



ASX ANNOUNCEMENT

UNDERWRITTEN NON-RENOUCEABLE PRO-RATA OFFER AND PLACEMENT OF OPTIONS

Sydney, Monday, 14 September 2012, Cellmid Limited (Company) (ASX: CDY) today advises that it is offering shareholders on the share register at 11:00 pm (Sydney time) on 28 September 2012 (**Record Date**) with an address in Australia or New Zealand (**Eligible Shareholders**) an opportunity to participate in the non-renounceable pro-rata offer of one Option for every two Shares held on the Record Date at an issue price of 0.2 cents (A\$0.002) per Option (**Offer**).

Underwriting

The Offer is fully underwritten by RM Corporate Finance Pty Ltd (**Underwriter**) ABN 50 108 084 386, AFSL 315 235 of PO Box 154, West Perth, WA 6872.

Exercise of Options

Each Option issued under the Offer and Placement will entitle the holder to acquire one fully paid ordinary Share in the Company at an exercise price of 3.4 cents (A\$0.034) on or before 6 pm (Sydney time) on 23 October 2016.

Funds Raised

The funds raised are to be applied to provide working capital for the Company.

Timetable

The indicative timetable for the Offer and Placement is as follows:

Lodgment of Prospectus	14 September 2012
Shares quoted 'ex' rights	24 September 2012
Record Date 11:00 pm (Sydney time)	28 September 2012
Dispatch of Prospectus	5 October 2012
Closing date of Offer 5:00 pm (Sydney time)	19 October 2012
Options quoted on a deferred settlement basis	22 October 2012
Notification of under subscriptions for the Offer and Placement	24 October 2012
Dispatch Date	29 October 2012
Normal trading resumes	30 October 2012

The Company reserves the right to vary the dates and times of the issue without prior notice, subject to compliance with ASX Listing Rules.

Lodgment Details

The rights issue Prospectus was lodged with ASX on 14 September 2012 and is available on the ASX website www.asx.com.au and Company's website www.cellmid.com.au from on or about 14 September 2012.

A copy of the Prospectus and an Appendix 3B relating to the Offer and Placement is attached.

Further Information

For further information please contact:

Maria Halasz, CEO
+612 9299 0311

Cellmid Limited (ASX: CDY)

Cellmid is an Australian biotechnology company developing innovative novel therapies and diagnostic tests for inflammatory diseases, heart attack and cancer. Cellmid holds the largest and most comprehensive portfolio of intellectual property related to midkine and midkine antagonists globally. The Company's most advanced development programme is for the treatment of inflammatory and autoimmune conditions and cancer using the Company's proprietary anti-midkine antibodies. Cellmid is also developing the midkine protein for the treatment of AMI (heart attack) and other ischemic diseases. In addition, Cellmid is commercialising midkine as a biomarker for early cancer diagnosis. Elevated midkine concentration in the blood and other body fluids is strongly indicative of cancer. Cellmid's first product, the MK-ELISA, is a blood test that sensitively and accurately measures serum midkine levels.

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Cellmid Limited

ABN

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 | Options (non-renounceable pro rata offer) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 297,542,770 (approx. subject to rounding) |
| 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) | Options issued at 0.2 cents (A\$0.002), exercisable at 3.4 cents (A\$0.034) on or before 6pm (Sydney time) 23 October 2016 |

+ 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?	No, only upon exercise of Options will the resultant Ordinary Shares rank equally and on the same terms as listed ordinary shares
	<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	
5	Issue price or consideration	0.2 cents (A\$0.002) per option
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<ul style="list-style-type: none"> • 272,542,770 Options offered under a non-renounceable pro-rata offer for the purposes of raising working capital for the Company and • 25,000,000 Options on the same terms as Offer Options issued in lieu of cash underwriting and consultant fees.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A							
6f	Number of securities issued under an exception in rule 7.2	N/A							
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A							
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A							
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A							
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	29 October 2012							
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>545,085,540</td> <td>ORD FULLY PAID</td> </tr> <tr> <td>297,542,770</td> <td>OPT 3.4c Expiring 23.10.2016</td> </tr> </tbody> </table>	Number	+Class	545,085,540	ORD FULLY PAID	297,542,770	OPT 3.4c Expiring 23.10.2016	
Number	+Class								
545,085,540	ORD FULLY PAID								
297,542,770	OPT 3.4c Expiring 23.10.2016								

+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		2,000,000	OPT 5.735c Exp 16.04.2013
		3,000,000	OPT 5.735c Exp 03.07.2013
		8,250,000	OPT 5c Exp 01.06.2014
		5,002,000	OPT 5c Exp 01.07.2014
		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
		100,000	OPT 10c Exp 15.11.2015
		3,971,962	OPT 3.0c Exp 15.11.2016
		5,000,000	OPT 3.2c Exp 15.06.2017
1,440,000	OPT 3.4c Exp 14.08.2017		
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Unchanged	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-Renounceable
13	Ratio in which the ⁺ securities will be offered	1 Option for every 2 ordinary share held
14	⁺ Class of ⁺ securities to which the offer relates	Listed Options exercisable at 3.4 cents on or before 6pm (Sydney time) 23 October 2016
15	⁺ Record date to determine entitlements	11pm (Sydney time) 28 September 2012
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Rounding to the nearest whole number
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia and New Zealand

19	Closing date for receipt of acceptances or renunciations	5.00pm (Sydney time) on 19 October 2012
20	Names of any underwriters	RM Corporate Finance Pty Ltd
21	Amount of any underwriting fee or commission	6% Management Fee (\$32,705) plus 25,000,000 Options on the same terms as Offer Options
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	5 October 2012
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	14 September 2012
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	29 October 2012

+ See chapter 19 for defined terms.

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 incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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

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.

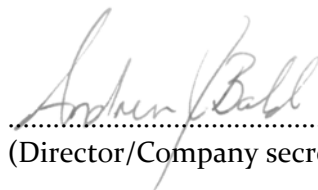
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- 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.
- 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: 14 September 2012

(Director/Company secretary)

Print name: Andrew Bald

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+ See chapter 19 for defined terms.

CELLMID LIMITED

ABN 69 111 304 119

PROSPECTUS

FOR

A non-renounceable fully underwritten pro-rata offer to holders of Shares as at 11 pm (Sydney time) on Friday 28 September 2012 of one Option for every two Shares held at an issue price of 0.2 cents (\$0.002) each to raise approximately \$545,085 before costs of the Offer

**The Offer is fully underwritten by RM Corporate Finance Pty Ltd
ABN 50 108 084 386, AFSL 315235**

This is an important document which requires your immediate attention. It should be read in its entirety before deciding to participate in the Offer.

If you do not understand its contents, you should consult your stockbroker, accountant or other professional adviser.

IMPORTANT NOTES

Prospectus Lodgement

This Prospectus is dated 14 September 2012 and was lodged with ASIC on 14 September 2012. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus nor the merits of the investment to which this Prospectus relates.

Application for Quotation

The Company will apply to ASX within seven days after the date of this Prospectus for permission for Options offered under this Prospectus to be officially quoted.

Prospectus Distribution

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe the requirements of, these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia and New Zealand should consult their professional advisers on requisite formalities. This Prospectus 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. No action has been taken to register or qualify this Prospectus or to otherwise permit a public offering of Options or underlying Shares outside Australia and New Zealand.

Electronic Prospectuses

This Prospectus is available in electronic format via www.cellmid.com.au or www.asx.com.au. The Offer offered by this Prospectus in electronic format is only available to eligible persons receiving the Prospectus in electronic form within Australia and New Zealand. Persons receiving this Prospectus in electronic form may, during the Offer period, obtain a paper copy of this Prospectus (free of charge) by calling + 61 2 9299 0311. Applications for Options may only be made on the relevant form which accompanied or was attached to a copy of this Prospectus in its paper copy form.

The Corporations Act prohibits any person from passing on to another person an application form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

New Zealand Investment Warning

New Zealand investors are advised to read the investment warning statement set out in the 'New Zealand Regulatory Matters' section of this Prospectus. This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Prospectus complies with Australian disclosure requirements. These disclosure requirements may be different from that of New Zealand. The information included in this Prospectus was prepared with a view towards compliance with Australian practice and not that of New Zealand jurisdiction.

Interpretation

Certain words and terms used in this Prospectus have defined meanings that are explained in the section "Glossary of Terms" or the section "Interpretation" of this Prospectus.

IMPORTANT DATES

Offer Dates

Lodgement of Prospectus	14 September 2012
Shares quoted 'ex' rights	24 September 2012
Record Date 11.00 pm (Sydney time)	28 September 2012
Dispatch of Prospectus	5 October 2012
Closing date of Offer 5.00 pm (Sydney time)	19 October 2012
Options quoted on a deferred settlement basis	22 October 2012
Notification of under subscriptions for the Offer	24 October 2012
Dispatch Date	29 October 2012
Normal Trading Resumes	30 October 2012

The above dates are indicative only and may change without notice subject to receipt of approval from the ASX. The Company reserves the right, in consultation with the Underwriter, to extend the closing date of the Offer without giving advance notice.

Expiry Date

No Options will be issued on the basis of this Prospectus after 14 September 2013, being the expiry date of this Prospectus.

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INVESTMENT HIGHLIGHTS

Cellmid has made significant progress on a number of fronts as outlined below. The Directors consider the principal features and highlights of an investment in the Offer to be as follows:-

- The Company has recently launched its over-the-counter (OTC) topical hair growth products (évolis[®]) on the pharmacy market and signed a distribution agreement with Frostbland for the Australian and New Zealand regions. Revenues from the OTC products commenced in June 2012 and are expected to contribute significantly to the Company's overheads by the end of the current financial year. Cellmid will provide regular updates on the progress of its distribution of the évolis[®] products both in Australia and overseas.
- Cellmid has the most significant global intellectual property around midkine, a novel target for cancer diagnosis and for the treatment of inflammatory conditions and cancer. This portfolio of assets provides potentially lucrative product development opportunities in diagnostics and therapeutics and the diversified nature of the programs provides a reduced risk profile.
- The Company is actively pursuing the development of products in cancer diagnostics utilising its valuable patents in this area. In addition, Cellmid's licensees, Celera-Quest and Pacific Edge Biotechnology, are expected to launch novel products in lung cancer screening and bladder cancer management respectively in the next financial year which will in turn provide new revenue sources.
- Cellmid's midkine antibodies represent a high value therapeutic opportunity in several disease areas such as surgical adhesion and kidney disease, where current treatment options are limited. This potentially lucrative program is in late stage preclinical development.
- Cellmid's product portfolio includes midkine treatment of ischemic diseases, particularly of heart attack. This program has received a substantial boost recently with a number of new granted patents in major jurisdictions.

This Offer is an attractive opportunity for Shareholders to acquire rights to increase their investment in the Company at this important development point by subscribing for these Options. For more details of the Offer, see the "Details of the Offer" section of this Prospectus.

INVESTMENT RISKS

The Directors consider the principal risks of an investment in the Offer to be as follows:

- Biotechnology is an inherently high risk business due to multiple potential risks such as adverse clinical outcomes, delays in obtaining approvals, competition from alternative treatment approaches and the availability of funding which may delay or prevent commercialisation of products altogether.
- The price at which Options and underlying Shares may be traded can fall as well as rise. There can be no guarantee that Shares will trade at or above the issue and exercise price of Options.
- Underlying Shares issued on exercise of Options should be regarded as a speculative investment. The underlying Shares carry no guarantee with respect to return on capital investment or payment of dividends in the future.

For more details of key risks see the "Investment Risks" section of this Prospectus.

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the Directors, I am pleased to introduce you to this fully underwritten, non-renounceable pro-rata offer of one Option for every two Shares held by Eligible Shareholders on the Record Date.

Cellmid has gone through significant progress recently and I am pleased to invite you to take advantage of this opportunity to acquire rights to increase your holding in the Company.

Each Option will be offered at an issue price of \$0.2 cents (A\$0.002) to raise approximately \$545,085 before costs of the Offer.

Each Option will entitle the holder to subscribe for one Share at an exercise price of 3.4 cents (\$0.034) per Option on or before 6.00 pm (Sydney time) on 23 October 2016 on the terms set out in this Prospectus. Application will be made for the Options to be listed on ASX.

Proceeds from the issue of Options under the Offer will be used to provide working capital for the Company.

You should read this Prospectus in full to understand the details of the Offer. If you are in any doubt whether to take up your entitlement under the Offer given your financial, taxation, social security and other personal circumstances, you should consult your stockbroker, accountant or other professional adviser.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D King', written in a cursive style.

Dr David King
Chairman

DETAILS OF THE OFFER

Issue and Exercise Price

Shareholders may apply for one Option for every two Shares held on the Record Date. Options are offered at an issue price of 0.2 cents (\$0.002) per Option. Each Option will have an exercise price of 3.4 cents (\$0.034) and an Expiry Date of 6.00 pm (Sydney time) on 23 October 2016. Options entitle the holder, on exercise, to one fully paid ordinary share in the capital of the Company (**Share**).

Fractions

Fractional entitlements will be rounded to the nearest whole number. Subject to the effect of rounding and assuming no Existing Options are exercised before the Record Date, a total of 272,542,770 Options will be issued under the Offer, raising approximately \$545,085 before costs of the Offer.

Fractional payment amounts will be rounded down to the nearest whole cent.

Non-Renounceable

The Offer is non-renounceable. This means the right of Eligible Shareholders to subscribe for Options under the Offer cannot be transferred to another person. If Eligible Shareholders do not take up their rights, they will form part of the shortfall to be taken up by the Underwriter or its nominees.

Shareholders outside Australia

The Company has determined that it would be unreasonable to extend the Offer to holders of Shares with registered addresses outside of Australia and New Zealand having regard to the cost of complying with securities laws of other jurisdictions. Accordingly, Options will not be issued to holders of Shares at the Record Date with registered addresses outside Australia and New Zealand.

Eligible Shareholders resident in New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to allow them to accept their entitlement. They should also consider the investment warning statement set out in the 'New Zealand Regulatory Matters' section of this Prospectus.

This Prospectus is sent to shareholders with registered addresses outside Australia and New Zealand for information purposes only. This Prospectus does not constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer.

Return of a duly completed Entitlement and Acceptance Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements. Shareholders who are nominees should seek independent advice as to how they should proceed.

Existing Option Holders

Holders of Existing Options are not inherently entitled to participate in the Offer. However, holders of Existing Options that are exercisable may participate in the Offer by exercising the relevant Existing Option and becoming registered as holders of Shares on or before the Record Date.

Holders of Existing Options will be or have already been (as the case may be) notified by the Company of the need to exercise the Existing Options on or before the Record Date if they wish to participate in the Offer.

OVERSUBSCRIPTIONS

Cellmid reserves the right to accept oversubscriptions from Applicants at its discretion.

UNDERWRITING

The Offer is fully underwritten by the Underwriter. The Underwriter will receive:

- 1) a management fee of \$32,705 (6% of funds raised through the issue of Options to Eligible Shareholders under this Prospectus); and
- 2) an underwriting fee comprising of:
 - a) 3,000,000 Options; and
 - b) an additional 7,000,000 Options subject to the Share price of the Company exceeding a 5 day VWAP of 2.5 cents within the next 12 months from the date of this Prospectus.

Options issued to the Underwriter are to be issued on the same terms as those issued under this Prospectus.

The Underwriter is also entitled to reimbursement of its out of pocket costs and expenses. All amounts specified in this Prospectus are exclusive of GST.

The Underwriting Agreement includes an indemnity of the Underwriter and permits the Underwriter to be relieved from any obligations to the Company in a range of situations commonly applicable in underwriting agreements including where this Prospectus is defective, ASX does not grant listing approval for Options or the Company breaches the Underwriting Agreement.

ACCEPTANCE

Acceptance

Acceptances of the Offer by Eligible Shareholders are made by completing the Entitlement and Acceptance Form and paying the applicable application monies in the manner as set out in the Entitlement and Acceptance Form.

Completed forms together with the applicable application monies must be returned to:

Cellmid Limited	or	Cellmid Limited
Level 6		PO Box 1886
40 King Street		Queen Victoria Building NSW 1230
SYDNEY NSW 2000		

to be received no later than 5.00 pm (Sydney time) on 19 October 2012 or such later date as the Company may specify (**Closing Date**). The Company and the Underwriter accept no responsibility for delayed or misdelivered forms and application monies.

Nominees holding Shares on behalf of more than one entity should contact Cellmid on +61 02 9299 0311 to make arrangements for accepting the Offer.

Further details on how Eligible Shareholders are to validly accept the Offer are set out in the Entitlement and Acceptance Form.

Payment of application monies

The Entitlement and Acceptance Form must be accompanied by a cheque for the amount payable for Options applied for. The amount payable is calculated by multiplying the number of Options applied for by 0.2 cents (\$0.002), subject to rounding for fractions as described above.

The Company, in consultation with the Underwriter, may either:

- (a) reject the Entitlement and Acceptance Form where payment of the application monies is not received or a cheque is not honoured by the Closing Date; or
- (b) elect to accept the Entitlement and Acceptance Form and recover outstanding application monies from the Applicant.

Payment of application monies can also be made by using BPAY. Instructions on how to complete payment for the application monies through this alternate method are set out in the Entitlement and Acceptance Form.

Issue of Options

The issue of Options and holding statements to Applicants will occur as soon as practicable after the Offer has been declared closed.

It is the responsibility of Applicants to determine their allocation prior to trading in Options. Applicants trading Options before they receive their holding statement(s) do so at their own risk.

Exercise of Options

Options issued under this Prospectus may be exercised on or before 6.00 pm (Sydney time) 23 October 2016 by completing a Notice of Exercise of Options Form (the form of which will

accompany the terms and conditions of Options on the holding statements issued in respect of Options) and mailing it to the Company together with payment of the exercise price of 3.4 cents (\$0.034) per Share to the address and in the manner specified in the Notice of Exercise of Option Form.

PURPOSE OF THE OFFER

Funds raised from the issue of Options under the Offer will form part of the Company's working capital.

Funds raised from exercise of Options from time to time will similarly be added to the Company's working capital and applied for these and other business purposes of the Company at the time.

EFFECT OF THE OFFER

Effect on Company

The effect of the Offer on Company will be:

- to increase the funds available for the activities described above;
- to initially increase the number of Options on issue but without changing the issued Share capital of the Company; and
- to increase the number of Shares on issue if and when Options are exercised with the number of Shares issued increasing by the same number as the number of options exercised (subject to adjustment in accordance with the terms of Options).

Effect on Company's Capital Structure

At the date of this Prospectus, the Company has 545,085,540 ordinary fully paid Shares on issue.

If all Options issued under this Prospectus are exercised, the total number of Shares on issue would increase to 842,628,310. There is no certainty that any Options will be exercised at any particular time or at all.

Table 1 sets out the existing issued and un-exercised options of the Company (**Existing Options**) together with the Options to be issued under the terms of this Prospectus. This table assumes no Existing (unlisted) Options are exercised and does not allow for rounding fractional entitlements under the Offer.

Table 1: Existing Options and Options issued under or referenced in this Prospectus

Existing Options

Number of Options	Exercise price	Expiry date
2,000,000	5.735 cents	16/4/2013
3,000,000	5.735 cents	3/7/2013
8,250,000	5 cents	1/6/2014
5,002,006	5 cents	1/7/2014
7,000,000	5.6 cents	20/11/2014
2,000,000	3.5 cents	20/11/2014
600,000	6.2 cents	19/2/2015
100,000	10 cents	15/11/2015
3,971,962	3 cents	15/11/2016
5,000,000	3.2 cents	15/6/2017
1,440,000	3.4 cents	14/8/2017
Total: 38,363,968		

Options issued under or referenced in this Prospectus

Number of Options	Exercise price	Expiry date
272,542,770	3.4 cents	23 October 2016
25,000,000 (fee based Options) ¹	3.4 cents	23 October 2016
Total = 297,542,770		

Note:-

1. This includes 10,000,000 Options that may be issued to the Underwriter (see above) and 15,000,000 Options issued to consultants as part of the non-cash expenses referred to in the "Expenses of the Offer" section of this Prospectus.

Total Existing Options and Options issued under or referenced in this Prospectus = 335,906,738

Table 2 illustrates the potential effect of the Offer on the capital of the Company:

- before exercise of any Existing Options or Options issued under or referenced in this Prospectus (base position);
- after exercise of Existing Options but before exercise of Options issued under or referenced in this Prospectus (ie partial dilution); and
- after exercise of both Existing Options and Options issued under or referenced in this Prospectus (ie full dilution).

Table 2: Effect on Issued Capital (IC) of Options being exercised

Holder of security	Issued Capital (base Position) ¹		Shares on Issue: after exercise of Existing Options only ² (partial dilution)		Shares on Issue: after exercise of Existing Options and Options issued under or referenced in this Prospectus ³ (full dilution)	
	Number	% of IC	Number	% of IC	Number	% of IC
Existing Shareholders	545,085,540	100%	545,085,540	93.70%	545,085,540	63.05%
Existing Option holders	Nil	0%	38,363,968	6.30%	38,363,968	4.35%
Options issued under this Prospectus	Nil	0%	Nil	0.00%	297,542,770	33.77%
TOTAL	545,085,540	100%	583,449,508	100.00%	880,992,278	100.00%

Notes:

1. Values comprise the Existing Issued Capital.
2. Values comprise Existing Issued Capital and Existing Options exercised.
3. Values comprise Existing Issued Capital, Existing Options exercised and Options issued under or referenced in this Prospectus exercised.
4. Assumes Existing Holders do not exercise their Existing Options by the Record Date which would reduce the number of Existing Options and increase the number of Options issued under the Offer correspondingly.

Effect of Underwriting on Control of the Company

The Underwriter or its nominees will receive Options as part of their remuneration and acquire Options if there is a shortfall under the Offer. The number of Options they acquire will depend on the size of the shortfall. If no-one takes up the Offer, the Underwriter or its nominee will acquire all Options offered under this Prospectus.

If the Underwriter or its nominees were to keep and exercise the Options they are issued and acquire, they would acquire a number of Shares equal to the number of Options exercised.

Table 3 illustrates the potential voting power of the Underwriter (assuming no nominees) and the commensurate effect on control of the Company for various levels of assumed shortfall for the Offer.

Table 3: Voting Power on Exercise of Underwriter Options

Shortfall	Underwriter		
	Number of Options held	Voting Power Percentages:	
		after exercise of Shortfall Options ³	after exercise of Shortfall and Existing Options ³
100% of Options subscribed (0% Offer shortfall)	Fee: 10,000,000 Shortfall: Nil	1.18%	1.14%
75% of Options subscribed (25% Offer shortfall)	Fee: 10,000,000 Shortfall: 68,135,693	9.27%	8.87%
50% of Options subscribed (50% Offer shortfall)	Fee: 10,000,000 Shortfall: 136,271,385	17.35%	16.60%
25% of Options subscribed (75% Offer shortfall)	Fee: 10,000,000 Shortfall: 204,407,078	25.44%	24.34%
0% of Options subscribed (100% Offer shortfall)	Fee: 10,000,000 Shortfall: 272,542,770	33.53%	32.07%

Notes:-

1. Assumes Issued Capital is 545,085,540 Shares before the exercise of Existing Options and Options offered under this Prospectus.
2. Voting Power percentages assume that all Options not part of the Offer shortfall are also exercised.
3. Assumes the Underwriter receives both the 3,000,000 Options for underwriting and that the share price exceeds a 5 day VWAP of 2.5 cents within the next 12 months from the date of this Prospectus and hence, the Underwriter receives an additional 7,000,000 Options. Therefore, the percentage of voting power includes the number of Options issued as consideration for underwriting services being the 10,000,000 Options.
4. Assumes the 15,000,000 Options issued to the Consultants for payment of consultancy services are also exercised.

Effect on Financial Position

The Company issued its 2012 Annual Financial Report for the financial year ended 30 June 2012 to ASX on 30 August 2012. Those statements and reports are incorporated into this Prospectus by reference. Reference should be made to:

- Pages 1 through 3 of the Directors' Report - for a description of Cellmid's business; and
- Pages 20 through 60 - for Cellmid's statements of financial position, profit & loss and cash flow statement as at and for the financial year ended 30 June 2012.

The information in the 2012 Annual Financial Report is of interest to Shareholders and their professional advisers. They can obtain a copy of the 2012 Annual Financial Report, free of charge, by contacting the Company Secretary of the Company on +61 2 9299 0311.

Since 30 June 2012, the Company has raised \$400,000 in a private placement and commenced sales of its évolis[®] hair growth products in pharmacies. The Company's cash burn rate remained consistent with previous periods resulting in a cash balance of \$1.3M at the end of August 2012.

Cellmid expects to continue to provide updates on the status of distribution for its recently launched évolis[®] products as relevant milestones are reached.

Immediately after the issue of Options under the Offer, the Company's cash balance will increase by approximately \$545,085 (before costs of the Offer). This additional working capital will be used for the purposes listed above and for general working capital purposes.

If all of Options issued under the Offer are exercised, a further \$9,266,454 will be raised on issue of the underlying Shares. If the Underwriter becomes entitled to 10,000,000 Options and exercises them, a further \$340,000 will be raised. A further \$510,000 will be raised if the Consultants Options are exercised. Those funds will add to the working capital of the Company at the time the funds are received.

Taxation

The taxation implications of acquiring Options under this Prospectus and of subsequently exercising or disposing of such Options can vary depending on the circumstances of each individual Shareholder under the Offer, the particular circumstances relating to their holdings of securities and the taxation laws applicable to them.

Shareholders should consult their own professional advisers on these taxation implications in light of their particular circumstances and applicable laws. It is solely the responsibility of individual Shareholders to inform themselves of their taxation position in respect of these matters and to comply with applicable taxation laws.

Changes in taxation law and application in Australia may affect adversely the operations and business of the Company as well as the taxation consequences of holding or exercising Options to a security holder.

ASX ANNOUNCEMENTS

The following announcements (continuous disclosure notices) have been made by the Company to the ASX since 30 August 2012 being the date of lodgement of the 2012 Annual Financial Report incorporating the Company's Annual Financial Statements for the year ended 30 June 2012.

2012

13/09/2012	évolis [®] Hair Growth Products Exceed Distribution Targets
04/09/2012	Exclusive Distributor Appointed for évolis [®]
30/08/2012	Final Director's Interest Notice
30/08/2012	Appendix 4E

Any person may request, and the Company will provide free of charge, a copy of the 2012 Annual Financial Report and any of the above announcements during the application period for the Offer

under this Prospectus. The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au, and will be also made available on the Company's website, www.cellmid.com.au. Copies of announcements can also be obtained from the Company upon request.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any such information not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

INVESTMENT RISKS

Introduction

An investment in the Company and in Options and the underlying Shares is subject to various risks, some of which are common to investment in securities generally and some of which are more specific to the Company. The Directors believe the following to be some of the key risks in respect of an investment in the Company, Options and Shares. If you are in any doubt whether investment in Options is suitable having regard to the listed or other risk factors given your financial, taxation, social security and other personal circumstances, you should consult your stockbroker, accountant or other professional adviser.

Investment & Trading Risks

The price at which Options and underlying Shares may be traded can fall as well as rise. The price at which the Company's shares or options trade on ASX may be influenced by many unpredictable factors and may rise and fall based on factors beyond the control of the Company. There can be no guarantee that Shares will trade at or above the total of the issue and exercise price of Options.

Company Specific Risks

In common with other biotechnology companies involved in development of therapeutics and diagnostics, the Company is subject to the following specific risks:

- **technical risk** – associated with the development of the Company's products which may cause a delay in development or failure to complete development programs. To mitigate this risk, the Company has a diverse portfolio of assets at various stages of development and with multiple revenue opportunities.
- **funding risk** – the Company may not be able to raise further debt or equity capital (either at all or on commercially acceptable terms) that may be needed. The Company will seek underwriting of its capital raising initiatives in the future, such as this Offer, to mitigate the risk of potential shortfalls.
- **regulatory risk** – regulatory approvals for the Company's products may be delayed or not given. The Company has engaged regulatory consultants with a history of success to mitigate this risk.
- **commercialisation risk** – therapeutics and diagnostics developed by the Company may require development partners and the Company may be delayed or unsuccessful in seeking out such partners. The Company has multiple product development programs to ensure that this risk is mitigated.

- **competition risks** – therapeutics or diagnostics competing with the Company's products may be developed by others reducing the potential market. The Company can do little to prevent competition. However, it operates in the pharmaceutical development sector where competitive products are often successfully marketed together.
- **intellectual property risk** – the Company's patents may expire or may be infringed by others or others may infringe the Company's patents. To mitigate this risk the Company has a comprehensive patent strategy and have a monopoly around many of the technical areas it operates in with little room for others to achieve freedom to operate. In addition, the Company has ongoing monitoring in relation to product development activities in related fields.
- **consumer market risk** – the Company is exposed to risks associated with consumer products through its controlled entity, Advangen International Pty Ltd. These risks are marketing and competition related in addition to the general business risks listed below.

General Risks

In common with many companies, the Company is subject to the following general risks:

- **key personnel** - the success of the Company and its ability to continue operations is dependent upon its ability to retain the services of key employees, consultants and members of the Board of Directors. There is a risk associated with the Company's ability to retain such personnel. The Company has Key Person Insurance in place to mitigate this risk.
- **product liability** – the Company's business may be exposed to potential product liability claims arising from the sale of its existing or future products. The Company has product liability insurance in place to mitigate this risk.
- **general macroeconomic risks** - The Company's operating costs, revenues and its ability to obtain funding may be affected by external economic factors such as interest rates, currency fluctuations, inflation, changes in tax rates, changes in the availability or conditions attaching to incentives for research and development, changes in government policy in areas affecting the Company's business, and general economic conditions and sentiment.

RIGHTS ATTACHING TO OPTIONS

Rights attaching to Options are as follows:-

- (a) Each Option entitles Option holder to subscribe for one fully paid ordinary share in the capital of the Company.
- (b) Options will expire at 6.00 pm (Sydney Time) on 23 October 2016 (**Expiry Date**).
- (c) Options are exercisable at an exercise price of 3.4 cents (A\$0.034) per Share on or after issue at any time on or before the Expiry Date, provided that Options have not lapsed pursuant to the paragraph below.
- (d) Any Option automatically lapses without any claim against the Company in any of the following events:
 - (a) upon the bankruptcy of an Option holder or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;
 - (b) upon the liquidation or winding up of the Company for any reason other than by way of a members' voluntary winding up; or
 - (c) Option has not been exercised prior to the Expiry Date.
- (e) The Options are transferable.
- (f) All Shares issued pursuant to the exercise of Options will be allotted within 10 business days after the exercise of Options and will rank pari passu in all respects with the Company's then existing ordinary fully paid Shares.
- (g) Exercise of Options is affected by giving notice of exercise of Options and surrendering the notice of exercise together with the required exercise price. If there is more than one Option and prior to the Expiry Date of those Options, Options are exercised in part, the Company will arrange for the share registrar to issue a new holding statement for the balance of Options held and not yet exercised.
- (h) There are no participating rights or entitlement inherent in Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, Option holders are given such period required by the Listing Rules of ASX to give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) In the event of reorganisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Options or the exercise price of Options or both shall be reorganised (as appropriate) in the manner required by the listing rules of the ASX on which the Company's securities are quoted, and if the Company is not listed on the ASX at the relevant time, then the following reorganisation rules shall apply:
 - i. if there is a consolidation of capital, the number of Options will be consolidated in the same ratio as the ordinary capital and the exercise price will be amended in inverse proportion to that ratio;
 - ii. if there is a sub-division of capital, the number of Options will be sub-divided in the same ratio as the ordinary capital and the exercise price will be amended in inverse proportion to that ratio;

- iii. if there is a return of capital, the number of Options will remain the same, and the exercise price of each Option will be reduced by the same amount as the amount returned in relation to each ordinary Share;
 - iv. if there is a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no ordinary Shares are cancelled, the number of Options and the exercise price of each Option will remain unaltered;
 - v. if there is a pro-rata cancellation of capital, the number of Options must be reduced in the same ratio as the ordinary capital and the exercise price of each Option must be amended in inverse proportion to that ratio; and
 - vi. in any other case of reconstruction, the number of Options or the exercise price, or both, will be reorganized so that the holder of Option will not receive a benefit that holders of ordinary Shares do not receive, subject to rounding up of the number of ordinary Shares that is approved by shareholders when approving the reconstruction.
- (j) If there is a pro-rata issue (except a bonus issue) to the holders of the ordinary Shares, the exercise price of Options shall be reduced according to the following formula:
- $$O' = O - \frac{E[P-(S+D)]}{N + 1}$$
- Where
- O' = the new exercise price of Options.
 - O = the old exercise price of Options.
 - E = the number of ordinary Shares into which one Option is exercisable.
 - P = the average market price per ordinary Share (weighted by reference to volume) of the ordinary Shares during the 5 (five) trading days ending on the day before the ex-rights or ex-entitlements date.
 - S = the subscription price for an ordinary Share under the pro-rata issue.
 - D = the dividend due but not yet paid on the ordinary Shares (except those to be issued under the pro-rata issue).
 - N = the number of ordinary Shares with rights or entitlements that must be held to receive a right to one new ordinary Share.
- (k) If there is a bonus issue to the holders of ordinary Shares, the number of securities over which Option is exercisable will be increased by the number of ordinary Shares which the holder of Options would have received if Options had been exercised before the record date for the bonus issue.
- (l) If and to the extent any of the preceding terms and conditions are inconsistent with the rules or requirements of the ASX on which Shares are listed, the rules of the ASX will prevail in all respects to the extent of the inconsistency.
- (m) These terms and conditions are governed by the laws of New South Wales and Option holder unconditionally submits to the jurisdiction of the courts of that State and courts of appeal from them.

RIGHTS ATTACHING TO SHARES

Shares issued upon the exercise of Options will be fully paid ordinary Shares and will have the same voting and other rights as the existing Shares of the Company, which are set out in the Company's Constitution, the Listing Rules and the Corporations Act.

The Company's Constitution has been lodged with ASIC. The Constitution contains provisions common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request and the Company will provide free of charge, a copy of the Constitution during the application period of the Prospectus.

Voting Rights

At a general meeting each Shareholder present in person or by proxy, company representative or attorney is entitled to one vote on a show of hands. Upon a poll, every Shareholder present in person or by proxy, company representative or attorney is entitled to one vote for each fully paid Share that the Shareholder holds.

General Meetings

Each Shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each Shareholder is entitled to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act.

Dividend Rights

There is no entitlement to a dividend other than that determined by Directors from time to time. The Shares issued on exercise of Options will rank equally with all other issued Shares for the purposes of participation in any dividend paid by the Company. The Directors are not anticipating paying dividends at this stage of the Company's development.

Capitalisation of Profits and Conversion of Shares

Subject to the Listing Rules, the Directors may capitalise any profits and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled in a distribution by dividend. The Company in general meeting may convert its Shares into a larger or smaller number of Shares by resolution.

Rights on Winding-up

Subject to any special rights or restrictions attached to Shares if on a winding up there are enough assets to repay all capital to Shareholders, all capital must be repaid to the Shareholders and any surplus must be distributed among the Shareholders in proportion to the amounts paid on their respective Shares before the winding up began. If there are not enough assets to repay all capital to Shareholders, the available assets must be distributed among the Shareholders in proportion to the amounts paid on their respective Shares before the winding up began (without the necessity of a call up).

Offer of Shares

Subject to the Corporations Act and the Listing Rules, the Company may issue Shares and grant Options over unissued Shares on any terms, with any rights or restrictions attached to the Shares, at any time, and for any consideration the Directors decide.

Transfer of Shares

Subject to the Constitution and the Corporations Act, Shares are freely transferable. Shares may be transferred by:

- a proper instrument in writing delivered to the Company;
- in the case of transfers effected through a prescribed CS facility in accordance with the operating rules of the CS facility; and
- by any other method of transferring securities recognised by the Corporations Act and ASX and also approved by the Directors.

The transferor is deemed to remain the holder of the Share until the name of the transferee is entered into the Company's register of members.

Variation of Rights

The Company may only modify or vary the rights attaching to any class of Shares with the consent in writing of the Shareholders with at least 75% of the votes in the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

ADDITIONAL INFORMATION

Directors

The minimum number of Directors is three (3) and the maximum is eight (8) unless the Company in a general meeting determines otherwise. The Directors of the Company at the date of this Prospectus are:

- Dr David King;
- Ms Maria Halasz; and
- Mr Graeme Kaufman.

Directors' and Other Interests

As at the date of this Prospectus, the Directors' direct and indirect interests in Shares and options of Company are:

Director	Shares	Options
Dr David King	22,500,000 fully paid ordinary Shares	Nil
Ms Maria Halasz	2,725,250 fully paid ordinary Shares	2,000,000 unlisted Options (expiry 16/04/2013, exercise price \$0.05735 each) 3,000,000 unlisted Options (expiry 3/7/2013, exercise price \$0.05735 each) 7,000,000 unlisted Options (expiry 20/11/14, exercise price \$0.056 each) 5,000,000 unlisted Options (expiry 15/06/2017, exercise price \$0.032 each)

Mr Graeme Kaufman	Nil	1,440,000 unlisted options (expiry 14/08/2017, exercise price \$0.034 each)
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Expenses of the Offer

The total estimated costs of the Offer are:

Cost Description	Quantum
Cash based expenses	\$52,705
Non-cash based expenses	25,000,000 Options

Consents

The following have given their written consents to the issue of this Prospectus with references to them included in the form and context in which they are included and have not withdrawn those consents before the lodgement of this Prospectus with the ASIC.

The Underwriter has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as Underwriter to the Issue in the form and context in which it is named. The Underwriter has made no statement in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Boardroom Pty Limited has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as Share Registrar to the Company in the form and context in which it is named. Boardroom Pty Limited has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

BDO East Coast Partnership has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as auditor to the Company in the form and context in which it is named. BDO East Coast Partnership has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale of the Company's Shares on ASX during the three months immediately precedent the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.019 per Share on 17 August 2012

Lowest: \$0.014 per Share on 23 July 2012

Privacy

Personal information is collected on the application forms by the Company and its Share Registrar for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Applications might not be processed efficiently, or at all, if the information requested is not provided. Personal information about applicants may be disclosed to external service providers such as print or mail service providers as required or permitted by law.

An applicant who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Share Registrars Privacy Officer at the address shown in the Corporate Directory.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Commonwealth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Operating Rules of ASX.

Litigation

The Company is not involved in any legal proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

Australian Regulatory Matters

Special Prospectus Content Rules

This Prospectus is issued by the Company under Corporations Act provisions relating to a prospectus for continuously quoted securities. This allows an issuing company to issue a special prospectus where the securities or options to acquire securities, offered under the prospectus relate to continuously quoted securities. This generally means the relevant securities or underlying securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the Prospectus, so that the company was subject to the continuous disclosure regime under the Corporations Act and Listing Rules.

A special prospectus is required to contain information in relation to the effect of the offer of securities of the issuing company and the rights and liabilities attaching to (in this case) the options and the underlying securities.

Access to ASIC Lodged Documents

As a disclosing entity under the Corporations Act, Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

As noted elsewhere, certain documents have been incorporated by reference into this Prospectus under section 712 of the Corporations Act. Copies of these documents can be obtained, free of charge, by contacting the Company Secretary of the Company on +61 (0)2 9299 0311.

Other Regulatory Orders

Under ASIC Class Order 00/843, this Prospectus is not subject to the minimum 7 day disclosure period ordinarily required under section 727(3) of the Corporations Act.

New Zealand Regulatory Matters

New Zealand shareholders and investors are advised to read the following warning statement which is provided in accordance with regulations 13(1)(d) to 13(1)(g) of the Securities (Mutual Recognition of Securities Offerings – Australia) Regulation 2008 of New Zealand.

- Regulation 13(1)(d):-
 - (a) The offers to New Zealand shareholders and investors made under this offer document are a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.
 - (b) The offers, and the content of this offer document, are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
 - (c) There are differences in how securities are regulated under Australian law.
 - (d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.
 - (e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to these offers. If you need to make a complaint about these offers, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
 - (f) The taxation treatment of Australian securities is not the same as for New Zealand securities.
 - (g) If you are uncertain about whether an investment under this offer document is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- Regulation 13(1)(e):-
 - (a) The offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
 - (b) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
- Regulation 13(1)(f):-
 - (a) If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

GLOSSARY OF TERMS

“**Applicant**” means an Eligible Shareholder who applies for Options issued or to be issued under this Prospectus.

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means ASX Limited ABN 98 008 624 691 (also known as Australian Securities Exchange).

“**Board**” means the Board of Directors of Company.

“**Cellmid**” means the Company.

“**Closing Date**” means 5.00 pm (Sydney time) on 19 October 2012.

“**Company**” means Cellmid Limited ABN 69 111 304 119.

“**Constitution**” means the constitution of the Company.

“**Corporations Act**” means the Corporations Act 2001 (Commonwealth).

“**Directors**” means the directors of the Company.

“**Dollars**” or “**\$**” means dollars in Australian currency.

“**Eligible Shareholders**” means a registered holder of Shares on the Record Date with a registered address in Australia or New Zealand.

“**Entitlement and Acceptance Form**” means a personalised serially numbered Entitlement and Acceptance Form that accompanies or will accompany (as the case may be) this Prospectus in respect of the offer of Options under the Offer.

“**Existing Issued Capital**” means the total issued capital in Company as at the date of this Prospectus being 545,085,540 fully paid ordinary Shares.

“**Existing Option**” means an option, over unissued Shares that is already issued at the date of this Prospectus.

“**Expiry Date**” means the date at which Options issued under this Prospectus expire being 6.00 pm (Sydney time) on 23 October 2016.

“**GST**” means a tax, duty, levy, charge or deduction, imposed by GST Law and any related interest, penalties, fines or other charges.

“**GST Law**” means the A New Tax System (Goods and Services Tax) Act 1999, or any other act imposing a goods and services tax in Australia.

“**Listing Rules**” means the Listing Rules of ASX.

“**Offer**” means the offer of Options by way of pro rata issue under this Prospectus.

“**Official List**” means the official list of ASX.

“**Official Quotation**” means the quotation of securities on the Official List.

“**Option**” means an option over an unissued Share issued or to be issued (as the context requires) under this Prospectus.

“**Prospectus**” means this prospectus dated 14 September 2012.

“**Record Date**” means 11.00 pm (Sydney time) on 28 September 2012.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholders**” means holders of fully paid ordinary shares in Company.

“**Share Registry**” means Boardroom Pty Limited ABN 14 003 209 836.

“**Underwriter**” means RM Corporate Finance Pty Ltd ABN 50 108 084 386 AFSL 315235 of PO Box 154, West Perth, WA 6872.

“**Underwriting Agreement**” means the Underwriting Agreement between Company and RM Corporate Finance Pty Ltd dated 3 September 2012.

“**VWAP**” means volume weighted average price.

INTERPRETATION

Terms not defined in this Glossary that are given a meaning in the Corporations Act have the same meaning when used in this Prospectus unless the context otherwise requires.

COPORATE DIRECTORY

Directors

Dr David King (Chairman, Non-Executive Director)
Ms Maria Halasz (Managing Director, CEO)
Mr Graeme Kaufman (Non-Executive Director)

Company Secretary

Mr Nicholas Falzon
Mr Andrew Bald

Registered Office

Level 6
40 King Street
SYDNEY NSW 2000

Telephone: +61 2 9299 0311
Facsimile: +61 2 9299 2198
E-mail: info@cellmid.com.au

Underwriter

RM Corporate Finance Pty Ltd
PO Box 154
WEST PERTH WA 6872

Auditors

BDO East Coast Partnership
Level 10
1 Margaret Street
SYDNEY NSW 2000

Share Registry

Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

DIRECTORS' STATEMENT AND CONSENT

The Directors of the Company have authorised the lodgement of this Prospectus with the Australian Securities and Investment Commission.

Signed for and on behalf of Cellmid Limited

A handwritten signature in black ink, appearing to read 'D King', written in a cursive style.

Dr David King
Chairman