



STEMCELL UNITED LIMITED

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ASX Market Announcement

Proposed issue of securities

Stemcell United Limited (ASX: SCU) advises that it proposes to issue securities as follows, by way of a placement to sophisticated investors.

Class of securities to be issued	Convertible Notes.
Number of securities to be issued (if known) or maximum number which may be issued	Up to 1,000,000 Notes.
Principal terms of the securities to be issued	<p>The Investors will subscribe for, and the Company shall issue to the Investors, the Notes not later than 1 May 2017.</p> <p>The Noteholder may convert all or some of the Notes into such number of ordinary shares as is the product of the aggregate Subscription Amount for such Notes divided by 80% of the VWAP over the preceding 5 day trading period immediately prior to the issue of the shares into which the Notes are to be converted.</p> <p>The Notes will earn interest at the rate of 12% per annum, such interest to be paid on the earlier of the date on which the Notes are repaid in full, and the date on which the Notes are converted. If the Notes are converted, the interest to be paid will be converted into ordinary shares per the formula above.</p> <p>If not converted, the Notes will be repaid, together with interest on the second anniversary of issue.</p>
Issue price or consideration	\$1.00 per note
Purpose of the issue	The purpose of the issue is to provide funds for development of the dendrobium business and proposed cannabis business and for working capital.

<p>Whether the entity will seek security holder approval in relation to the proposed issue of securities</p>	<p>Based on the current VWAP, the issue is within the 15% capacity under listing rule 7.1 should the holder decides to convert immediately.</p> <p>Shareholder approval will be sought prior to any conversion if the conversion results in more shares than allowed under the 15% capacity under listing rule 7.1.</p>
<p>Whether the issue will be to a class of security holders</p>	<p>The issue will not be made to a class of security holders.</p>