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Date: 5 February 2013

Ms Kimberley Brown  
Senior Adviser  
ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

Dear Kimberley,

I refer to your letter of 1 February 2013 regarding the Appendix 4C for the period ended 31 December 2012.

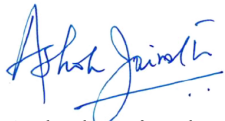
In relation to issues raised by you, please find below the Company's response in seriatim:

1. Since the reconstitution of the Company's Board after the last AGM, the Company has taken steps to reduce the operating cash outflows substantially by the reduction of the size of the board, replacing the previous CEO with the new CEO, Dr P Comans. Dr Comans is on a more competitive salary package that is split between cash component and equity.
2. The Company does not expect the cash outflow to be at the same level as the December 2012 quarter. The December quarter included a number of payments pertaining to the previous H-005 clinical trial and corporate costs that were one off and non-recurring items totalling \$ 343,000. The Company expects net revenues of A\$ 200,000 during the March 2013 quarter from sales made from its probiotic business. This, coupled with cash balance of \$ 508,000 at 31 December 2012, the reduced cash outflows in the future would be sufficient to fund the Company's operations during the next quarter and beyond.
3. The Company has previously signalled to the market of the need to raise capital and that it is undertaking a strategic review of activities. The raising of capital in association with completion of this review is anticipated during this quarter.

4. The Company confirms it is in compliance with Listing Rules, and in particular with Listing Rule 3.1
5. The Company further confirms that it is in compliance with listing rule 12.2 and believes that the actions taken by the Board to reduce the future cash outflow, the non-recurrence of one off items and the business strategy to enhance the financial footing of the Company are sufficient justification to warrant the continued quotation of its securities.

Should you have any questions or would like to discuss the above, please don't hesitate to contact me.

Yours sincerely,



Ashok Jairath  
Company Secretary

### About Bioxyme

Bioxyme Limited (ASX:BXN) is an Australian immunotherapeutics business commercialising a new therapy for patients with Chronic Obstructive Pulmonary Disease (COPD). Its lead product HI-164 is based on the proprietary technology that uses the application of mucosal immunology to treat common human diseases. HI-164 works by controlling bacterial infections of airways damaged by toxins. HI-164 recently completed a Phase IIb clinical trial for COPD where it was shown to be effective in a subset of the patient cohort under the age of 65. The company is planning a new study to further investigate the findings from this study.

### Chronic Obstructive Pulmonary Disorder

COPD is a disease largely caused by smoking but with a rising number of new cases caused by pollution in developing countries. The global incidence of COPD, which includes common diseases like bronchitis and emphysema, is growing rapidly and is a substantial burden on health budgets worldwide. An analysis by the Australian Lung Foundation in 2008 indicated the wide economic cost of to the Australian economy in 2010 was estimated to be \$9 billion in direct and indirect costs, with \$1 billion incurred in direct health system expenditure. There are currently no effective treatments for COPD and 25 per cent of COPD patients admitted to hospital die within one year. Reducing hospital admissions is crucial and preventing exacerbations is the main choice of therapy. It is estimated COPD will be third leading cause of mortality in the next decade, behind heart failure and cancer. COPD is Australia's second leading cause of avoidable hospital admissions .



1 February 2013

Ashok Jairath  
Company Secretary & CFO  
Suite 1A, Level 2  
802 Pacific Highway  
Gordon, NSW 2072

By Email:

Dear Ashok

**Bioxyne Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 December 2012, released to ASX Limited ("ASX") on 31 January 2013 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$88,000.
2. Net negative operating cash flows for the quarter of \$727,000.
3. Cash at end of quarter of \$508,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

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### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to **kimberley.brown@asx.com.au** or on **facsimile number (02) 9241 7620**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than close of business **5 p.m. A.E.D.T. on Wednesday, 6 February 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact.

Yours sincerely,

*[Sent electronically without signature]*

Kimberley Brown  
**Senior Adviser, Listings Compliance (Sydney)**