cellmid Limited

ACN 111 304 119

FOR ALL ENQUIRIES CALL:  
+61 2 9299 0311

FACSIMILE  
+61 2 9299 2198

## Name and Address

ALL CORRESPONDENCE TO:  
Cellmid Limited  
Level 6, 40 King Street  
Sydney NSW 2000 Australia

### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. **Please note, you cannot change ownership of your securities using this form.**

## YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 11.00 am on Wednesday 23 November 2011

## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities 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 securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, 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.

### STEP 3 Sign the Form

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders must sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **11.00am on Friday, 25 November 2011**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged:

**BY MAIL -** Cellmid Limited,  
Level 6, 40 King Street  
Sydney NSW 2000 Australia

**BY FAX -** + 61 2 9299 2198

**IN PERSON -** Cellmid Limited,  
Level 6, 40 King Street  
Sydney NSW 2000 Australia

### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Cellmid Limited**

- <Address 1>
- <Address 2>
- <Address 3>
- <Address 4>
- <Address 5>
- <Address 6>

**STEP 1 - Appointment of Proxy**

I/We being a member/s of **Cellmid Limited** and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Cellmid Limited to be held at Level 6, 40 King Street, Sydney, NSW 2000 on Friday the 25<sup>th</sup> of November 2011 at 11.00 am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Important note for Resolutions 1, 3, 5 and 6 – If the Chairman of the Meeting is your proxy or is appointed as your proxy by default**

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1, 3, 5 and 6 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1, 3, 5 and 6, the Chairman of the Meeting will not cast your votes on Resolutions 1, 3, 5 and 6 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box immediately below (in which case the Chairman of the Meeting will vote in favour of Resolutions 1, 3, 5 and 6).

**The Chairman of the Meeting intends to vote all available undirected proxies in favour of Resolutions 1, 3, 5 and 6**

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 1, 3, 5 and 6 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1, 3, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

**STEP 2 - Voting directions to your Proxy – please mark  to indicate your directions**

Ordinary Business		For	Against	Abstain*
Resolution 1	Adopt the Remuneration Report for year end 30 June 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-elect Robin Beaumont as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approve issue of options to Robin Beaumont in lieu of director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approve amendment of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve issue of ordinary shares to raise up to \$3,000,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adopt the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3 - PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<b>Sole Director and Sole Company Secretary</b>	<b>Director</b>	<b>Director/Company Secretary</b>

Contact Name ..... Contact Daytime Telephone ..... Date / / 2011