
MEDICAL THERAPIES LIMITED

ACN 111 304 119

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.00 am (NST)

DATE: Tuesday, 17th November 2009

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

THIS NOTICE OF ANNUAL GENERAL MEETING SHOULD BE READ IN ITS ENTIRETY.

IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR PROFESSIONAL ADVISERS.

SHOULD YOU WISH TO DISCUSS THE MATTERS IN THIS NOTICE OF MEETING PLEASE DO NOT HESITATE TO CONTACT THE COMPANY SECRETARY ON (02) 9299 0311.

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Letter from the Chairman

Notice of General Meeting (setting out the proposed resolutions)

Explanatory Statement (explaining the proposed resolutions)

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Medical Therapies Limited to which this Notice of Meeting relates will be held at Level 6, 40 King Street, Sydney NSW 2000 at 10.00am (NST) on Tuesday, 17th November 2009:

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

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

Proxy Forms must be received not later than 10.00am NST on Sunday, 15th November 2009.

Proxy Forms received later than this time will be invalid.

LETTER FROM THE CHAIRMAN

Dear Shareholder

I am pleased to invite you to the Annual General Meeting of the Company. The Meeting will be held at the Company's offices at Level 6, 40 King Street, Sydney NSW 2000 on Tuesday, 17 November 2009, commencing at 10.00am (NST).

I have also enclosed with this Notice of Annual General Meeting your personalised Proxy Form.

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

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

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

I look forward to seeing you at the Meeting on 17 November 2009. If you are unable to attend please ensure that you fill out and return your Proxy Form, which is enclosed with this Notice.

Yours sincerely,



David King
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Medical Therapies Limited (**Company**) will be held at the Company's office at Level 6, 40 King Street Sydney at 10.00am NST on Tuesday, 17th November 2009.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company on Sunday, 15th November 2009 at 7.30pm (NST).

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To consider the financial statements of the Company for the financial year ended 30 June 2009 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

RESOLUTION 1 – REMUNERATION REPORT

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

“That the Remuneration Report as contained in the Directors' Report of the Company for the financial year ended 30 June 2009 be adopted.”

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – KOICHIRO KOIKE

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

“That Mr Koichiro Koike, who retires in accordance with Clause 13.2 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director.”

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBIN BEAUMONT

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

“That Mr Robin Beaumont, who having been appointed a Director since the last general meeting of the Company, retires in accordance with Clause 13.4 of the Constitution and being eligible, offers himself for re-election, be re-elected a Director.”

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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

“That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules, and for all other purposes, the shareholders of the Company ratify and approve the allotment and issue of 5,250,000 Options to consultants of the Company, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

RESOLUTION 5 – APPROVAL FOR ISSUE OF DIRECTOR OPTIONS TO MARIA HALASZ

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, and for all other purposes, the shareholders of the Company approve the issue of 7 million Director Options, to be issued in three tranches, to Maria Halasz, a Director of the Company, pursuant to an employment agreement signed between Ms Halasz and the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

RESOLUTION 6 – APPROVAL FOR ISSUE OF DIRECTOR OPTIONS TO KOICHIRO KOIKE

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

“That, subject to the passing of Resolution 2, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, and for all other purposes, the shareholders of the Company approve the issue of 2 million Director Options, to be issued to Koichiro Koike, a Director of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

RESOLUTION 7 – APPOINTMENT OF AUDITOR

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

“That PKF, having consented to do so, be appointed as the auditor of the Company.”

RESOLUTION 8 – CHANGE OF COMPANY NAME

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

“That for the purposes of Section 157(1) of the Corporations Act, and for all other purposes, the name of the Company be changed to CELLMID Limited, and the Constitution and all other Company records be amended accordingly.”

RESOLUTION 9 – APPROVAL FOR THE RAISING OF UP TO \$3 MILLION BY THE ISSUING OF SHARES WITHIN THREE MONTHS FROM THE DATE OF APPROVAL

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

“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to raise up to \$3 million by the issuing of Shares at a price not lower than a 20% discount to the average market price of the Company's ordinary shares over the last five (5) days on which sales were recorded before the issue is made (in accordance with ASX Listing Rules 7.3.3), within three months from the date of approval. Related parties will be excluded to participate in an offer subject to this Resolution 9.”

DATED: 17th October 2009

BY ORDER OF THE BOARD

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

**David King
CHAIRMAN**

Voting Exclusion Notes:

The Company will disregard any votes cast on:

Resolution 4: By a person named in the Table as set out in the Background to Resolution 4 in the accompanying Explanatory Statement and who participated in the issue and any associate of those persons.

Resolution 5: By Maria Halasz and any associate of Maria Halasz.

Resolution 6: By Koichiro Koike and any associate of Koichiro Koike.

Resolution 9: By a person who may participate in the issue or any person who may have obtained a benefit and any associate of those persons, except a benefit solely in the capacity of a Shareholder, if the resolution is passed.

Where a voting exclusion applies in respect of the above resolutions, the Company need not disregard a vote if it is cast:

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

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the Company's office, Level 6, 40 King Street Sydney on Tuesday 17th November 2009 at 10.00 am (NST).

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

RESOLUTION 1 – REMUNERATION REPORT

The remuneration report is set out in the Directors' Report on pages 12 to 19 of the Company's 2009 Annual Report.

The Corporations Act requires that at a listed Company's Annual General Meeting a resolution that the remuneration report be adopted must be put to shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report for the financial year ending 30 June 2009. The 2009 Annual Report of the Company (containing the remuneration report) is also available on the Company's website at www.medicatherapies.com.au. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – KOICHIRO KOIKE

Clause 13.2 of the Company's Constitution requires one-third of Directors to retire from office at the Company's Annual General Meeting. The retiring Director, Mr Koichiro Koike, is eligible for re-election and accordingly submits himself for re-election as a Director of the Company.

Mr Koike is a senior executive with extensive global life science and technology business development experience. He is currently based in Tokyo after living in Melbourne for 15 years. He is co-principal of V2V, a corporate advisory firm specializing in cross border life science transactions between Australian and Japanese companies. Before joining V2V he worked as a corporate finance and M&A specialist in Tokyo for a European investment bank. He has served on a number of public and private company boards and has a strong track record in facilitating business and corporate development events between firms of all sizes in the sector. He brings extensive contacts in some of the most prominent diagnostic and pharmaceutical companies in Japan which are candidates for Medical Therapies Limited out licensing activities, particularly for its diagnostic portfolio. Mr Koike has been closely involved with the Midkine technology for over a year and was advisor to Cell Signals Inc., the vendor of the technology, during the acquisition process by Medical Therapies.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBIN BEAUMONT

Clause 13.4 of the Company's Constitution requires any director appointed as a director since the last general meeting of the Company to retire from office at the Company's next Annual General Meeting. The retiring Director, Mr Robin Beaumont, is eligible for re-election and accordingly submits himself for re-election as a Director of the Company.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUES OF OPTIONS TO CONSULTANTS

Background

On 30 June 2009, the Company issued 5,250,000 Options to advisors as part of their remuneration. The Options are convertible into one ordinary share each, have an exercise price of 5c and an expiry date of 1 June 2014.

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 where a company in a general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1 and provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder ratification of the issues of securities set out below is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders:

- (a) the total number of securities issued was 5,250,000 Options;
- (b) the terms of the Options are as follows:
 - (i) each Option is convertible into one ordinary share each, have an exercise price of 5c and an expiry date of 1 June 2014;
 - (ii) shares issued and allotted pursuant to the exercise of Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution;
 - (iii) subject to the following paragraphs, an Option does not confer the right to participate in new issues of securities by the Company without first exercising that Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holders of Options of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules;
 - (iv) adjustments to the number of Shares underlying each Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues;

- (v) the terms of the Options do not prevent the Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of an Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation;
- (vi) in the event of any reconstructions of the Company's issued capital, Options will be treated in the following manner:
- (A) in the event of a consolidation of the Shares, the number of Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
- (B) in the event of a subdivision of the Shares, the number of Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
- (C) in the event of a pro-rata cancellation of Shares, the number of Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
- (D) in the event of any other reconstruction of the issued capital of the Company, the number of Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Options which are not conferred on Shareholders;
- (vii) the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted on the exercise of an Option, but gives no assurance or undertaking that such quotation will be granted or maintained; and,
- (viii) if the Company is liquidated, all unexercised Options will lapse;
- (c) the Options were issued for no cash consideration, representing remuneration for services provided by advisors;
- (d) the Options were allotted and issued on 30 June 2009; and,
- (e) the allottees of the Options are set out in the table below. None of these allottees were or, at the date of this Notice of Meeting, are related parties of the Company:

ALLOTEES	NUMBER OF OPTIONS ALLOTTED
WISE-OWL.COM PTY LTD	1,000,000
MARIE ROSKROW	200,000
ALISON COUTTS CONSULTING PTY LTD ATF A COUTTS SFUND	1,200,000
VINCENT SWEENEY	800,000
SUSAN WERKNER	1,000,000
ANITA HICKS	50,000
GRAEME KAUFMAN	1,000,000

The Options issued have an assessed value of **\$73,132.50** (being **1.393** cents per option), as provided in the valuation report prepared by Stantons International Securities.

The fair value of the Options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Option.

The model inputs for the calculation of the range of values of these Options include:

- (i) Options are granted for no consideration, have a maximum life of 5 years;
- (ii) Grant Date: 30 June 2009;
- (iii) Exercise Price: \$0.05;
- (iv) Expiry Date: 1 June 2014;
- (v) ASX quoted Share price at valuation date: \$0.03;
- (vi) Expected Price Volatility of the Shares: 175%;
- (vii) Expected Dividend Yield: nil; and
- (viii) Risk-Free Interest Rate: 4.00%.

The Board believes that the ratification of these issues of securities is beneficial for the Company. The effect of passing the resolution is to enable the Company to issue securities in the Company under Listing Rule 7.1 without reducing the maximum amount of securities issuable by the amount of securities already placed. In the current environment, the Board believes that it is important to keep the Company's capacity under Listing Rule 7.1 open so as to permit the Company to raise as much capital as is possible, if the circumstances permit.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Board recommends shareholders vote in favour of Resolution 4 as it allows the Company to ratify the above issue of securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months. Subject to the noted voting exclusions, the Directors' intend to vote their shares in favour of Resolution 4.

RESOLUTION 5 – APPROVAL FOR ISSUE OF DIRECTOR OPTIONS TO MARIA HALASZ

Background

Resolution 5 seeks the approval of Shareholders to issue and allot 7,000,000 Director Options in three separate tranches to Maria Halasz or her nominee, to fulfil the Company's obligations under her employment contract.

Maria Halasz's base salary is \$350,000 (plus 9% superannuation). This remuneration has been in place since 2007 (without increase) and after removal of two \$25,000 cash bonuses that were originally part of the package.

Maria Halasz has previously been issued with the following Options as reward for past performance:

- 5,000,000 Options granted in June 2008, with an expiry date of 15 June 2013, and an exercise price of 5.735 cents each.

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

For the purposes of the ASX Listing Rules Maria Halasz, by virtue of her office as a director of Medical Therapies Limited, is a related party to the Company. In the event that Shareholder approval to Resolution 5 is obtained under Listing Rule 10.11, further Shareholder approval to Resolution 5 is not required under Listing Rule 7.1 (see Listing Rule 7.2, Exception 14).

Section 208 of the Corporations Act also requires the Company to obtain Shareholder approval and to comply with the Corporations Act in relation to Resolution 5. The Corporations Act requires that, except in certain specific situations, a public company may not give a financial benefit to a related party, without prior shareholder approval.

Granting an Option is included in the concept of giving a "financial benefit" (Section 229(3)(e) of the Corporations Act) and a director of a public company is a "related party" of that public company (Section 228 of the Corporations Act).

In accordance with the disclosure requirements of Listing Rule 10.13 and Section 208 of the Corporations Act:-

- A. The Company proposes to issue 7,000,000 Director Options to Maria Halasz or her nominee.
- B. The maximum number of securities to be issued to Maria Halasz pursuant to Resolution 5 is 7,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 5 as soon as reasonably practicable after Resolution 5 is approved by Shareholders, but in any case by no later than 1 month after the date of passage of Resolution 5.
- D. Maria Halasz is a Director of the Company.

E. The Director Options will be issued for no cash consideration and the material terms of the Director Options are as follows:

(i) The options will be issued in three separate tranches with the details of each tranche as follows:

Tranche 1

Number of Options: 2,000,000

Exercise Price: Minimum 50% premium to the average trading price of the Company's shares over the 30 trading days prior to the date of Shareholders' approval.

Term: 5 years

Grant: Subject to Shareholders' approval

Vesting: 100% vesting on the date of shareholders' approval

Tranche 2:

Number of Options: 3,000,000

Exercise Price: Minimum 50% premium to the average trading price of the Company's shares over the five trading days prior to the date of Shareholders' approval.

Term: 5 years

Grant: Subject to Shareholders' approval

Vesting: On completion of the first materially significant transaction such as a license or collaboration agreement.

Tranche 3:

Number of Options: 2,000,000

Exercise Price: Minimum 50% premium to the average trading price of the Company's shares over the five trading days prior to the date of Shareholders' approval.

Term: 5 years

Grant: Subject to Shareholders' approval

Vesting: On completion of the second materially significant transaction such as a license, collaboration or materially significant research collaboration agreement.

(ii) Upon termination of employment of Ms Halasz:

- subject to the discretion of the Board of the Company, any

unvested Director Options will immediately automatically lapse and have no further force or effect; and

- any vested Director Options may continue to be exercised in accordance with the terms of the options at any time up until the expiry date of those relevant options.
- (iii) Shares issued and allotted pursuant to the exercise of Director Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- (iv) Subject to the following paragraphs, a Director Option does not confer the right to participate in new issues of securities by the Company without first exercising that Director Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holders of Options of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- (v) Adjustments to the number of Shares underlying each Director Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (vi) The terms of the Director Options do not prevent the Director Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Director Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- (vii) In the event of any reconstructions of the Company's issued capital, Options will be treated in the following manner:
- (A) in the event of a consolidation of the Shares, the number of Director Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - (B) in the event of a subdivision of the Shares, the number of Director Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - (C) in the event of a pro-rata cancellation of Shares, the number of Director Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - (D) in the event of any other reconstruction of the issued capital of the Company, the number of Director Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Director Options which are not conferred on Shareholders.

- (viii) The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted on the exercise of a Director Option, but gives no assurance or undertaking that such quotation will be granted or maintained.
 - (ix) If the Company is liquidated, all unexercised Director Options will lapse.
- F. There will be no funds raised by the issue of the Director Options under Resolution 5.
- G. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 5 by:
- Maria Halasz or her nominee; and
 - any associate of Maria Halasz or her nominee.
- However, the Company will not disregard a vote if:
- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Director Options that are the subject of these Resolutions have an assessed valuation of **\$198,100** (using a price per Option of **2.83** cents, being the mid-point of valuation of Directors Options as provided in the valuation report prepared by Stantons International Securities (**SIS**). It is noted that SIS has valued the Director Options to be in a range of values between **2.69 cents** to **2.91 cents** per Director Option, based on volatilities ranging from 150% to 200%.

The fair value of the Director Options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the Director Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Director Option.

The model inputs for the calculation of the range of values of these Director Options include:

- (ix) Director Options are granted for no consideration, have a maximum life of 5 years, with all Director Options vesting as noted above;
- (x) Expected Grant Date: 17 November 2009;
- (xi) Exercise Price: \$0.045;
- (xii) Expiry Date: 17 November 2014;
- (xiii) ASX quoted Share price at valuation date: \$0.03;
- (xiv) Expected Price Volatility of the Shares: 175%;

(xv) Expected Dividend Yield: nil; and

(xvi) Risk-Free Interest Rate: 5.11%.

At the date of issue of this Notice of Meeting, there are 212,581,294 ordinary Shares on issues and 23,101,901 options on issue (excluding the options subject of Resolutions 5 and 6), so that on a fully diluted basis (ie assuming conversion of all options), there would be 235,683,195 ordinary Shares on issue (excluding the options subject of Resolutions 5 and 6). The number of options proposed to be issued to Maria Halasz represent approximately 3% of the fully diluted Shares of the Company.

In the twelve months prior to 8 October 2009 (being the date prior to this Notice of Meeting being sent to printing), the Company's ordinary Shares traded between a low of \$0.007 on 17 March 2009 and a high of \$0.05 on 7 July. The closing price of the Company's ordinary shares on 7 October 2009 was \$0.028.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

Dr David King (Non-Executive Chairman), Mr Koichiro Koike (Non-Executive Director) and Mr Robin Beaumont (Non-executive Director) recommend Shareholders vote in favour of Resolution 5 for the issue of Director Options to Maria Halasz in accordance with her employment agreement with the Company. They intend to vote their Shares in favour of Resolution 5.

Under her amended employment agreement dated 22 February 2008 the Company agreed to pay Ms Halasz two cash incentives of \$25,000 each subject to performance milestones. Ms Halasz has successfully achieved those milestones but has not taken any of her cash incentives. Pursuant to the same agreement Ms Halasz has earned 2 million options for her service to the Company up to the date of 22 September 2009.

Ms Halasz's employment contract was further amended on 22 September 2009 and all future cash incentives have been removed and replaced with two bonus option incentives as outlined on page 12 of this Notice of Meeting under Tranche 2 and Tranche 3.

Maria Halasz has made a substantial and transforming contribution to the Company during her engagement as CEO, and the Board is of the opinion that the issue of these Options to Maria Halasz is reasonable remuneration for her efforts. These options have been included in Ms Halasz's amended employment agreement in recognition of her service to the Company to date, for cash bonuses earned but not taken and to incentivise her to continue to vigorously pursue the interests of the Company and its Shareholders in the future. Maria Halasz was absent from, and abstained from voting on, the Board's resolution with respect to this recommendation.

RESOLUTION 6 – APPROVAL FOR ISSUE OF DIRECTOR OPTIONS TO KOICHIRO KOIKE

Background

Resolution 6 seeks the approval of Shareholders to issue and allot 2,000,000 Director Options to Koichiro Koike or his nominee as a reward for past performance and an incentive for future performance.

Koichiro Koike is entitled to director's fees of \$50,000 on an annualised basis (excluding GST). However, Mr Koichiro Koike is currently only paid 50% of this fee.

Koichiro Koike has not been previously issued any Options.

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (c) a related party; or
- (d) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

For the purposes of the ASX Listing Rules Koichiro Koike, by virtue of his office as a director of Medical Therapies Limited, is a related party to the Company. In the event that Shareholder approval to Resolution 6 is obtained under Listing Rule 10.11, further Shareholder approval to Resolution 6 is not required under Listing Rule 7.1 (see Listing Rule 7.2, Exception 14).

Section 208 of the Corporations Act also requires the Company to obtain Shareholder approval and to comply with the Corporations Act in relation to Resolution 6. The Corporations Act requires that, except in certain specific situations, a public company may not give a financial benefit to a related party, without prior shareholder approval.

Granting an Option is included in the concept of giving a "financial benefit" (Section 229(3)(e) of the Corporations Act) and a director of a public company is a "related party" of that public company (Section 228 of the Corporations Act).

In accordance with the disclosure requirements of Listing Rule 10.13 and Section 208 of the Corporations Act:

- A. The Company proposes to issue 2,000,000 Director Options to Koichiro Koike or his nominee.
- B. The maximum number of securities to be issued to Koichiro Koike pursuant to Resolution 6 is 2,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 6 as soon as reasonably practicable after Resolution 6 is approved by Shareholders, but in any case by no later than 1 month after the date of passage of Resolution 6.
- D. Koichiro Koike is a Director of the Company.
- E. The Director Options will be issued for no cash consideration and the material terms of the Director Options are as follows:

Number of Options:	2,000,000
Exercise Price:	Minimum 25% premium to the average trading price of the Company's shares over the 5 trading days prior to the date of shareholders' approval.
Term:	5 years
Grant:	Subject to shareholders' approval
Vesting:	100% vesting on the date of shareholders' approval

- (i) Upon termination of directorship of Mr Koike:
- subject to the discretion of the Board of the Company, any unvested Director Options will immediately automatically lapse and have no further force or effect; and
 - any vested Director Options may continue to be exercised in accordance with the term of the options at any time up until the expiry date of those relevant options.
- (ii) Shares issued and allotted pursuant to the exercise of Director Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- (iii) Subject to the following paragraphs, a Director Option does not confer the right to participate in new issues of securities by the Company without first exercising that Director Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holders of Options of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- (iv) Adjustments to the number of Shares underlying each Director Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (v) The terms of the Director Options do not prevent the Director Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Director Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- (vi) In the event of any reconstructions of the Company's issued capital, Options will be treated in the following manner:
- (A) in the event of a consolidation of the Shares, the number of Director Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;

- (B) in the event of a subdivision of the Shares, the number of Director Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - (C) in the event of a pro-rata cancellation of Shares, the number of Director Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - (D) in the event of any other reconstruction of the issued capital of the Company, the number of Director Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Director Options which are not conferred on Shareholders.
- (vii) The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted on the exercise of a Director Option, but gives no assurance or undertaking that such quotation will be granted or maintained.
- (viii) If the Company is liquidated, all unexercised Director Options will lapse.
- F. There will be no funds raised by the issue of the Directors Options under Resolution 6.
- G. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 6 by:
- Koichiro Koike or his nominee; and
 - any associate of Koichiro Koike or his nominee.
- However, the Company will not disregard a vote if:
- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Director Options that are the subject of these Resolutions have an assessed valuation of **\$57,000** (using a price per Option of **2.85** cents, being the mid-point of valuation of Directors Options as provided in the valuation report prepared by Stantons International Securities (**SIS**). It is noted that SIS has valued the Director Options to be in a range of values between **2.72 cents** to **2.92 cents** per Director Option, based on volatilities ranging from 150% to 200%.

The fair value of the Director Options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the Director Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Director Option.

The model inputs for the calculation of the range of values of these Director

Options include:

- (i) Director Options are granted for no consideration, have a maximum life of 5 years, with all Director Options vesting as noted above;
- (ii) Expected Grant Date: 17 November 2009;
- (iii) Exercise Price: \$0.0375;
- (iv) Expiry Date: 17 November 2014;
- (v) ASX quoted Share price at valuation date: \$0.03;
- (vi) Expected Price Volatility of the Shares: 175%;
- (vii) Expected Dividend Yield: nil; and
- (viii) Risk-Free Interest Rate: 5.14%.

At the date of issue of this Notice of Meeting, there are 212,581,294 ordinary Shares on issues and 23,101,901 options on issue (excluding the options subject of Resolutions 5 and 6), so that on a fully diluted basis (ie assuming conversion of all options), there would be 235,683,195 ordinary Shares on issue (excluding the options subject of Resolutions 5 and 6). The number of options proposed to be issued to Koichiro Koike represent approximately 0.8% of the fully diluted Shares of the Company.

In the twelve months prior to 8 October 2009 (being the date prior to this Notice of Meeting being sent to printing), the Company's ordinary Shares traded between a low of \$0.007 on 17 March 2009 and a high of \$0.05 on 7 July 2009. The closing price of the Company's ordinary shares on 7 October 2009 was \$0.028.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

Dr David King (Non-Executive Chairman) Ms Maria Halasz (Managing Director) and Mr Robin Beaumont (Non-Executive Director) recommend Shareholders vote in favour of Resolution 6 for the issue of Director Options to Koichiro Koike. They intend to vote their Shares in favour of Resolution 6.

Mr Koichiro Koike has been a director of Medical Therapies Limited since 26 August 2008. From the beginning of his appointment Mr Koike, based in Tokyo, has served the company tirelessly well beyond the scope of what is required from a non-executive director. He facilitated a number of important transactions for the Company and represented the Company to venture firms, commercial enterprises and government bodies. He has been instrumental in the transferring of the midkine technology from Cell Signals to the Company. He has been a key negotiator with Cell Signals, Nagoya University and the scientists and shareholders involved. Mr Koike has also been instrumental in the Company's recent business development activities. During the past year Mr Koike has been receiving only 50% of his director's fees to assist the Company's transition until fully funded. The Director Options being approved are partial remuneration for and in recognition of Mr. Koike's outstanding work for the Company.

RESOLUTION 7 – APPOINTMENT OF AUDITOR

Background

This resolution is to consider the appointment of PKF as the auditor of the Company following a request to their appointment as auditor received from a member of the Company.

A copy of the written nomination is attached to this Notice of Meeting

PKF has consented to their appointment as auditor.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors' recommend shareholders vote in favour of Resolution 7 for the reasons set out in this Explanatory Statement. The Directors' intend to vote their shares in favour of Resolution 7.

RESOLUTION 8 – CHANGE OF COMPANY NAME

Background

The Company considers its current name, Medical Therapies Limited, is too generic and does not accurately reflect the Company's operations. The Company now wishes to more closely align its corporate identity with its main operating business by changing its name to Cellmid Limited.

The new name, Cellmid, reflects the business of the Company in two ways:

The "Cell" component refers to the fact that midkine is a cell signalling agent and the diagnostic and therapeutic products the Company develop relate to this cell signalling function. In addition, the technology was developed by Cell Signals Inc. in Japan, therefore the Company would pay homage to the people involved with Cell Signals for the years of dedicated research and—

development and for the substantial financial sacrifice of the funders of the research.

The “mid” component of the name refers back to midkine, the Company’s core protein which is the subject of all of the Company’s patents and product development programs.

DIRECTORS’ RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors’ recommend shareholders vote in favour of Resolution 8 for the reasons set out in this Explanatory Statement. It is their view that the new name “Cellmid” provides insight into the origin and form a context for the future of the Company’s products. The Directors’ intend to vote their shares in favour of Resolution 8.

RESOLUTION 9 – APPROVAL FOR THE RAISING OF UP TO \$3 MILLION BY THE ISSUING OF SHARES WITHIN THREE MONTHS FROM THE DATE OF APPROVAL

Background

The Company will require additional capital for the commercialisation of the midkine intellectual property and to provide general working capital.

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

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

Related parties will not be able to participate in a capital raising pursuant to this Resolution 9.

ASX Listing Rule 7.1

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

Resolution 9 seeks Shareholder approval pursuant to ASX Listing Rule 7.3 for the issue of the above Shares (**Ratification**). By obtaining the Ratification, the Company will retain the flexibility to issue up to 15% of its issued capital, if required, in the next 12 months without the need to obtain prior Shareholder approval.

ASX Listing Rule 7.3

Listing Rule 7.3 requires the Notice of Meeting to include the following information for shareholders consideration in respect of Resolution 9:-

- (a) The maximum number of Shares that will be issued under this Resolution is not known. However, the maximum number will not be more than the

number of Shares purchasable with \$3 million at the price(s) per share at which shares are issued.

- (b) The Shares will be issued and allotted within 3 months of the date of the meeting.
- (c) The Company intends to issue the new shares at a discount not greater than 20% calculated as specified in the third paragraph under Background Information above.
- (d) The identity of allottee/s has not yet been determined. The identity of the allottee/s will be at the discretion of the Company or in consultation with any broker the Company may engage to assist in the placing the shares or both.
- (e) The shares issued will rank equally in all respects with the existing Shares.
- (f) The funds raised are intended to be applied to the commercialisation of the assets acquired pursuant to the Intellectual Property Agreement and to provide general working capital.
- (g) Shares will be allotted progressively.

DIRECTORS' RECOMMENDATION AND REASONS FOR RECOMMENDATION

The Directors' recommend shareholders vote in favour of Resolution 9 for the reasons set out in this Explanatory Statement. Subject to the noted exclusions, the Directors' intend to vote their shares in favour of Resolution 9.

22 September 2009

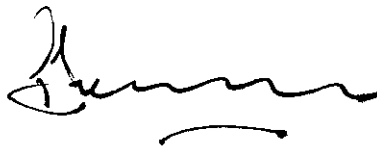
Nomination of Auditor

Mr Andrew Bursill
Company Secretary
Medical Therapies Limited
Level 6
40 King Street
SYDNEY NSW 2000

Nomination of PKF as auditor of Medical Therapies Limited

I, Vincent Sweeney, in my capacity as trustee and authorised representative for a shareholder of Medical Therapies Limited, pursuant to section 328 of the Corporations Act 2001, nominate PKF for appointment as auditor of the Company at the next Annual General Meeting of the Company.

Yours sincerely



Vincent Sweeney
Trustee and Authorised Representative
Maguire Family Superannuation Fund

Name and Address

ALL CORRESPONDENCE TO:
Medical Therapies, Level 6 40 King
Sydney NSW 2000 Australia



Your Address

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

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10.00 AM
SUNDAY 15th NOVEMBER 2009

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

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

Proxy which is a Body Corporate

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed

In the spaces provided you must sign this form as follows:

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

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

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

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

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **10.00am on Tuesday, 17 November 2009**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - Medical Therapies, Level 6 40 King Sydney NSW 2000 Australia

BY FAX - + 61 2 9299 2198

IN PERSON - Medical Therapies, Level 6 40 King Sydney NSW 2000 Australia

Medical Therapies Limited

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

STEP 1 - Appointment of Proxy

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

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Medical Therapies Limited to be held at Level 6 40 King Street, Sydney NSW 2000 on Tuesday the 17th of November 2009 at 10.00am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

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

Ordinary Business		For	Against	Abstain*
Item 1	To adopt the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	To re-elect Koichiro Koike as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	To re-elect Robin Beaumont as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Issue of Director Options to Maria Halasz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Issue of Director Options to Koichiro Koike	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Change of company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Approval to raising of up to \$3 million by issuing shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name Contact Daytime Telephone Date / /2009