

**The Australian Securities Exchange Limited
Companies Announcements Office
SYDNEY**

6 February 2012

Chairman's Address to be Delivered at the General Meeting on 7 February 2012

Ladies and Gentlemen, welcome to the Probiomics 2012 General Meeting.

Thank you for your ongoing support and for your attendance here today.

As the Company's most recent AGM was held on 29th November 2011, the primary purpose of today's meeting is to formalise the "off market" takeover of Hunter Immunology and related matters.

Proposed Series of Transactions

It is proposed that:

- (a) the Company make an "off market" takeover bid for all of:
 - (i) the Hunter Shares and any Hunter Shares that are issued pursuant to the conversion of a Hunter Convertible Note or the exercise of any Hunter Option, at any time from and including the Takeover Record Date to and including the last day of the Takeover Bid Period;
 - (ii) the Tranche 1 Note Interests; and
 - (iii) the Hunter Options,

(Takeover Bid), subject to conditions that will include the Company receiving acceptances in respect of no less than 90% (by number) of all the Hunter Shares, the Tranche 1 Note Interests and the Hunter Options (**90% Condition**);

At this point I wish to advise the meeting that as at the close of business on Friday 3rd February 2012, the level of acceptances amounted to 76.94% of the Ordinary Shares in Hunter and 70.90%

of the Options. In addition, I wish to advise that Probiomics has entered into Pre Bid Agreements with the holders of the Hunter Convertible Notes, with the Company having a relevant of 12.87% as a result.

- (b) the Company issuing approximately 2.656 billion Shares and 150.3 million Options, as the consideration offered by the Company in the Takeover Bid to Hunter Security holders will be:
 - (i) 9 Shares (prior to the Share Consolidation) for each 1 Hunter Share held;
 - (ii) 9 Shares (prior to the Share Consolidation) for each 1 Tranche 1 Note Interest; and
 - (iii) 9 Replacement Options (prior to the Share Consolidation) for each 1 Hunter Option, held at the Takeover Record Date;
- (c) during the course of the Takeover Bid, the Company will also use its best endeavours to raise new capital of up to a minimum of \$2,200,000 and a maximum of \$4,400,000 (**Public Offer**) through the issue of a minimum of 200,000,000 and a maximum of 400,000,000 Shares (**Public Offer Shares**) at an issue price (prior to the Share Consolidation) of \$0.011 per Public Offer Share, together with the issue for no additional consideration of 1 Public Offer Option for each 3 Public Offer Shares issued under the Public Offer, exercisable at \$0.0165 each on or before 31 March, 2013 (**Public Offer Options**). The issue of the Public Offer Shares and Public Offer Options will be conditional upon:
 - (i) the Takeover Bid being declared Unconditional; and
 - (ii) the occurrence of the Re-admission Notification Date;
- (d) subject to the completion of the Takeover Bid and Public Offer, the Company proposes to seek to change its name to "Bioxyne Limited";
- (e) the Company will be re-organising its capital structure after completion of the Takeover Bid and Public Offer (and assuming that the Company receives the Maximum Subscription under the Public Offer) by effecting a 1 for 20 Share consolidation in order to reduce its share capital from approximately 3.384 billion Shares to approximately 169.22 million Shares (on an undiluted basis) and 185.38 million Shares (on a fully diluted basis) (**Share Consolidation**) - assuming 100% acceptance of the Takeover Bid and the issue of the Maximum Subscription of Public Offer Shares and Public Offer Options;
- (f) immediately prior to the Share Consolidation being implemented, the Company issue 20,000,000 Director Options to the current Directors and Company Secretary, in consideration of their past services to the Company; and
- (g) Ian Mutton, David Radford, Jeremy Curnock Cook, Doug Wilson, Glenn Crisp and William Harrison be appointed to the board of the Company.

Purpose and Expected Benefits of Series of Transactions

The purpose of this Public Offer is to raise sufficient funds to enable the merged company to complete Phase IIb clinical trials to test whether its compound HI-164OV, an enteric-coated tablet containing killed bacteria (*Haemophilus influenzae* or *H. influenzae*), which demonstrated positive results in Phase IIa trials¹ (particularly on patients with moderate to severe Chronic Obstructive Pulmonary Disease (COPD)), is effective to treat COPD at selected doses. COPD is a serious lung disease that, over time, makes it hard for sufferers to breathe. The condition is often known by other names like emphysema or chronic bronchitis.

The funds raised under the Public Offer will also allow the merged company to pursue further applications of Probiomics' proprietary PCC® strain of *Lactobacillus fermentum* in vaccines, veterinary and over the counter (OTC) products.

Expected benefits arising from the proposed merger include:

- a near term value enhancement step for investors, being the outcomes from Hunter's HI-164OV Phase IIb trials, which are expected to be available in the second quarter of calendar 2012;
- similar modes of action between the Probiomics PCC® strain and Hunter HI-164OV compounds, and the opportunity to create an expanded company focused on probiotics² and therapeutic technologies as currently exist within the Company and Hunter, under the guidance of an experienced Board of Directors, management and Medical Advisory Board with material prior experience in probiotics and therapeutic treatments; and
- synergies to be obtained through the Newcastle-based Hunter research facilities and leveraging the management of Hunter.

Suspension and re-admission of the Company to ASX

In light of the fact that the proposed Series of Transactions will, in the opinion of ASX, result in a significant change to the scale of the Company, it will be necessary for the Company to apply to ASX, immediately prior to the convening of the Meeting, for the suspension of the Official Quotation of its Shares. That suspension will commence on the day of the Meeting.

Immediately after the Meeting, and irrespective of whether or not the Essential Resolutions are passed at the Meeting, the Company will apply to ASX for the Company to be re-admitted to the Official List and for the termination of that suspension. Assuming that all the Essential Resolutions are passed at the Meeting, Re-admission will only occur when and if ASX has accepted that certain conditions set out in Chapters 1 and 2 of the Listing Rules have been satisfied, including:

- (a) the Company having at least 400 Shareholders each with Shareholdings of no less than \$2,000, and of which no more than 25% in number are held by Shareholders who are related parties of each other;

¹ Phase IIa trials are clinical trials in patients conducted for the purpose of identifying the most appropriate dosage of a drug.

² Probiotics are living natural microorganisms that have been shown to be supportive of health and well being. They support the immune system and are usually ingested in the form of fermented foods, such as yoghurt.

- (b) the value of the Shares being at least \$0.20 per Share, at the time upon which the termination of the suspension of the trading of the Shares occurs;
- (c) the provision to ASX of audited or reviewed accounts of the Company for the last 3 financial years; and
- (d) the Company having a market capitalisation of at least \$10,000,000 and working capital of at least \$1,500,000.

The duration of the period of suspension of the Shares from quotation by ASX is expected to be 20 Business Days, but could be longer.

If any or all of the Essential Resolutions are not passed at the Meeting, it is expected that the Company in its present form – and without completing the Takeover Bid or the Public Offer, and hence without issuing any of the Bid Consideration, Public Offer Shares, Public Offer Options or Director Options – is expected to be re-admitted to the Official List relatively quickly, as it will no longer be required to satisfy any of the requirements of either Chapter 1 or Chapter 2 of the Listing Rules.

Recommendations of Directors

Each of the current Directors – being myself, Simon Taylor and Simon O’Loughlin - recommend that you vote in favour of each of the Resolutions (other than the Fifth Resolution) set out in the Notice of General Meeting. We each confirm that, in our capacity as a Shareholder, we will be casting all the votes that we are entitled and permitted to cast in respect of all our Shares, in favour of each of the Resolutions (other than the Fifth Resolution).

For the reasons, we do not make any recommendation in relation to the Fifth Resolution, which relates to the proposed issue of the Director Options to each of current Directors in consideration for their past services to the Company. Furthermore, we will not be permitted to vote in respect of the Fifth Resolution.

In addition, I also ask that you have regard to the other personal interests that I have in the before you decide how to vote in regard to any Resolution and whether or not you will participate in the Public Offer or accept an offer under the Takeover Bid.

Ladies and Gentlemen thank you again for your attendance today.

Patrick Ford

Non Executive Chairman.

About Probiomics Limited

Probiomics has proprietary ownership of a unique probiotic strain – PCC[®]

PCC[®] has been clinically proved to have superior qualities to other probiotic strains – particularly in promoting systemic immune response.

Probiomics' commercial objective is to earn royalties from licensing PCC[®] to distribution companies selling products in global markets.

CONTACTS

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