

ASX ANNOUNCEMENT

EXPIRY OF LISTED OPTIONS (CDYO)

Dear Option Holders,

Directors' intention in relation to CDYO listed options

Please find the attached letter outlining the details in relation to your Cellmid Listed Options (ASX:CDYO), which will expire, unless exercised before, on 23rd October 2016.

In the period starting 3 months prior to the expiry date of the Options up until September 22nd 2016, Cellmid shares have been trading in the range of 2.7 cents to 4.1 cents. The Directors believe that there is significant unrecognised value in the shares of the Company and they intend to exercise some or all of their CDYO Options at the exercise price of 3.4 cents.

Cellmid has gone through a period of significant growth since the issuing of the Options. Consumer health sales increased 171% since FY2014 and overall revenue was up 143% during the same period. The Company has built a strong and capable sales and marketing team delivering on its growth strategy. Cellmid's consumer health subsidiary, Advangen Limited, is ready to capitalise on these assets and roll out its evol^{is}® branded hair loss products in the \$3.5 billion USA market in the coming year.

The dedicated subsidiaries, Lynamid, Kinera and Advangen, each have a clear therapeutic and commercial focus, hence present targeted investment opportunities for specialist investors. The subsidiaries have their own product development and cost centres improving transparency in preparation for such investment. Investment directly into these subsidiaries will not only enable them to take Cellmid's midkine assets into the clinic, but also limit dilution to Cellmid shareholders who will benefit from the potential upside.

Further information on Cellmid's performance and its prospects can be found in the 2016 Financial Report released to the ASX on 30 August 2016 or on the Company's website, www.cellmid.com.au. Please read the information carefully, and take your independent investment advice before making a decision on how you wish to act on your CDYO Options.

Yours sincerely,

Cellmid Limited



David King
CHAIRMAN

Name/Address 1
Name/Address 2
Name/Address 3
Name/Address 4
Name/Address 5
Name/Address 6

Number of Options Held:

IMPORTANT NOTICE – EXPIRY OF CDYO OPTIONS

Dear Option Holder

The **\$0.034 Listed Options** issued by the Company are due to expire at 5.00pm Eastern Standard Time on 23 October 2016. In accordance with the terms and conditions of the option issue and the ASX Listing Rules, the Company is required to give you notice at least 20 business days before the expiry date.

In accordance with the ASX Listing Rules the Company advises as follows:

1. The latest date for the exercise of the options *and* for payment of the exercise price is 23 October 2016;
2. The exercise price of the options is \$0.034 per option;
3. The consequence of non-payment of the exercise price is that the options will lapse;
4. The latest available market sale price of the Company's shares on ASX prior to the date of letter was \$0.030 per Share on 22 September 2016;
5. The highest and lowest market price of the underlying securities during the three months prior to 22 September 2016 are set out below:
 - i. Highest: \$0.041 per Share on 20 July 2016;
 - ii. Lowest: \$0.027 per Share on 12 September 2016.
6. The last date of quotation of CDYO options on the Australian Securities Exchange will be 18 October 2016.

Overleaf is a "**Notice of Exercise of Options**" with a copy of the option terms.

To convert your CDYO options into CDY shares, complete the overleaf **Notice of Exercise** form in full, sign it and send to the Company's share registry with the appropriate remittance amount by cheque made payable to Cellmid Limited and crossed "Not Negotiable".

The Company's share registry postal address is:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

If you have any queries in relation to the above, please do not hesitate to contact Boardroom Limited on 1300 737 760 +61 2 9290 9600.

Terms of Options

- (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.

NOTICE OF EXERCISE OF OPTION

To: Cellmid Limited C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

I/We.....
Name of Option holder/s (Please use block letters)

.....
Registered address of Option holder/s (Please use block letters)

hereby exercise my options to apply for
(number in words) (in figures)

fully paid ordinary shares in the capital of Cellmid Ltd and I/we enclose my/our cheque for \$.....
in payment of such shares at \$0.034 per option subscription. I/we request that you allot me/us on the share register the number of shares to which I am/we are entitled and I/we agree to accept such shares subject to the Company's Constitution.

PLEASE SIGN HERE:

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Joint Shareholder 2 (Individual)

Director

Joint Shareholder 3 (Individual)

Director / Company Secretary

Business Telephone No. () _____ Date _____