

ASX ANNOUNCEMENT

12 January 2010

SCHEME MEETING – CHAIRMAN’S ADDRESS

Good morning ladies and gentlemen, I am Bob Watson.

As Chairman of directors, I extend a warm welcome to shareholders and guests present at today’s Scheme Meeting to consider the proposed Scheme of Arrangement with YM BioSciences Inc.

This Scheme Meeting has been convened in accordance with orders made by the Supreme Court of Victoria on 8 December 2009 to enable shareholders to vote on the proposed Share Scheme. The details are outlined in the Scheme Booklet dated 9 December 2009, which has been mailed to all shareholders.

A quorum is present and I now officially declare the Scheme Meeting of Cytopia Limited open.

I would now like to introduce your Directors. Moving from your right to left are Andrew Macdonald, Geoffrey Vaughan, Roderick Lyle, and Mark Rowsthorn. Unfortunately, Kevin Healey is unable to attend today’s meeting.

Also in attendance today are key members of our executive management team – Chris Burns, Director, Research, Gregg Smith, Director, Drug Development and Operations and Ashley Arnott, our CFO and Company Secretary. Our legal advisors Clayton Utz are in attendance today, represented by Mr Andrew Walker and Mr Courtney Dixon. Also present today is Mr Eric Passaris from BDO Kendalls, Cytopia’s auditors.

I refer to the Notice of Meeting contained in Annexure F of the Scheme Booklet which sets out the resolution proposed for today’s meeting. On the basis of its prior publication to ASX and Cytopia shareholders I propose to proceed on the basis that the Notice of Meeting has been read.

Scheme of Arrangement

The Scheme Booklet for the YM offer, which was lodged with the ASX on 9 December 2009 and mailed to Shareholders shortly thereafter, outlines the advantages and disadvantages of the Scheme. I am confident that the Shareholders have considered the contents of this document and on this basis do not deem it necessary to restate all of this information.

Before commencing with the formal business of this meeting I would like to draw your attention to some key points.

I can assure you that throughout this process the Directors have been focused on maximising shareholder value. We have actively considered all available options for the

company and are strongly of the view that this proposed merger is the best alternative for the company.

We believe that the merger has the potential to provide benefits beyond simply funding Cytopia programs. Importantly, the merger broadens the portfolio of compounds to which our shareholders will have exposure and also brings additional development skills to the Cytopia programs and provides exposure to the North American capital markets. In short, we believe the merger substantially improves the prospects for our shareholders.

The YM proposal is subject to (among other things) the Scheme being approved by the necessary majority of Cytopia Shareholders at today's Scheme Meeting.

The Scheme Booklet also included a copy of the Independent Expert's Report which was prepared by Lonergan Edwards to assist Cytopia Shareholders in their evaluation of whether the Scheme is in their best interests. The Independent Expert concluded that although the Scheme is not fair, it is reasonable and therefore is in the best interests of Cytopia Shareholders.

The Cytopia Directors also believe that the Scheme is in the best interest of shareholders and unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal. To date, the Board has not received, nor is aware of, any Superior Proposal. Each Cytopia Director intends to vote in favour of the Scheme at today's meeting in relation to the Cytopia shares held or controlled by them.

There are other reasons why you should vote in favour of the Scheme including:

- the proposal provides a timely solution to Cytopia's cash position and provides funding for our two key clinical programs;
- the Scheme allows Cytopia Shareholders to maintain their exposure to products developed by Cytopia to date;
- it gives Cytopia Shareholders exposure to a more diversified product pipeline of cancer related drug development opportunities; and
- there are risks posed if the merger does not proceed.

When the merger terms were struck in September, the share consideration represented a 30% premium to the 20 day volume weighted average price for Cytopia Shares prior to announcement of the Scheme. This resulted in an Exchange Ratio for Cytopia Shareholders of 0.0852 YM shares for each Cytopia Share, subject to adjustment.

We provided an update to shareholders on 7 January 2010 on the trading price performance of YM Shares and a hypothetical indication of what the Exchange Ratio would be on that date. The Exchange Ratio will not be finally determined until immediately prior to the Effective Date, expected to be in four business days time.

I will now move to the formal part of the meeting

Scheme Meeting Procedures

This Scheme Meeting has been convened pursuant to an order by the Supreme Court of Victoria. Under the Corporations Act, the resolution contained in the Notice of Meeting must be approved as follows:

- a majority in number (i.e. more than 50%) of Cytopia Shareholders voting at the Scheme Meeting (in person or by proxy) must vote in favour of the Scheme; and

- those Cytopia Shareholders who vote in favour of the Scheme must hold at least 75% of the total number of Cytopia Shares voted at the Scheme Meeting (in person or by proxy).

In addition the Share scheme was subject to a number of conditions precedent and most of these have been satisfied or waived. Apart from shareholder approval of the Share Scheme by this meeting, after conclusion of this meeting the principal outstanding condition precedent will be approval of the Share Scheme by the Supreme Court of Victoria. A hearing to consider such approval has been listed for Friday 15th January 2010, which should then allow the Scheme to be implemented on Thursday 28 January 2010.

Shareholders should note that, in the unlikely event the Court does not approve the Scheme; the transaction with YM BioSciences will not proceed even if shareholder approval is given by this meeting.

Resolution and Polling

I would now like to proceed to the formal business of this meeting to consider the resolution.

In order to determine whether or not the required majorities have been achieved, I intend to conduct a poll in relation to the motion to be put to today's meeting.

I appoint Mr Chris Hernandez of Link Market Services Limited, the Company's Share Registrars to act as Returning Officer and to conduct today's poll.

Only a person who is registered as a shareholder or who has been validly appointed as a proxy, corporate representative or attorney of a registered shareholder is entitled to ask questions and vote at today's scheme meeting. The persons entitled to vote should have received a green voting card when registering for today's meeting. Please see staff of Link Market Services if you have not received a green voting card and believe you are entitled to vote.

The Notice convening this Scheme Meeting was sent to Cytopia Shareholders with the Scheme Booklet. Unless there is any objection, I will take the Notice as read.

The item for consideration today is to consider, and if thought fit, pass the following resolution in accordance with section 411 of the Corporations Act:

"That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed to be made between Cytopia Limited and the holders of fully paid ordinary shares in Cytopia Limited, as contained in and more particularly described in the Scheme Booklet accompanying this notice of meeting is agreed to (with or without modification as approved by the Supreme Court of Victoria)."

With respect to this motion the company has received, as summarized in the above slide:

- 155 proxies representing 46,851,085 shares directing a for vote;
- 17 proxies representing 165,558 shares directing an against vote;
- Nil proxies directing the holder abstain from voting; and
- 32 open proxies representing 1,789,289 shares.

I advise that, the 32 open proxies representing 1,789,289 shares I received as Chairman will be voted in favour of the motion.

I would now like to open the matter for discussion before the resolution is put to a poll. Questions must be restricted to issues relating to the Scheme of Arrangement and not wider company issues. Before you ask a question, could you please show your voting card and state your name.

There being no more questions, I now call upon the Returning Officer, Chris Hernandez from Link Market Services to conduct the poll.

You should note that, you may vote 'for' or 'against' the resolution as you wish. However please note that if you are a proxy holder, attorney or nominee, and your appointor has directed how you should vote on any item, you must follow that direction. Once you have finished marking your green voting card, please place it in one of the ballot boxes at the exit door before leaving the room or hand to the Link representative.

If you have any problems, Link Market Services staff are here to assist you. Please indicate if you require assistance.

I believe that those persons who wish to vote in the poll have now done so. If there is any individual present who has not had their completed poll paper collected by the Returning Officer's staff, would you please raise your hand.

I now declare the poll closed.

Meeting Close

The result of the vote will be announced to ASX and posted to our website after the Scheme Meeting. I invite you to wait as we plan to announce the results of the poll during refreshments following the meeting.

As that concludes the business of this Scheme Meeting, I declare the meeting closed and thank you for your attendance.

Refreshments are now available outside and we look forward to talking further with you in the foyer.