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**Australian Securities Exchange Limited
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Bioxyne Enters heads of agreement to support a further study

Bioxyne Limited (ASX: BXN) today announced it had entered into a heads of agreement to secure funding to support the Company in further investigation of the results from its recent Phase 2 trial, retrospective analyses of which are supportive of a potential clinical benefit of its HI-164 therapy for patients with chronic obstructive pulmonary disease (COPD). This heads of agreement requires the execution of other formal documents by November 1st, and, upon execution of these documents the Company will raise an estimated \$3.4 million from the sale of its probiotics business and sale of equity to the privately-held, internationally recognised vaccine developer, Vaxine Limited.

The capital raised will be used to commence a new and highly focused Phase 2 study in partnership with Vaxine to further investigate the hypotheses resulting from retrospective analyses of the earlier studies HI-002, HI-004 and more recently the 320-patient HI-005 study.

The new study will be run collaboratively with the Vaxine team in Adelaide which has experience in the management of large scale international vaccine trials.

Bioxyne Limited Chief Executive Officer David Radford said, "Several international pharmaceutical groups have expressed interest in the data from our recent Phase 2 study and the clinical signal demonstrated in enriched patient populations. We are continuing to explore opportunities for a co-investor in the proposed study. Together with Vaxine and our supportive

shareholder base, we believe we can build on the clinical understanding of the therapy and work to unlock the value we believe exists in this unique Australian product. “

“Our focus is on the creation of long term value for all shareholders. This agreement with Vaxine will allow us to cost-effectively explore and better understand the major hypotheses arising from the range of clinical studies while retaining future growth opportunities,” he said. Bioxyne’s cash position has been helped by recent receipt of an R&D tax credit of \$1.5 million.

Bioxyne shareholders will be asked to vote on the proposal to issue equity to Vaxine Limited at the Annual General Meeting in Sydney on Tuesday 30 October 2012.

Vaxine Founder Professor Nikolai Petrovsky said he was excited to be working with Bioxyne to advance the clinical development of the HI-164 therapy.

“We can see from clinical data generated to date that this Australian-developed vaccine therapy has potential for a clearly defined group of COPD patients, and look forward to assisting the company complete this study,” Prof Petrovsky said.

Vaxine is at the forefront of vaccine development and design and is creating novel vaccines targeting a diverse range of unmet medical needs. It has successfully executed six phase I and phase II clinical trials for four different vaccine products in human clinical trials including hepatitis B, seasonal influenza, pandemic influenza and insect bite allergy.

Vaxine currently holds a multimillion dollar vaccine development contract with the US Department of Health and Human Services (HHS) and National Institutes of Health (NIH). The private Adelaide-based company based at the Flinders Medical Centre in South Australia was founded in 2002 and currently employs 20 people. Its product pipeline includes vaccines against



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seasonal influenza, pandemic influenza, hepatitis B, HIV, malaria, rabies, Japanese encephalitis and West Nile virus.

In 2009 Vaxine gained global attention as the developer of the world's first swine flu pandemic vaccine to enter the clinic.

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About Bioxyne

Bioxyne Limited (ASX:BXN) is an Australian immunotherapeutics business created in April 2012 through the reverse takeover of Probiomics (ASX: PCC) by privately held Hunter Immunology. The Company's lead therapy, HI-164OV is based on the Company's proprietary technology that uses the application of mucosal immunology to treat common human diseases. HI-164OV works by controlling bacterial infections of airways damaged by toxins. The global incidence of COPD, which includes common diseases like bronchitis and emphysema, is growing rapidly and is a substantial burden on health budgets. Bioxyne also makes and sells consumer food supplements, based on a proprietary probiotic compound, generating a source of revenues. For further information please visit www.bioxyne.com

COPD

Chronic Obstructive Pulmonary Disease (COPD) is a disease largely caused by smoking but with a rising number of new cases caused by pollution in developing countries like China and

India. The 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. 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. More than 15 per cent of new patients have never smoked and Industrial pollution is viewed as a major risk factor in the onset of COPD. It is estimated COPD will be third leading cause of mortality in the next decade, behind heart failure and cancer.