

ASX ANNOUNCEMENT

LA JOLLA COVE FUNDING AGREEMENT TERMINATED

SYDNEY, Monday, 13 February 2012: Cellmid Limited (ASX: CDY) advises that it has signed an agreement with La Jolla Cove Investors to terminate the Funding Agreement dated September 2010.

The original Funding Agreement provided for the issuing of up to eight Convertible Notes of US \$1M each, approximately convertible at a 20% discount to the share price at the time of conversion. Cellmid had the right to repay amounts pertaining to conversion notices when the share price was below the floor price (2.5 cents).

Cellmid was asked to issue two notes of US \$1M each during the course of the Funding Agreement, and received a total amount of US \$2M. Since then Cellmid repaid to La Jolla Cove Investors US \$450,000 of the principal in cash. In addition, Cellmid issued shares to La Jolla Cove Investors for another US \$1.2M of the principal amount. The remaining balance of the facility is approximately US \$330,000 including interest.

Pursuant to the agreement to terminate the facility the parties will have the following obligations:

- Cellmid will issue shares to La Jolla Cove Investors for the remaining \$330,000 in lots of \$100,000 or less in each calendar month unless the company's shares trade at 2.5 cents or above. In that event La Jolla Cove Investors may convert the entire outstanding balance immediately; and
- Once the shares are issued, the Funding Agreement will be considered fully performed and it will be terminated. Specifically, La Jolla Cove Investors will not be able to call for the issuing of another Convertible Note.
- This will be a full and final settlement between the parties of any and all outstanding matters relating to the Funding Agreement.

The Funding Agreement signed in September 2010 provided much needed capital for Cellmid's research and development programs at the time. Due to the availability of this money the Company has been able to achieve significant milestones such as the CE Marking of its cancer diagnostic test and humanising its first in kind anti-midkine antibody.

However, as 100% of the shares issued pursuant to the conversion requests have been sold shortly after their issue, the facility put a strong downward pressure on CDY's share price. Consequently, the real value created in the business by achieving these and other significant milestones had little opportunity to be reflected in the Company's market valuation.

In September 2011 shareholders voted against the issuing of an additional note to La Jolla Cover Investors; however the Funding Agreement remained on foot. This has left uncertainties for investors discouraging new capital injections. It is for this reason that termination of the facility became important.

"The Board is pleased to have been able to negotiate the termination of the Funding Agreement." said Chairman of Cellmid, Dr David King.

End

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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 clinical development program is for the treatment of acute myocardial infarction (AMI) utilising the midkine protein. Cellmid is also developing anti-midkine antibodies for the treatment of inflammatory and autoimmune disorders. In addition, Cellmid is commercialising midkine as a biomarker for 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.

Midkine (MK)

Midkine is a multifunctional growth factor that is highly expressed during embryonic development. Midkine modulates many important biological interactions such as cell growth, cell migration and cellular adherence. These functions are relevant to cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Midkine is barely detectable in healthy adults and only occurs as a consequence of the pathogenesis of a number of different disorders. Midkine expression is often evident very early in disease onset, even before any apparent physical symptoms. Accordingly, midkine is an important early marker for diagnosing cancers and autoimmune diseases. Finally, because midkine is only present in a disease context, targeting midkine does not harm normal healthy tissues.