Australian Securities Exchange Limited
Companies Announcements Office
SYDNEY

4 April, 2012

New Australian Drug Developer Lists on ASX

Key points

- Growth-focused Australian drug and therapeutic development business re-listed on ASX today (Wednesday 4 April 2012) following reverse takeover of Probiomics by Hunter Immunology
- Company is well financed with a risk-balanced business strategy with near term revenues and multiple commercial drug development opportunities
- Positioned to create shareholder value by commercialising promising new late-stage drug aimed at a major unmet global medical market and need
- Phase IIb clinical trial results, due mid 2012, looking to expedite global licensing and sales deals
- Highly regarded board and management team with extensive experience and a track record of success in developing new drug businesses globally and enhancing shareholder value

SYDNEY Australia, 4 April 2012: Following the merger of private drug developer Hunter Immunology Limited with Probiomics Limited (ASX: PCC), the merged entity today recommenced trading on the Australian Securities Exchange (ASX).

The business will initially continue to trade as Probiomics (ASX: PCC) and intends to rename as Bioxyne (ASX: BXN) in coming weeks.

At the commencement of trading, the company had a market cap of over $33 million with 149.9 million shares.

The largest shareholder is Phillip Asset Management's IB Australia Bioscience Fund with 31 million shares or 21 percent of the company. Other top 10 shareholders

include respected funds manager Chris Cuffe, biotechnology investor and funds manager Chris Abbott and Hunter Immunology co-founders Professor Robert Clancy and Dr Philip Comans.

In the lead up to the merger and relisting, Probiomics raised $2.4 million at a price of $0.22 cents per share post consolidation. The company has no debt and adequate cash reserves to complete the clinical trial and engage in negotiations with potential partners.

Mr David Radford former Chief Executive Officer of Hunter Immunology and now CEO of Probiomics, said “Our business is now ideally positioned with a supportive capital backing and an institutional shareholder base to take maximum advantage of both short term and long term growth opportunities.”

The Company’s main asset, originating from Hunter Immunology, is a new Australian-developed drug called HI-164OV aimed at treating chronic obstructive pulmonary disease (COPD) which includes bronchitis and emphysema.

Mr Radford said before the merger, Probiomics was a company marketing a range of probiotics experiencing limited sales. Mr Radford said Hunter Immunology decided it would make sense to take over the company with a related type business it could back itself into rather than an IPO.

“Management’s goal is the creation of solid, financially beneficial relationships with global pharmaceutical partner organisations to expedite the commercialisation of our lead drug asset HI-164OV” he said.

A number of global pharmaceutical companies have expressed interest in a potential commercial partnership with the company pending the mid 2012 release of final results from a 320-patient Phase IIb clinical trial of HI-164OV.

“A positive result in June that demonstrates efficacy in patients with COPD will position our company as an attractive acquisition or as a potential partner for a number of multinational pharmaceutical companies seeking to expand their portfolios in respiratory vaccine markets,” Mr Radford said.

Mr Radford said there was no cure for COPD, but reducing hospital admissions was crucial and preventing exacerbations was the main focus of therapy worldwide. COPD therapeutics is a major target of global pharmaceutical company research.

“A reduction of at least 10 per cent in the number of patients readmitted to hospital for treatment would be considered a successful result and would have a meaningful impact on the cost of healthcare worldwide to treat COPD, which is currently estimated to cost the US healthcare system $29 billion every year in direct costs. Any therapy that can help reduce healthcare costs will be highly attractive to global pharmaceutical companies,” he said.

A small Phase IIa study in severe COPD patients showed the vaccine prevented hospitalisation rates by 90 per cent while reducing the use of steroids, antibiotics and bronchodilators. The data showed there were also large reductions in the use of corticosteroids (63 per cent) and antibiotics (72 per cent) for treating exacerbations.

Mr Radford said while there may be potential short-term upside from the release of the clinical data, the company was seeking to exploit a number of important new growth opportunities based on the same drug technology platform. There has already been interest in the long term potential value of the Company’s proprietary mucosal immunology base drug technology.

“These commercial opportunities involve several new therapeutic applications for a number of common human infections such as asthma and middle ear infection,” he said.

He said Probiomics already had raised awareness of the new strategy and potential among the investment community and has a sympathetic shareholder base.

The new Board is led by Chairman Ian Mutton, alongside CEO David Radford, with non-executive directors Doug Wilson, William Harrison, Jeremy Curnock Cook, Glenn Crisp and Patrick Ford.

CEO David Radford was previously CEO of Australian-based developer of infection control technology Nanosonics Limited (ASX: NAN) where he increased substantially the value of the company through successfully securing a global marketing and distribution deal with GE Healthcare.

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Background on the re-listed Probiomics

Probiomics Limited (ASX: PCC), based in Sydney, Australia, has been created through the merger of Hunter Immunology with Probiomics to form a new merged entity with a risk diversified business model. Its biopharmaceutical business is entering an exciting new phase of its global commercial development. The Company's key asset - HI-164OV - is a promising new drug for Chronic Obstructive Pulmonary Disease (COPD) which includes common diseases like bronchitis and emphysema. The global incidence of airways diseases like COPD is growing rapidly in direct proportion to the rise in airborne pollutants and smoking in the developing world. The Company's goal is to build significant long term shareholder value by ensuring these new drugs are available as soon as possible for use by doctors and their patients worldwide who suffer from these chronic conditions. HI-164OV works by controlling bacterial infections of airways damaged by inhaled toxins. The results of a major Phase IIb clinical study into the safety and efficacy of the new drug are due to be released in mid 2012. Probiomics also makes and sells consumer food supplements based on a proprietary probiotic compound, generating a source of revenues.

Background on COPD

COPD is a disease largely caused by smoking but with a rising number of new cases caused by pollution in developing countries like China. Global demand for COPD treatments is growing rapidly with an analysis by the Australian Lung Foundation in 2008 indicating 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. It has been 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 and eight per cent of Australians over age of 40 are affected with no current medical cure.

Background on the new drug HI-164OV

HI-164OV is a drug intended to reduce the impact of bacterial infection in patients with COPD that includes bronchitis and emphysema. The vaccine involves six tablets per month given in the three months prior to the winter season. The vaccine suppresses bacteria in the lung to reduce infectious exacerbations. It could be used in adjunct to other COPD therapies.