

Probiomics Limited

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Date : 29 April 2011

Ms Emma Badhni
ASX Compliance Pty Ltd
20 Bridge Street
Sydney 2000

By Email.

Dear Emma,

I refer to your letter dated 26 April 2011 in relation to the Company's Appendix 4C for the quarter ended 31 March 2011 lodged with ASX on 21 April 2011 and provide the following response.

1. The Company has sales of \$ 209,000 currently in the pipeline. The gross margin from the sales together with the cash balance at the end of the quarter will be sufficient to fund the operations in the near future.
2. The Company expects to have negative cash flow in some quarters purely due to the timing and the "lumpy nature" of the bulk sales of PCC. However, overall the cash generated from the sales should always be sufficient to fund the Company's ongoing operations. In the event the Company is unable to generate sufficient cash from its operations, it will source working capital from shareholders and other sources (such as placements).
3. The Company continues to explore new opportunities with its strategic partners Chr Hansen - with which it has a global sales and distribution agreement – and Nestle - through the licensing arrangement for the application of PCC in infants formula - and expects these initiatives to gather pace in the future.
4. The Company confirms that it is in compliance with Listing Rules, particularly with Listing Rule 3.1.



5. The Company believes it is fully compliant with Listing Rule 12.2 in terms of its financial condition being adequate to warrant the continued quotation of its securities and listing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Jairath', is written over a horizontal line.

A Jairath,
Company Secretary

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.



26 April 2011

Mr Ashok Jairath
Company Secretary
Probiomics Limited
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Australian Technology Park
Eveleigh NSW 1430

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20 Bridge Street
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By Email

Dear Ashok

Probiomics Limited (the "Company")

We refer to the Company's Quarterly Report in the form of an Appendix 4C for the period ended 31 March 2011, released to ASX Limited ("ASX") via a Company Announcement on 21 April 2011 (the "Appendix 4C"). ASX notes that the Company has reported the following.

1. Receipts from customers of \$13,000.
2. Negative net operating cash flows for the quarter of \$84,000.
3. Positive cash at end of quarter of \$141,000.

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 Company?
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.

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 will 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 on facsimile number (02) 9241 7620 or by email at emma.badhni@asx.com.au. It should not be sent to the Company 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 9.30 am A.E.S.T on Monday, 2 May 2011.

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 regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Emma Badhni

Senior Adviser, Listings (Sydney)