

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

7 February, 2012

Chairman's Speech Delivered at the General Meeting

Ladies and gentlemen, welcome to Probiomics' first General Meeting of 2012. Thank you for your ongoing support of Probiomics and for your attendance here today.

As Probiomics' most recent AGM was held on 29th November, 2011, the primary purpose of today's General Meeting is to approve the series of transactions associated with Probiomics' proposed "off-market" takeover of Hunter Immunology Limited (**Hunter**).

Proposed Series of Transactions

As detailed in the Notice of Meeting convening today's General Meeting, the Directors of Probiomics are asking Probiomics shareholders to consider and approve the following proposals:

(a) Takeover Bid

First, approval is sought for:

- (i) the completion of Probiomics' "off market" takeover bid for **all** (and not some) of:
 - (A) the Hunter Shares existing as at the Takeover Record Date 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 during the Takeover Bid Period;
 - (B) the Hunter Tranche 1 Note Interests existing as at the Takeover Record Date; and
 - (C) the Hunter Options existing as at the Takeover Record Date,

subject to the satisfaction of the various Bid Conditions set out in Appendix 2 of the Bidder's Statement issued by Probiomics on 13th December, 2011 (**Bidder's Statement**); and

(ii) the issue by Probiomics of:

- (A) 9 Shares (prior to the Share Consolidation) for each Hunter Share;
- (B) 9 Shares (prior to the Share Consolidation) for each Tranche 1 Note Interest; and
- (C) 9 Replacement Options (prior to the Share Consolidation) for each Hunter Option,

the subject of an acceptance of those takeover bids. Assuming 100% acceptance of those takeover offers, Probiomics expects to issue an aggregate of approximately 2.53 billion Probiomics Shares and 150.3 million Replacement Probiomics Options to securityholders of Hunter.

Those bids for each of the separate classes of Hunter securities will hereon be referred to collectively as the **Takeover Bid**.

At this point, I wish to advise the meeting that as at close of business on Friday 3rd February, 2012, Probiomics has received valid acceptances under the Takeover Bid in respect of:

- (i) 76.94% of all Hunter Shares; and
- (ii) 70.90% of all the Hunter Options.

In addition, under a Pre-Bid Acceptance Agreement with holders of the Hunter Shares, which have resulted in Probiomics having acquiring a further relevant interest in Hunter Shares of 12.87%, *in addition to* the 76.94% relevant interest it has acquired pursuant to the acceptances of the Takeover Bid. This brings Probiomics' *total* relevant interest in Hunter, as of close of business on 3rd February, 2012, to a total of 89.18%.

As referred to previously, it is a condition of the successful completion of the Takeover Bid that a number of Bid Conditions are satisfied prior to the close of the Takeover Bid Period. The Bid Conditions include, amongst other things, that Probiomics receives 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**).

(b) **Capital Raising**

Second, approval is sought for the issue by Probiomics, pursuant to subscriptions to the Public Offer under the Prospectus issued by Probiomics on 21st December, 2011, 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, ie when ASX notifies Probiomics that it will be re-admitted to the Official List of ASX;

(c) **Change of Name**

Third, the Company seeks approval to change its name to “Bioxyne Limited, ”subject to the completion of the Takeover Bid and Public Offer;

(d) **Share Consolidation**

Fourth, the Company seeks approval to re-organise its capital structure after, and conditional upon, completion of the Takeover Bid and 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) or 185.38 million shares (on a fully diluted basis) (**Share Consolidation**). These figures are based on assumptions of the Company having received 100% acceptance under the Takeover Bid and the Maximum Subscription under the Public Offer.

(e) **Directors’ Options**

Fifth, the Company seeks approval to issue, immediately prior to the Share Consolidation being implemented, and subject to the completion of the Takeover Bid and Public Offer, 20,000,000 Director Options to the current Directors and Company Secretary, in consideration of their past services to the Company.

(f) **New Board Members**

Sixth, the Company seeks approval to appoint, subject to the completion of the Takeover Bid and Public Offer, Ian Mutton, David Radford, Jeremy Curnock Cook, Doug Wilson, Glenn Crisp and William Harrison – each of whom, other than Mr Harrison, is a current director of Hunter Immunology – to the board of Probiomics. Messrs Taylor and O’Loughlin will also retire from the board on completion of the aforementioned series of transactions.

Expected Benefits and Purpose of the Series of Transactions

The benefits of the Takeover Bid are as set out on pages 8 and 9 of the Bidder’s Statement, under the heading ‘Reasons to Accept the Takeover Offers’.

Expected benefits arising from the proposed merger of Probiomics and Hunter include:

- a near term value enhancement step for investors, being the outcome from Hunter’s Phase IIb trials of its HI-164OV compound – an enteric-coated tablet containing killed

bacteria (*Haemophilus influenzae* or *H. influenzae*) – which are expected to be available in the second quarter of calendar 2012;

- similar modes of action between Probiomics' PCC® strain and Hunter's HI-164OV compounds, and the opportunity to create an expanded company focused on probiotics¹ 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.

The purpose of the Public Offer is to raise sufficient funds to enable the merged entity to complete Phase IIb clinical trials to test whether its HI-164OV compound, which demonstrated positive results in Phase IIa trials² (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 are also intended to allow the merged company to pursue further applications of Probiomics' proprietary PCC® strain of *Lactobacillus fermentum* in vaccines, veterinary and over the counter products.

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 has been necessary for the Company to apply to ASX, immediately prior to the convening of this Meeting, for the suspension of the Official Quotation of its Shares. That suspension has commenced today.

Promptly after this Meeting, and irrespective of whether or not the Essential Resolutions (as described in the Notice for this Meeting) are passed at this 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 this Meeting, re-admission of the Company to ASX's Official List 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.

¹ 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.

² Phase IIa trials are clinical trials in patients conducted for the purpose of identifying the most appropriate dosage of a drug.

These include that:

- (a) the Company has 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;
- (b) the value of the Shares is 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 Company has provided to ASX audited or reviewed accounts of the Company for the last 3 financial years; and
- (d) the Company has 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 this 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 ASX 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 this 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 outlined in Part G, Section 7.1 of the Notice for this Meeting, 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 the 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.

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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