

## **ASX Announcement**

### **Cellmid Announces 1 for 4 Non-Renounceable Rights Issue**

Cellmid Limited (ASX: CDY) today launched a 1 for 4 non-renounceable rights issue to raise approximately A\$1,685,000 (before transaction costs).

The net funding will be used for Cellmid's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012, and for general working capital.

Managing Director Maria Halasz said:

"Cellmid has achieved significant milestones recently including CE marking our gold standard midkine cancer diagnostic test and humanizing our 'first in class' antibody for the treatment of inflammatory diseases. The Company is at an exciting period transitioning from pre-clinical to clinical stage with high value antibody drugs and with multiple applications in its pipeline. Cellmid is also expecting near term revenue from its cancer diagnostic and alopecia businesses. We are delighted to offer shareholders the opportunity to participate in the current rights issue during this prosperous period of the business."

#### **Overview**

Under the rights Issue, eligible shareholders with registered addresses in Australia and New Zealand will be entitled to apply for 1 new share for every 4 shares held at the record date of 7 pm (Sydney time) on 7 November 2011. The issue price is A\$0.017 per new share.

This represents a 15% discount to the average closing price of Cellmid shares for the preceding 14 day period.

All new shares will rank equally with existing Cellmid shares from the date of issue.

Eligible shareholders who take up their full entitlement will be able to apply for additional shares from the rights issue shortfall (if any). There is no guarantee that applicants for shortfall shares will receive all or any of the shortfall shares applied for. The Directors reserve the right to issue the shortfall shares at their discretion to eligible shareholders who have applied for additional shares or any new investors.

### Indicative Timetable

Record date to determine rights issue entitlements	7 pm (Sydney time) on 7 November 2011
Dispatch of offer document to Shareholders completed	9 November 2011
Rights issue opens	9 am (Sydney time) on 9 November 2011
Rights issue closes	5 pm (Sydney time) on 24 November 2011
Deferred settlement trading begins	25 November 2011
ASX notified of under subscriptions	29 November 2011
Issue of rights issue shares and dispatch of holding statements	2 December 2011
Normal trading of rights issue shares starts	5 December 2011

Note: dates and times are indicative only and subject to change. Subject to compliance with the ASX Listing Rules, Cellmid reserves the right to: (i) not proceed with the rights issue and return any applications moneys received without interest; or (ii) vary the dates and times above including closing the offer earlier or later.

### Offer Documents

Further details about the rights issue, including how eligible shareholders may apply for their entitlement, will be set out in an offer document a copy of which is included here and which is to be sent to eligible shareholders on or about 9 November 2011.

Copy of correspondence to be sent to shareholders and option holders in the meantime about the rights issue will follow this announcement together with a notice under the Corporations Act 2001.

### Further Information

For further information please contact:

Maria Halasz, CEO

T +612 9299 0311

Cellmid Limited

**ASX Announcement**

**Cellmid 1 for 4 Non-Renounceable Rights Issue**

**Notice under Section 708AA(2)(f) of the Corporations Act 2001**

Cellmid Limited (**Cellmid**) is to undertake a non-renounceable rights issue of approximately [99,158,532] ordinary shares to its shareholders on the basis of an entitlement to subscribe for 1 ordinary share for every 4 shares held as at the record date of 7 pm (Sydney time) on 7 November 2011 with each such share being issued at an issue price of \$0.017 to raise a total of approximately \$1,685,000. Cellmid states, in compliance with the requirements of section 708AA(7) of the Corporations Act 2001 as modified by ASIC Class Orders [CO 07/571] and [Co 08/35] (**Act**), that it will offer the shares for issue without disclosure to investors under Part 6D.2 of the Act and that this notice is given to ASX Limited aka Australian Securities Exchange (**ASX**) under paragraph 708AA(2)(f) of the Act.

Cellmid advises:

- (a) the shares will be offered under a rights issue or related issue;
- (b) the shares are in a class of securities, being fully paid ordinary shares, that are quoted securities at the time at which the offer is made;
- (c) trading on the stock market conducted by ASX in that class of securities referred to in (b) above (being the fully paid ordinary shares in the capital of Cellmid) was not suspended for more than a total of five days during the shorter of the following periods:
  - (1) the period during which the class or securities is quoted;
  - (2) the period of 12 months before the day on which the offer is made;
- (d) no exemption under sections 111AS or 111AT of the Act covered Cellmid, or any person as director or auditor of Cellmid, at any time during the relevant period referred to in paragraph (c);
- (e) no order under sections 340 or 341 of the Act (other than ASIC Class Orders [CO 98/100], [CO 98/101], [CO 98/104], [CO 98/1418], [CO 98/2395], [CO 99/90], [CO 00/2449], [CO 05/83], [CO 05/637], [CO 05/642], [CO 05/644], [CO 05/910], or [CO 06/441]) covered Cellmid, or any person as a director or auditor of Cellmid, at any time during the relevant period referred to in paragraph (c); and
- (f) as at the date of this notice, Cellmid has complied with:
  - (1) the provisions of Chapter 2M of the Act as they apply to Cellmid; and
  - (2) section 674 of the Act.

As at the date of this notice there is no excluded information being information:

2.

- (a) that has been excluded from a continuous disclosure notice in accordance with the Listing Rules of ASX; and
- (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of Cellmid; or
  - (2) the rights and liabilities attaching to the shares or generally to the ordinary shares in the capital of Cellmid.

The Directors of Cellmid do not believe that the issue will have an impact on the control of Cellmid.

The terms and expression given a meaning in the Act and not given a meaning in this notice, having the same meaning when used in this notice as given to them in the Act.

Dated 26 October 2011



Maria Halasz  
Cellmid Limited

# **Cellmid Limited**

ABN 69 111 304 119

## **Offer Document**

DETAILS OF A ONE FOR FOUR NON-RENOUNCEABLE OFFER OF CELLMID LIMITED  
ORDINARY SHARES AT AN OFFER PRICE OF \$0.017 PER NEW SHARE.

ACCEPTANCE AND PAYMENT MUST BE RECEIVED BY 5.00 PM SYDNEY TIME ON  
24 NOVEMBER 2011

This Offer Document is to be read in conjunction with the Entitlement and Acceptance Form accompanying it. If you are in any doubt about how to deal with your Entitlements, please consult your professional adviser without delay.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS.

## Summary of important dates for the Offer

<b>Event</b>	<b>Date</b>
Announcement of Offer and lodgment of Appendix 3B	26 October 2011
Record Date for the Offer	7.00 pm (Sydney time) on 7 November 2011
Dispatch of offer document to Shareholders completed	9 November 2011
Offer opens	9.00 am (Sydney time) on 9 November 2011
Offer closes (Closing Date)	5.00 pm (Sydney time) on 24 November 2011
Deferred settlement trading begins	25 November 2011
ASX notified of under subscriptions	29 November 2011
Allotment of New Shares under the Offer and dispatch of holding statements	2 December 2011
Normal trading of New Shares expected to commence on ASX	5 December 2011

Note: Cellmid reserves the right, subject to the Corporations Act, Listing Rules and other applicable laws to vary the dates set out above, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.

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## Important information

This Offer Document is dated 26 October 2011.

ASIC and ASX take no responsibility for the contents of this Offer Document.

This is an Offer Document for an Offer of continuously quoted securities of Cellmid as defined by the Act and has been prepared in accordance with section 708AA of the Act and ASIC Class Order 08/35. Section 708AA and ASIC Class Order 08/35 relate rights issues that do not require the issue of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a prospectus. Eligible Shareholders should therefore rely on their own knowledge of Cellmid, refer to disclosures already made by it to ASX and consult their legal, financial and other professional advice before deciding whether to take up their Entitlement.

Shareholders can obtain a copy of this Offer Document during the period of the Offer on the Cellmid website at [www.cellmid.com.au/](http://www.cellmid.com.au/).

This Offer Document and the Entitlement and Acceptance Form require your attention and should be read in their entirety.

Capitalised terms used in this Offer Document have the meanings given to them in the Glossary in Section 6.

## Forward Looking Statements

Some statements in this Offer Document are in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events.

Some statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed as implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Offer Document reflect views held only as at the date of this Offer Document and Cellmid assumes no obligation to update such information.

## Non-offers

This Offer does not constitute an offer in any place in which, or to any person to who, it would not be lawful to make such an offer.

The Offer Document and the Entitlement and Acceptance Form, do not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this Offer Document nor anything contained in it will form the basis of any contract or commitment. In particular, this Offer Document and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US person. None of this Offer Document or the Entitlement and Acceptance Form may be distributed to or released in the United States or to any US persons. Neither the Entitlements nor New Shares offered under the Offer have been, or will be, registered under the US Securities Act of 1993 (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a US person. The New Shares may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, a US person except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

## Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Document.

Any information or representation that is not in this Offer Document may not be relied on as having been authorised by Cellmid, or its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required, none of Cellmid or any other person, warrants or guarantees the future performance of Cellmid or any return on any investment made pursuant to this Offer Document.

## Enquiries

If you have any questions, please contact Cellmid via its website ([www.cellmid.com.au](http://www.cellmid.com.au)) or using the contact details set out in the section headed 'Corporate directory'.



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## Chairman's letter



26 October 2011

Dear Shareholder

Your directors have pleasure in providing you with the opportunity to participate in a one for four non-renounceable rights issue of New Shares at a price of \$0.017 per New Share (**Offer Price**).

Cellmid has achieved significant milestones recently including CE marking its gold standard midkine blood test and humanizing its 'first in class' anti-Mk antibody.

Today, Cellmid announces its intention to raise approximately \$1,685,000 through a non-renounceable rights issue. Proceeds from the rights issue will be used for Cellmid's product development including preparing its humanized anti-midkine antibody to enter clinical development and to provide general working capital.

The Offer Document and the accompanying Entitlement and Acceptance Form contain information about the Offer and how you may participate.

As the Offer is non-renounceable, your Entitlements will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value for those Entitlements that they do not take up.

The Offer closes at 5.00 pm (Sydney time) on 24 November 2011 (**Closing Date**). To participate, you need to ensure that you have completed your personal Entitlement and Acceptance Form and lodged it along with your cheque, bank draft or money order in the required amount with the Share Registry, before the Closing Date.

If you have any questions about the Offer or whether investment in Cellmid is right for you, I encourage you to consult your legal, taxation or other professional adviser before making a decision in respect of your Entitlements.

Your directors look forward to your support of this Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "D King".

**Dr David King**  
Chairman

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## **1. Details of the Offer**

### **1.1 The Offer**

Cellmid is making a non-renounceable offer of one New Share for every four Shares held by Eligible Shareholders on the Record Date.

The Offer is being made to Eligible Shareholders at the Offer Price of \$0.017 per New Share.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

The Closing Date, being the time by which you can take up your Entitlement, is 5.00 pm (Sydney time) on 24 November 2011.

### **1.2 Fractional Entitlements**

Fractional Entitlements to New Shares will be rounded down to the nearest whole number.

### **1.3 Purpose of the Offer**

The purpose of the Offer is to raise capital to fund the Company's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012, and to provide general working capital.

### **1.4 No Entitlements trading**

Your Entitlement is non-renounceable and cannot be traded on ASX or any other exchange nor can they be privately transferred. If you do not take up your Entitlement, it will lapse.

### **1.5 Shortfall**

The Directors of Cellmid reserve the right to allot, at their discretion, any Shortfall Shares to Eligible Shareholders who have subscribed for New Shares in addition to their Entitlement or any other potential investors, within three months of the Closing Date.

### **1.6 ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document has been made on the date of this Offer Document. If ASX does not grant quotation for the New Shares, Cellmid will not allot the New Shares and all Application Money will be returned with interest.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of Cellmid or the New Shares offered for subscription under this Offer.

### **1.7 Issue and dispatch**

The expected dates for issue of the New Shares offered under this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the timetable set out at the beginning of this Offer Document.

## **1.8 Rights attaching to New Shares**

New Shares will rank equally with all existing Shares. The rights attaching to Shares are set out in Cellmid's constitution, a copy of which can be obtained from Cellmid.

## **1.9 Ineligible shareholders**

This Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Unless otherwise agreed with Cellmid, the Offer is not being extended to, and New Shares will not be allotted to, Shareholders with a registered address which is outside Australia or New Zealand.

Cellmid is of the view that it is unreasonable to extend the Offer to Shareholders whose address on the share register is a place other than in Australia or New Zealand having regard to:

- the small number of such Shareholders;
- the number and value of New Shares which would be offered to such Shareholders; and
- the cost of complying with the legal requirements and requirements of the regulatory authorities in the respective overseas jurisdictions.

Unless otherwise agreed with Cellmid, envelopes containing an Entitlement and Acceptance Form should not be postmarked or otherwise sent from any place other than Australia or New Zealand. Cellmid reserves the right to treat as invalid any Entitlement and Acceptance Form that:

- appears to Cellmid or its agents to have been executed in or sent from a place other than Australia, or New Zealand; or
- provides an address in a place other than Australia or New Zealand.

Beneficial Shareholders not resident in Australia or New Zealand should consult their professional advisers to determine whether any government or other consents are required or formalities need to be observed to allow them to take up their Entitlement.

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## **2. Action required by Eligible Shareholders**

### **2.1 Your Entitlements**

Your Entitlements are set out on your personalised Entitlement and Acceptance Form, calculated on the basis of one New Share for every four Shares you held at the Record Date. If you have more than one holding of Shares, you will be sent a personalised Entitlement and Acceptance Form for each holding. You may take up your Entitlement in whole, in part or otherwise allow it to lapse.

### **2.2 If you wish to take up your Entitlements in whole or in part**

If you decide to take up all or part of your Entitlements please complete the Entitlement and Acceptance Form as instructed on the form. Send your completed form together with your cheque, money order or bank draft for the amount shown on the form to reach the Share Registry before the Closing Date. A reply paid envelope is provided for your use.

Cellmid will treat you as applying for as many New Shares as your payment will pay for in full.

### **2.3 If you wish to subscribe for New Shares in addition to your Entitlement**

If you wish to apply for any Shortfall Shares, indicate the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form and send your completed Entitlement and Acceptance Form, together with a cheque, money order or bank draft in the amount of the Application Money for your Entitlement and the Shortfall Shares you have applied for, to the Share Registry before the Closing Date. A reply paid envelope is provided for your use.

The Directors reserve the right to allot any Shortfall Shares at their discretion. Depending on the appetite for Shortfall Shares or if the Directors exercise their discretion, you may not receive the number of Shortfall Shares that you applied for. Any surplus Application Money will be returned in full and without interest.

Cellmid will treat you as applying for as many New Shares as your Application Money will pay for in full.

### **2.4 If you do not take up your Entitlements**

If you choose not to take up your Entitlements you will not be allocated New Shares and your Entitlements will lapse. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

### **2.5 Payment by cheque, bank draft or money order**

Your cheque, money order or bank draft must be:

- for an amount equal to the Application Money payable in respect of the number of New Shares (including Shortfall Shares, if any) applied for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- payable to "Cellmid Entitlement Offer" and crossed "Not Negotiable".

If the amount of your cheque for Application Money (or the amount of which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares (including Shortfall Shares, if any) you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, Cellmid reserves the right to not accept such application.

Any Application Money received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date. No interest will be paid to Shareholders on any Application Money received or refunded.

Cash payments will not be accepted. Receipt for payment will not be issued.

## **2.6 Mail**

To participate your payment must be received no later than the close of the Offer, 5.00 pm (Sydney time) on the Closing Date. Eligible Shareholders who wish to participate in the Offer must mail their completed personalised Entitlement and Acceptance Form together with Application Money to:

**Cellmid Limited**

Level 6  
40 King Street  
SYDNEY NSW 2000

## **2.7 Brokerage, commission and stamp duty**

No brokerage, commission or stamp duty is payable by Eligible Shareholders who take up New Shares under the Offer.

## **2.8 Taxation, financial and social security**

There may be taxation, financial or social security implications with participating in the Offer and receiving New Shares. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares under the Offer or the subsequent disposal of any New Shares allotted and issued under the Offer. If you have any doubts about the taxation, financial or social security consequences of participating in the Offer, you should consult your legal, taxation or other professional adviser before making any decision in respect of your Entitlement. Cellmid, its advisers and officers do not accept any responsibility or liability for any taxation, financial or social security consequences to persons who take up New Shares.

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### 3. Impact of the Offer

#### 3.1 Capital structure

The capital structure of Cellmid immediately prior to the date of this Offer Document and the impact of the Offer on the capital structure of Cellmid are set out in the table below:

	Number of Shares	Number of Options
<b>Immediately before the date of this Offer Document</b>	396,634,129	34,552,001
<b>To be issued under the Offer</b>	99,158,532	Nil
<b>Balance after completion of the Offer</b>	495,792,661*	34,552,001

\*Assumes all New Shares offered under the Offer are taken up and no options are exercised before the Record Date

#### 3.2 Control of Cellmid

The Directors do not expect that the Offer will have an impact on the control of the Cellmid.

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## **4. Risks**

You should read the information in this Offer Document carefully and in its entirety before deciding whether to invest in New Shares. Applicants should read the whole of this Offer and carefully consider the following non exhaustive risk factors before any decision is made to subscribe for New Shares.

### **4.1 Nature of investment**

Cellmid has the risks of a developing biotechnology company and should be regarded as a speculative investment. Cellmid's value is subject to risk factors both specific to Cellmid's business and those of a general nature and could be materially and adversely affected. Cellmid's shares could decline in value and investors could lose part or all of their investments. Some factors may be mitigated by appropriate commercial action, but others may be outside of the control of Cellmid. The New Shares carry no guarantee with respect to profitability, dividends or capital return.

### **4.2 Business Risks**

Not all of Cellmid's products have obtained all requisite regulatory approvals and Cellmid will require regulatory approvals for some of its products. Cellmid's ability to generate revenues in the future will be subject to a number of factors, including successful clinical trials of its existing and new products, regulatory approvals, establishing and maintaining licensing and collaboration arrangements, market acceptance, adequate market uptake and achieving satisfactory sales margins. There can be no guarantee that Cellmid's products will be successful in the market. The development and clinical testing of some of Cellmid's products can take a long time and may be unsuccessful.

Cellmid, pharmaceutical alliance partners, or governmental authorities may suspend sales of its products in the future for a variety of reasons including safety, regulatory or market concerns. Although such events are not uncommon in the pharmaceutical industry, any significant sales suspension could have a material adverse effect on Cellmid's revenues, its reputation and the acceptance of its products.

### **4.3 Adequacy of Funding**

The proceeds of the Offer are intended to be used in the manner set out in this document. Although the funds raised under this Offer are expected to be sufficient to meet Cellmid's short term financial requirements, Cellmid will require further funding in order to fully develop its products and to obtain the necessary regulatory approvals.

### **4.4 Competition**

Cellmid may face competition from the other companies who are also developing therapies and diagnostic tests targeting the clinical indications that Cellmid is targeting.

### **4.5 Intellectual property**

No assurance can be given that the value of the Company's intellectual property rights will be completely protected, or the Company's current competitive position maintained by the legal protection afforded by a combination of copyright, trade secrecy laws, patent, confidentiality and other intellectual property rights. No assurance can be given that the third parties will not challenge Cellmid's ownership of, or the rights of Cellmid to, the intellectual property rights, or

that if Cellmid is required to obtain a licence from a third party as a result of any infringement dispute, Cellmid will be able to obtain such licences. Cellmid's ability to market its products may be impaired by the intellectual property rights of third parties. The drug development industry is characterised by a large number of patents, patent filings and frequent litigation based on allegations of patent infringement. Cellmid is not aware of any patents potentially adverse to Cellmid's interests that may have been issued to others but it cannot guarantee that they do not exist.

#### **4.6 Regulatory Authority Approvals**

Before Cellmid can market any of its therapeutic products in a particular jurisdiction, it needs to obtain approval from the relevant regulatory authority in that jurisdiction which is a lengthy, expensive and uncertain process. There can be no assurance that regulatory approvals will be provided for a product.

#### **4.7 Changes in legislation and government regulations**

Changes to legislation or government policy in Australia and overseas, including changes to the taxation systems, may affect future earnings and the relative attractiveness of investing in Cellmid.

#### **4.8 Prospective Information**

There can be no guarantee that the assumptions on which the financial forecasts, feasibility study and development strategies of the Board, or those upon which Cellmid bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts, feasibility studies and development strategies depend on various factors many of which are outside the control of Cellmid.

The general economic and political climate in which Cellmid operates and other events outside the control of Cellmid may also have an impact upon the future performance of Cellmid.

#### **4.9 Reliance on Key Personnel**

The success of Cellmid is dependent on the ability of Cellmid to retain key employees. Cellmid is heavily reliant upon the skills of its scientists and senior management. The loss of any key personnel may have an adverse material effect on Cellmid's ability to conduct its product development activities.

#### **4.10 Economic conditions**

Economic conditions in Australia and globally may affect the performance of Cellmid. Factors such as currency fluctuations, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs as they apply to Cellmid. Cellmid's future possible revenues and costs can be affected by these factors all of which are beyond the control of Cellmid or the Directors. Neither Cellmid nor the Directors warrant or guarantee the future performance of Cellmid or any return on an investment in Cellmid.

#### **4.11 Taxation risk**

Variations in the taxation laws of Australia and other jurisdictions in which Cellmid will operate could materially affect Cellmid's financial performance. Interpretation of taxation laws could change, leading to a change in taxation treatment of investments or activities.



The above list of risk factors ought not to be taken as exhaustive of the risks faced by Cellmid or by investors in Cellmid. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Cellmid and the value of the New Shares.

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## 5. Additional information

### 5.1 Interests of Directors

The number of Shares held by each of the Directors as at the date of this Offer Document is set out in the table below. Each of the Directors have indicated that they do not intend to take up such number New Shares which would have an impact on the control of Cellmid..

Directors	Number of Shares held	Voting power (expressed as a percentage)
Dr David King	13,476,669	3.4%
Maria Halasz	1,765,000	0.5%
Robin Beaumont	700,000	0.2%

### 5.2 Optionholders

Existing holders of options over Shares will not be entitled to participate in the Offer unless they:

- have become entitled to exercise their existing options under the terms of their issue and do so prior to the Record Date; and
- participate in the Offer as a result of being a holder of Shares (whether on exercise of options held or otherwise) registered on the register of Cellmid on the Record Date.

### 5.3 Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws of the State of New South Wales, Australia. Each Shareholder that applies for New Shares submits to the non-exclusive jurisdiction of the Courts of the State of New South Wales, Australia and the Courts of appeal from them.

### 5.4 Privacy

As a Shareholder, Cellmid and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Cellmid and the Share Registry may update that personal information or collect additional personal information from you. Such information will be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Access to this information may be provided to Cellmid's agents and service providers on the basis that they deal with such information in accordance with the Privacy Act 1988 (Cth).

If you are paying by bank draft, cheque or money order and do not provide the information required on the Entitlement and Acceptance Form, Cellmid may not be able to accept or process your form.

Under the Privacy Act, you may request access to your personal information held by or on behalf of Cellmid or the Share Registry. You can request access to your personal information by contacting the Share Registry. A fee may be charged to access to your personal information.

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## 6. Glossary

<b>\$</b>	Australian dollars
<b>Application Money</b>	The Offer Price multiplied by the sum of the number of New Shares to be accepted and Shortfall Shares applied for (if any)
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the financial market operated by it (as the context requires)
<b>Cellmid</b>	Cellmid Limited ABN 69 111 304 119
<b>Closing Date</b>	5.00 pm (Sydney time) on 24 November 2011
<b>Director</b>	A director of Cellmid
<b>Corporations Act</b>	The Corporations Act 2001 (Commonwealth)
<b>Eligible Shareholder</b>	A Shareholder at the Record Date who is not an Ineligible Shareholder
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form enclosed with this Offer Document
<b>Entitlements</b>	The number of New Shares that a Shareholder is eligible to apply for under the Offer based on the number of Shares held by that Shareholder on the Record Date
<b>Ineligible Shareholder</b>	A Shareholder described in section 1.9
<b>Listing Rules</b>	The Listing Rules of ASX
<b>New Share</b>	A new fully paid ordinary share in the capital of the Company to be issued under the Offer
<b>Offer</b>	The offer of New Shares to Eligible Shareholders under this Offer Document
<b>Offer Document</b>	This Offer Document dated 26 October 2011
<b>Offer Price</b>	\$0.017 per New Share
<b>Record Date</b>	7.00 pm (Sydney time) 7 November 2011
<b>Shareholder</b>	A holder of Cellmid Shares
<b>Share Registry</b>	Boardroom Pty Limited ABN 14 003 209 836
<b>Shares</b>	Fully paid ordinary shares in the capital of Cellmid

**Shortfall Shares**

New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders pursuant to their Entitlement

## Corporate directory

### Directors

Dr David King, Chairman and Non-Executive Director

Maria Halasz, Managing Director and CEO

Robin Beaumont, Non-Executive Director

### Company Secretary

Nicholas Falzon

### Registered office

Level 6  
40 King Street  
SYDNEY NSW 2000  
Telephone: (02) 9299 0311  
Facsimile: (02) 9299 2198  
Website: [www.cellmid.com.au](http://www.cellmid.com.au)

### Share registry

Boardroom Pty Limited  
Level 7  
207 Kent Street  
SYDNEY NSW 2000  
Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

### Auditor

PKF  
Level 10  
1 Margaret Street  
SYDNEY NSW 2000

### Lawyers

Piper Alderman  
Level 23  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000



26 October 2011

Dear Optionholder

**Cellmid Limited (Cellmid) – 1 for 4 Underwritten Non Renounceable Pro Rata Rights Issue**

Cellmid today announced that it will be making a 1 for 4 pro rata non renounceable rights issue at an issue price of \$0.017 per new share.

The purpose of the rights issue is to raise approximately \$1,685,000 for Cellmid's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012, and for general working capital.

Under the terms and conditions of the options that you currently hold, there is no entitlement to participate in the rights issue. If you wish to participate, and your options are exercisable, you must exercise those options (or part of those options) allowing sufficient time for Cellmid to allot and issue your shares such that you are on Cellmid's register of shareholders by 7 pm (Sydney time) on 7 November 2011.

It is not compulsory to exercise your options (even if they are exercisable). If you do wish to exercise your options, you may do so by completing all of the steps required by the terms and conditions of those options, including payment of the relevant exercise price.

Exercise of options may have taxation, financial and social security implications. If you are in any doubt as to whether and how to deal with your options, you should contact your stockbroker or other professional adviser.

Yours sincerely

A handwritten signature in black ink that reads "Maria Halasz".

Maria Halasz  
Cellmid Limited

26 October 2011

Dear Shareholder

**Cellmid Limited (Cellmid) – 1 for 4 Non Renounceable Pro Rata Rights Issue**

Cellmid announced on 26 October 2011 a 1 for 4 non renounceable pro rata rights issue at an issue price of \$0.017 per share to raise approximately \$1,685,000 (before transaction costs).

The net proceeds of the rights issue will be used primarily for Cellmid's product development programs including its anti-midkine antibody program which is currently being prepared for clinical trials in late 2012, and for general working capital.

You will receive a copy of the offer document shortly. In accordance with section 708AA of the Corporations Act 2001, a prospectus is not required for this rights issue.

Holders of options that are exercisable may exercise their options prior to the record date to participate in the Rights Issue. Option holders have been given notice of this right.

**Details of the rights issue are set out in the offer document and Appendix 3B lodged with ASX and are available on Cellmid's website ([www.cellmid.com.au](http://www.cellmid.com.au)).**

Summary of Key Information	
Type of offer	Non renounceable pro rata 1 for 4 rights issue of approximately 99,158,532 ordinary shares to shareholders with registered addresses in Australia and New Zealand as at the record date
Offer price	\$0.017 per new share
Offer ratio	1 new share for every 4 existing shares held at the record date. Fractional entitlements will be rounded down to the nearest whole number
Ranking of new shares	The new shares will be fully paid and will rank equally in all respects with Cellmid's existing issued ordinary shares
Number of shares quoted on ASX	The number of ordinary shares to be quoted on ASX on completion of the rights issue will be approximately 495,792,661



**Indicative Timetable**

Record date to determine rights issue entitlements	7 pm (Sydney time) on 7 November 2011
Dispatch of offer document to Shareholders completed	9 November 2011
Rights issue opens	9 am (Sydney time) on 9 November 2011
Rights issue closes	5 pm (Sydney time) on 24 November 2011
Deferred settlement trading begins	25 November 2011
ASX notified of under subscriptions	29 November 2011
Issue of rights issue shares and dispatch of holding statements	2 December 2011
Normal trading of rights issue shares starts	5 December 2011

Note: dates and times are indicative only and subject to change. Subject to compliance with the ASX Listing Rules, Cellmid reserves the right to: (i) not proceed with the rights issue and return any applications moneys received without interest; or (ii) vary the dates and times above including closing the offer earlier or later.

For further information of your entitlement or how to deal with your rights please refer to the offer document or contact the Company:

Cellmid Limited  
 Level 6, 40 King Street  
 SYDNEY NSW 2000  
 Email: [info@cellmid.com.au](mailto:info@cellmid.com.au)  
 Telephone: +61 2 9299 0311

Taking up your rights may have taxation, financial and social security implications. If you are in any doubt as to how to deal with your rights, you should contact your stockbroker or other professional adviser.

Yours sincerely



Maria Halasz  
 Cellmid Limited

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

<b>Name of entity:</b>	CELLMID LIMITED
<b>ABN:</b>	69 111 304 119

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |                            |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares            |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 99,158,532                 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

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+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	Yes
	<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	
5	Issue price or consideration	\$0.017 each
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Non-Renounceable Rights Issue
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	2 December 2011

8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="703 1267 970 1301">Number</th> <th data-bbox="978 1267 1426 1301">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="703 1305 970 1335">495,792,661</td> <td data-bbox="978 1305 1426 1335">ORD FULLY PAID</td> </tr> </tbody> </table>	Number	+Class	495,792,661	ORD FULLY PAID																				
Number	+Class																									
495,792,661	ORD FULLY PAID																									
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="703 1458 970 1491">Number</th> <th data-bbox="978 1458 1426 1491">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="703 1532 970 1561">499,995</td> <td data-bbox="978 1532 1426 1561">OPT 18c Exp 8.01.2012</td> </tr> <tr> <td data-bbox="703 1565 970 1594">50,000</td> <td data-bbox="978 1565 1426 1594">OPT 30c Exp 8.01.2012</td> </tr> <tr> <td data-bbox="703 1599 970 1628">5,000,000</td> <td data-bbox="978 1599 1426 1628">OPT 5.735c Exp 15.06.2013</td> </tr> <tr> <td data-bbox="703 1632 970 1662">6,050,000</td> <td data-bbox="978 1632 1426 1662">OPT 3c EXP 8.05.2012</td> </tr> <tr> <td data-bbox="703 1666 970 1695">5,250,000</td> <td data-bbox="978 1666 1426 1695">OPT 5c EXP 1.06.2014</td> </tr> <tr> <td data-bbox="703 1700 970 1729">5,002,006</td> <td data-bbox="978 1700 1426 1729">OPT 3c EXP 1.07.2014</td> </tr> <tr> <td data-bbox="703 1733 970 1762">7,000,000</td> <td data-bbox="978 1733 1426 1762">OPT 5.6c EXP 20.11.2014</td> </tr> <tr> <td data-bbox="703 1767 970 1796">2,000,000</td> <td data-bbox="978 1767 1426 1796">OPT 3.5c EXP 20.11.2014</td> </tr> <tr> <td data-bbox="703 1800 970 1830">600,000</td> <td data-bbox="978 1800 1426 1830">OPT 6.2c EXP 19.02.2015</td> </tr> <tr> <td data-bbox="703 1834 970 1863">3,000,000</td> <td data-bbox="978 1834 1426 1863">OPT 5.0c EXP 01.06.2014</td> </tr> <tr> <td data-bbox="703 1868 970 1897">100,000</td> <td data-bbox="978 1868 1426 1897">OPT 10c EXP 15.11.2015</td> </tr> </tbody> </table>	Number	+Class	499,995	OPT 18c Exp 8.01.2012	50,000	OPT 30c Exp 8.01.2012	5,000,000	OPT 5.735c Exp 15.06.2013	6,050,000	OPT 3c EXP 8.05.2012	5,250,000	OPT 5c EXP 1.06.2014	5,002,006	OPT 3c EXP 1.07.2014	7,000,000	OPT 5.6c EXP 20.11.2014	2,000,000	OPT 3.5c EXP 20.11.2014	600,000	OPT 6.2c EXP 19.02.2015	3,000,000	OPT 5.0c EXP 01.06.2014	100,000	OPT 10c EXP 15.11.2015
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100,000	OPT 10c EXP 15.11.2015																									
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A																								

## Part 2 -Bonus issue or pro rata issue

- |    |   |  |
|----|---|--|
| 11 | Is security holder approval required?   |  |
| 12 | Is the issue renounceable or non-renounceable?  |  |
| 13 | Ratio in which the +securities will be offered  |  |
| 14 | +Class of +securities to which the offer relates  |  |
| 15 | +Record date to determine entitlements  |  |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  |  |
| 17 | Policy for deciding entitlements in relation to fractions   |  |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations  |  |
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |

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+ See chapter 19 for defined terms.

- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee

## Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 

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+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

### Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 2 December 2011  
Company secretary

Print name: Nicholas Falzon

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+ See chapter 19 for defined terms.