Bioxyne

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25 August 2012

Dear Shareholders,

Requisition of meeting

Octa Phillip Asset Management Limited (**OPAM**), a shareholder of Bioxyne Limited (**Company**), has requisitioned a meeting of shareholders to consider:

- the removal of David Radford and myself, Ian Mutton, as directors of the Company; and
- the appointment of Stewart James Washer (OPAM 'investment director') as director of the Company.

OPAM sees only residual value in the HI-164 oral vaccine and wish to revisit our arrangement with our marketing partners (Torreya Partners). They seek to take on an alternative investment. I do not share their view. Let me tell you why.

Phase 2 clinical trials

Phase 2 trials are about building a data set that describes the appropriate patient population and how to use a drug in the major Phase 3 trials – the last before marketing.

That's the background to this drive to find out more about the results in our recent H005 trial. From recent data interrogations and further assessment of H005, we are improving our understanding of the appropriate patient group, which is a substantial step forward.

Optimal effect – in patients with Chronic Obstructive Pulmonary Disease (COPD) who produce sputum (i.e. phlegm)

When looking at the full body of data from our four clinical trials with HI-164, it has emerged that optimal effectiveness may be achieved in patients who have COPD with chronic inflammation, as shown by sputum production (i.e. phlegm) before commencing treatment.

How have we come to this conclusion?

Trial H005, the most recent study, provided two key pieces of information:

1. Clinical effectiveness was found in patients under 65 years.
2. The level of sputum production by patients in study H-005 was considerably less than in previous studies.

	H005 Under 65 Sub-set
Reduction in exacerbations	50%
Reduction in hospitalisations	50%
Reduction in days in hospital	65%

HI-164 is a vaccine; it is expected to work on patients with a bacterial infection (eg Haemophilus influenzae). Sputa production (phlegm) is an indicator of significant bacterial infection.

We compared the incidence of sputa in patients participating in the previous trial, H002, with H005.

	H002	H005
Sputa production	50%	39%
Sputa that grew pathogens	92%	11%
Patients with Haemophilus influenzae	40%	6%

The difference was remarkable and, to me, demanded an explanation.

A detailed review of our earlier studies, H002 and H004, provided confirmatory and new information:

1. Sputa production before starting treatment was directly associated with increased exacerbations of COPD (i.e. no sputa resulted in fewer exacerbations).
2. It indicated that patients under 65 had fewer exacerbations (there may be additional important factors to be considered) and reduced hospitalisation.
3. Optimal results occurred in patients with productive sputum and under 65 years, whether the underlying COPD was considered mild, moderate or severe.

Combining the data sets was permissible because they each deployed identical methodology and the data combination was flagged prior to the results becoming available[i]. The combined data set (H002/H004) and the data set from H005 reported with respect to participants under 65 and producing sputa before treatment is as follows:

	H002/H004	H005
Incidence of exacerbations is directly associated with sputum production before treatment	Patients: • producing sputa before treatment 78% had exacerbations • not producing sputa before treatment 55% had exacerbations (p =0.005)	
Reduction in the number of exacerbations	59% (0.01)*	50% (p=0.002)
Reduction in hospitalisations for exacerbations	64% (p=0.02)**	50% (p=0.09)
Reduction in hospitalisations for any reason	68% (p=0.007)**	57% (p=0.03)

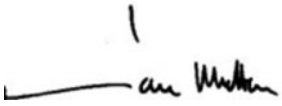
* *Patients with sputa before first treatment and under 65 years*
** *Patients with sputa before first treatment and any age*

To me at least, the suggestion is that the HI-164 vaccine could be targeted to a defined group of patients who produce sputa upon their first visit to the physician. (This group of patients may include patients suffering from bronchitis and other respiratory conditions as a pre-cursor to COPD.)

The data generated across the three studies continues to build our understanding of the potential applicability and positioning for HI-164 vaccine in the treatment of patients with COPD. The significant signals arising from the H005 trial, when combined with data previously generated from the H002/H004 trials, provides the Company with clinical indications that support a further clinical trial and, if feasible, the commercialization of HI-164.

The Company is currently embarked on a commercialization process and is actively seeking a further partner to provide financial support for the proposed study and then, assuming Phase 2 trials are successful, to take the product through to a Phase 3 study as required by the regulatory bodies globally. Our partners in the process, Torreya Partners, have approached more than 60 pharmaceutical companies globally in the search for other potential partners to enable the move forward. At the same time, the Company is continuing to explore local opportunities to fund further clinical studies and establish compelling evidence for the value of the HI-164 vaccine.

If I remain on the Board, and for this I need your support, I will continue to fight for the development of the HI-164 vaccine.



Ian Mutton
Director

i *HI-H002 was a multi-centre, double-blind, placebo-controlled, prospective study to assess safety and efficacy of HI-164 in patients with moderate to severe COPD (38 randomised patients with 34 completing the study).*

HI-H004 was a multi-centre, double blind, placebo-controlled, prospective study to assess safety and ethically of HI-164 in patients with mild to moderate COPD (102 were randomised with 93 completing the study).

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LewisHoldway
LAWYERS

Our Ref JRW PTN 21742

20 August 2012

FACSIMILE NUMBER:	02 9844 5445
TO:	Bioxyne Limited
ATTENTION:	Mr Ashok Jairath
FROM:	John Wardlaw
REGARDING:	Nomination of Director
No. of pages (including cover):	5

If you have any trouble receiving this facsimile transmission, please telephone (03) 9629 9629

Dear Sir

Please find **attached** documents in relation to the above subject-matter.

If you have any queries, please contact John Wardlaw of our office.

Yours faithfully

LEWIS HOLDWAY LAWYERS
per John Wardlaw

Encs.

[†]
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A member of The Southern Cross Legal Alliance with associated offices
in Sydney, Brisbane, Perth Auckland & Christchurch

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Lewis Holdway

LAWYERS

Our Ref: JRW PTN 21742

20 August 2012

Attention: Mr Ashok Jairath
Bioxyne Limited
Level 2, Suite, 1A
802 Pacific Hwy
GORDON NSW 2072

By Facsimile & Post
Facsimile: 02 9844 5445
No. of Pages: 4

Nomination of Director

We **enclose** the following documents for your attention:

1. Nomination of Director signed by Octa Phillip Asset Management Limited.
2. Consent to Act as a Director duly signed by Dr Stewart James Washer.

If you have any queries, please contact John Wardlaw of our office.

Yours faithfully

LEWIS HOLDWAY LAWYERS
Per John Wardlaw

Encs.

Cc G Hummel – HWL Ebsworth Lawyers

[!]
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NOMINATION OF DIRECTOR

TO: BIOXYNE LIMITED
ACN 084 464 193

Octa Phillip Asset Management Limited ACN 064 847 669, being a member of Bioxyne Limited ACN 084 464 193 ("Company"), gives notice, pursuant to Rule 8.1(l)(4) of the constitution of the Company, of the nomination of Dr Stewart J Washer to be appointed as a director of the Company. Dr Stewart J Washer's consent to act as a director of the Company accompanies this Nomination. A short biography is set out below.

Dr Stewart James Washer

Stewart has 20 years of senior executive and Board experience in medical device, drug development and agrifood companies. He was a founder of a NZ$120m New Zealand based life science fund. He is currently the Investment Director with Octa Phillip Bioscience Managers who manage Australian and UK life-science funds.

Stewart was previously the CEO of Calzada Ltd (ASX:CZD), the founding CFO of Phylogica Ltd (ASX:PYC) and before this, he was CEO of Celentis and managed the commercialisation of intellectual property from AgResearch in New Zealand with 650 Scientists and $130m revenues.

Stewart has held a number of Board positions in the past as the Chairman of Resonance Health Ltd (ASX:RHT) and Hatchtech Pty Ltd, a Director of iCeutica Pty Ltd and AusBiotech Ltd. He was also a Senator with Murdoch University. He is currently Chairman of iSonea Ltd (ASX:ISN) and a Director of Immuron Ltd (ASX:IMC).

Dated: 20 /08/2012

Registered Shareholder:

Octa Phillip Asset Management Limited ACN 064 847 669 (formerly known as Phillip Asset Management Limited)

EXECUTED by **OCTA PHILLIP ASSET MANAGEMENT LIMITED ACN 064 847 669** in accordance with Section 127 of the *Corporations Act* 2001:)

Name: James Buckley
Director

Name: Alan Cainey
Secretary

Consent to Act as a Director

1. Consent

I, Dr Stewart James Washer of 13 Lubrano St , Brighton East, VIC 3187, consent to my appointment as a Director of Bioxyne Limited ACN 084 464 193 (**Company**), and in compliance with the requirements of the *Corporations Act 2001* (Cth), I set out hereunder the following information.

2. Personal details

Full name	Dr Stewart James Washer
Former name (if applicable)	N A.
Residential address	13 Lubrano St , Brighton East, VIC 3187
Date of birth	2 July 1969
Place of birth	Perth, Australia
Occupation	Professional Director

3. Interests in contracts with the Company

Except as set out in Schedule 1 to this form, I am not, to my knowledge, in any way, directly or indirectly, interested in any contract or proposed contract with the Company.20

4. General notice of interest in contracts

I am an officer or member of each body corporate, or a member of each firm, specified in Schedule 2 to this form. I should be regarded as interested in any contract that may, after the date of this form, be made by the Company with those bodies corporate or firms. The matters disclosed by this paragraph should be brought up and read at the next meeting of directors of the Company

5. Conflicts of interests

Schedule 3 to this form sets out details of offices which I hold, or property which I possess, as a result of which, whether directly or indirectly, duties or interests might be created in conflict with my duties or interests as a director of the Company

Signed. _____ Date. 20/8/12

Schedule 1
Interests in Contracts with the Company

You need not disclose an interest consisting only of being a member or creditor of a corporation that is interested in a contract or proposed contract with the Company if your interest may properly be regarded as an immaterial interest.

The following is a list of my interests relevant to the Company required to be disclosed by me to the Company under the *Corporations Act 2001* (Cth):

Contract	Director's interest
N.A	

Schedule 2
General Notice of Interests in Contracts with the Company

Disclose below interests or offices held by you in other bodies corporate or firms, where you are to be regarded as generally interested in any contracts which may be between the Company and that other body or firm.

Name of body corporate or firm	Office held or membership	Nature and extent of interest
iSonea Ltd (ASX:ISN)	Chairman	
Immuron Ltd (ASX IMC)	Non-executive Director	
Mal Washer Nominees Pty Ltd	Director	

Schedule 3
Conflicts of Interest

Include below details of other offices held or property possessed by you which may bring your interests directly or indirectly in conflict with your duties as a director of the Company

Other than as Investment Director of Octa Phillip Biosciences Managers, none