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**Australian Securities Exchange Limited
Companies Announcement Office
Sydney**

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Bioxyne cuts costs to focus on new study

Bioxyne Limited (ASX: BXN or “the Company”) announced it had initiated a cost reduction program to curtail expenditures including a reduction of the remuneration of the CEO. Cash burn is further reduced with Australian based directors electing to receive 50% of their fees in shares in the Company. The focus is on the clinical development of its therapy to treat Chronic Obstructive Pulmonary Disease (COPD), pursuant to the completion of documentation with Vaxine Pty Limited to commence a further study in 2013.

The Chief Executive Officer David Radford has offered, and the Company has agreed to reduce his hours and salary on a commensurate basis and he will now be paid \$240,000 per annum—a reduction of 40% on his previous salary. Subject to shareholders’ approval, the Company’s Australian directors will receive 50% of their board fees in shares in the Company. The shares are proposed to be issued at a five-day volume weighted average price prior to the end of each quarter.

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About Bioxyne

Bioxyne Limited (ASX:BXN) is an Australian immunotherapeutics business commercialising a new therapy for patients with Chronic Obstructive Pulmonary Disease (COPD). Its lead product HI-164 is based on the proprietary technology that uses the application of mucosal immunology to treat common human diseases. HI-164 works by controlling bacterial infections of airways damaged by toxins. HI-164 recently completed a Phase 2b clinical trial for COPD where it was shown to have a positive effect in a subset of the patient cohort under the age of 65. The company is planning a new study to further determine HI-164's efficacy in a selected patient group.

Chronic Obstructive Pulmonary Disease (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 and India. The global incidence of COPD, which includes common diseases like bronchitis and emphysema, is growing rapidly and is a substantial burden on health budgets worldwide. An analysis by the Australian Lung Foundation in 2008 estimated the wider economic cost to the Australian economy in 2010 was \$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. It is estimated COPD will be third leading cause of mortality in the next decade, behind heart diseases and cancer. COPD is Australia's second leading cause of avoidable hospital admissions.