ASX ANNOUNCEMENT

EUROPEAN MIDKINE PATENT FOR SURGICAL ADHESION ALLOWED

- **Patent for the treatment of surgical adhesions via targeting midkine allowed in Europe**
- **Comprehensive protection over antibodies, DNA, RNA antisense and RNA interference agents**

SYDNEY, Thursday, 22 Sept 2016: Cellmid Limited (ASX: CDY) advises that Notice of Allowance has been issued by the European Patents Office for Cellmid's patent application 04717839.7 entitled "Preventative for Adhesion Following Abdominal Surgery". This patent protects the use of antibodies or nucleotide based drugs targeting midkine (MK) that prevent the formation of surgical adhesions.

This patent complements the already granted US patent 10/547,011 entitled "Agents for Preventing Post-Laparotomy Adhesions" (CDY: ASX Announcement 18 April 2012), which covers the use of MK antibodies. Together with related patents already granted in USA and Japan, the current European patent is the last in this family, enabling extensive coverage of Lyramid's anti-MK agents for application in a major area of unmet clinical need.

The surgical adhesion patents make up one of the eight key patent families which provide the Company's dominant intellectual property position over the treatment of inflammatory and autoimmune diseases, cancer and bone disorders by targeting MK.

Surgical adhesion is the build-up of internal scarring following surgery. Adhesions frequently occur between different organs or between organs and the abdominal wall, causing pain and even infertility in women. Whilst adhesions occur in over 95% of abdominal operations, they account for 6% of all readmissions following surgery. The post-surgical anti-adhesion market is estimated at approximately $3 billion in the US and $5 billion globally. There are no drugs available for preventing surgical adhesions.

Currently surgical adhesion is most frequently treated by further surgery to sever the adhesions. However, around 85% of the time this simply results in more adhesions. The leading method for preventing abdominal surgical adhesions is insertion of bio-absorbable barriers during surgery. This procedure is often ineffective, relies on surgeons being trained in the proper use of the barriers and it extends operating time and associated costs and risks entailed with this.

Lyramid is currently preparing its anti-MK antibody program for "first in class" clinical trials. One of the objectives of the trial is to demonstrate that MK can be a safe therapeutic target. Evidence of safety of an anti-MK agent could open up opportunities for a number of pipeline products due to the strong intellectual property position Lyramid holds around this novel disease target.

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Cellmid's total patent portfolio currently comprises 82 patents and applications in 20 patent families including patents covering the use of MK and anti-MK agents for therapeutic purposes in a number of diseases such as cancer, inflammatory conditions and autoimmune diseases. In addition, patents covering the use of MK as a diagnostic marker in cancer and other disorders provide for a companion diagnostic, potentially accelerating clinical development.

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Cellmid Limited (ASX: CDY)
Cellmid is an Australian life sciences company with lead programs in multiple disease indications. The Company, through its wholly owned subsidiaries, Lyramid, Kinera and Advangen, develops and markets innovative novel therapies and diagnostic tests for fibrotic diseases, cancer, ischemic diseases of the heart and hair loss. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) and FGF5 globally. Intellectual property pertaining to this novel target is being exploited through wholly owned subsidiaries Lyramid and Kinera. Advangen, Cellmid's consumer health business, sells its FGF5 inhibitor hair growth products in Australia and Japan, and currently expanding distribution in other territories. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au.

Midkine (MK)
Midkine is a 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, midkine is only evident in a disease context, and targeting midkine is not expected to harm normal healthy tissues.

Investment in life sciences companies
There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.