

31 May 2011

Hexima Limited
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Dear Shareholder,

You have recently received a Notice of Meeting and Explanatory Memorandum from the Company concerning our proposal to delist from the Australian Securities Exchange.

As discussed in the Explanatory Memorandum, your Board has decided to delist the Company for the following reasons:

1. The Company has traded between \$0.175 and \$0.53 over the past year (after listing on the ASX at \$1.25 in August 2007) despite having made both commercial and technical progress on our lead programs;
2. Trading volumes have been low and the Board considers that consequently the Company is being 'priced' on what are marginal trades; and
3. The implied market capitalisation of the Company impairs our ability to derive value from our technologies in negotiations with commercial partners.

Following delisting, interested parties who wish to buy or sell shares should call the Company Secretary, Ms Justine Heath, on (03) 8610 0555.

Market Update

Recent trends in commodity prices and demand for food confirm the need for innovative technologies to drive growth in crop yields. This is reflected in the ongoing adoption of genetically modified crops with the land planted to GM crops growing 10% year-on-year to 148 million hectares in 2010.

Disease Resistance Program

Corn

The Company has met all technical milestones to date under its agreement with DuPont subsidiary, Pioneer Hi-Bred International. Hexima is responsible for early-stage research and discovery, including anti-fungal protein gene discovery, corn transformation and plant disease bioassays (which test the effectiveness of the technology in whole plants). Hexima is required to show efficacy in whole plants in glasshouse trials prior to handing over a commercial-ready lead to Pioneer.

Other Crops

Following its success with corn, the Company is in discussions with prospective licensees regarding the application of its disease resistance technology in other crops.



Insect Resistance Program

The Company is making technical progress in the insect resistance program (funded by a Climate Ready Federal Government grant). This project is funded through to March 2012 and is focused on identifying suitable proteins to stack with the Company's proteinase inhibitor (PI) proteins.

MGEV

Hexima is negotiating additional licenses to its MGEV technology platform. MGEV is currently utilised in both the disease and insect resistance programs. Management believes MGEV will be an extremely flexible protein expression and stacking tool across a range of crops.

Human Applications

Hexima has made progress with its application of proprietary anti-fungal proteins in human health and is currently preparing a patent application in this area. The potential for extending the technology's applications will be more clearly defined through ongoing testing.

We are pleased with the Company's scientific progress over the past year and look forward to informing shareholders of future progress through regular reports.

Yours sincerely,

Ross Dobinson