

## **ASX ANNOUNCEMENT**

1 February 2010

### **Implementation of merger with YM BioSciences**

On 15 January 2010, the Supreme Court of Victoria made Orders approving the Scheme of Arrangement (Scheme) between Cytopia and its shareholders. This has allowed the merger between Cytopia and YM BioSciences (YM) to be successfully implemented.

In accordance with the Scheme, all Scheme Shares have been transferred to YM and Cytopia is now a wholly-owned subsidiary of YM. The Scheme Consideration, as well as YM shares and options being issued pursuant to the Implementation Agreement between the two companies, is being issued by YM on 1 February 2010.

The number of new YM Shares to be issued as Scheme Consideration to each shareholder has been calculated using the exchange ratio of 0.0852 YM Shares per Cytopia share (or 1 New YM Share for every 11.737 Cytopia Shares). Share certificates for the new YM holdings should be received by Scheme shareholders in early February and will include relevant information to assist shareholders in managing their holdings, including details of the YM share registry.

YM representatives Mr. David Allan, Mr. Thomas Allen and Mr. Leonard Vernon have been appointed to the Cytopia Board. Following the issue of the YM shares, current directors Dr Kevin Healey, Mr. Mark Rowsthorn and Dr. Geoffrey Vaughan will resign.

An integration program is now underway, but shareholders and other interested parties will have continued access to the websites of both companies for some time and are encouraged to regularly visit [www.cytopia.com.au](http://www.cytopia.com.au) and [www.ymbiosciences.com](http://www.ymbiosciences.com) for updates on the consolidated operations. Information on the YM shares, including details from the Toronto Stock Exchange (TSX: YM) and the NYSE Amex (YMI), is regularly updated and can be accessed at [www.ymbiosciences.com/investors/stock\\_information.php](http://www.ymbiosciences.com/investors/stock_information.php)

Cytopia will apply today to be removed from the official list of ASX.

### **Taxation**

Cytopia Shareholders will dispose of Cytopia Shares under the Scheme of Arrangement, receiving YM Shares as consideration. For Australian taxation purposes, the relevant Capital Gains Tax event should be deemed to have occurred on the Effective Date, with the capital proceeds being the market value of Cytopia Shares on that date. The Effective Date was 18 January 2010 and the closing price on that day was \$0.13.

In the absence of scrip-for-scrip roll-over relief, the cost base of YM Shares received under the Scheme of Arrangement will be the market value of the Cytopia Shares at the Effective Date.

In the Scheme Booklet dated 8 December 2009, it was noted in the taxation commentary at Section 13, that scrip-for-scrip roll-over relief would be unlikely to be available to Australian tax residents. On 6 January 2010, the Australian government announced proposed changes, to be effective from that date, to the scrip-for-scrip roll-over provisions to make it easier for takeovers and mergers regulated by the Corporations Act 2001 to qualify for the roll-over.

Noting that scrip-for-scrip roll-over relief is only available to Australian tax residents where a capital gain has been derived, those shareholders who may have derived a capital gain on the disposal of their Cytopia Shares are encouraged to consult their tax advisors regarding the likely implications of the proposed change to the legislation.

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### **About Cytopia**

Cytopia Ltd is an Australian biotechnology company focused on the discovery and development of new drugs to treat cancer and other diseases. Cytopia conducts its research and drug development through subsidiaries based in Melbourne, Australia and California, USA and specialises in developing new small molecule compounds with an improved therapeutic profile for the treatment of cancer.

The company's lead drug candidate is CYT997, a vascular disrupting agent (VDA) for the treatment of various cancers, which is currently being trialled in Phase II clinical studies. CYT387, a novel oral JAK1/JAK2 inhibitor focused on the treatment of myeloproliferative neoplasms, is also being investigated in a Phase I/II clinical study.

On 12 January 2010, Cytopia shareholders voted in favor of the merger with Toronto-based YM BioSciences Inc and orders to implement the Scheme were issued by the Supreme Court of Victoria on 15 January 2010. Further details can be found at the Cytopia website ([www.cytopia.com.au](http://www.cytopia.com.au)).

### **About YM BioSciences**

YM BioSciences Inc. is a life sciences product development company that identifies and advances a portfolio of promising cancer-related products at various stages of development. The Company is currently developing two late-stage products: nimotuzumab, an EGFR-targeting Affinity-Optimized Antibody™, and AeroLEF®, a proprietary, inhaled-delivery composition of free and liposome-encapsulated fentanyl. YM has proven regulatory and clinical trial expertise and a diversified business model designed to reduce risk while advancing clinical products toward international approval, marketing and commercialization. Further details can be found at the YM website ([www.ymbiosciences.com](http://www.ymbiosciences.com))