

**The Australian Stock Exchange Limited
Companies Announcements Office
SYDNEY**

31 July 2008

Market Update and Board Changes

The board of Probiomics Limited wishes to provide the following update of the company's activities to shareholders and the ASX:

1. Minomic International Limited merger proposal: The board of Probiomics Limited has received a letter from the board of Minomic International Ltd, withdrawing the Minomic merger proposal (which was approved by Probiomics shareholders at the company's AGM on 23rd June 2008). The reasons for the withdrawal of the proposal stem primarily from the decline in the shareprice of Probiomics over the past three months, resulting in the valuation of Minomic for the purposes of the merger declining from \$12M to \$4.5M. Further, the board of Minomic (during its recently completed due diligence period) has formed the opinion that Probiomics would be unable currently to raise sufficient new capital to adequately fund the Minomic diagnostic projects through to commercialization. The board of Minomic remain on cordial terms with Probiomics, however will now seek funding from other sources in the near term.
2. Probiomics Limited (PCC) has recently signed a Letter of Intent with Chr.Hansen of Denmark to globally distribute PCC's lactobacillus fermentium product through its network of over the counter relationships.

The full agreement will be signed after the completion of a six month trial which began last week. This relationship will not conflict with other over the counter agreements that PCC has presently in place and will give the PCC strain global coverage through all sales channels.

Chr.Hansen was founded in 1874 in Copenhagen by the Danish pharmacist Christian D.A. Hansen. The company develops natural ingredient solutions for the food, pharmaceutical, nutritional and agricultural industries employing some 2,500 employees in over 30 countries with distributors and agents around the world.

3. The board of Probiomics Limited wishes to announce the appointment of two new non executive directors to the board and the appointment of a new chairman.
 - Mr Simon O’Loughlin, a solicitor, has had extensive board experience. He is currently the chairman of Living Cell Technologies Ltd, WCP Resources Ltd and Bondi Mining Ltd. Mr O’Loughlin is also a non executive director of Chesser Resources Ltd, Aura Energy Ltd and Petratherm Ltd.
 - Mr Simon Taylor, an analyst with stockbroker Taylor Collison, has significant board experience and currently holds directorships with Chesser Resources Ltd, Bondi Mining Ltd and Innovance Ltd.
 - Mr Patrick Ford has been appointed chairman of Probiomics Ltd, to replace outgoing chairman Mr Bryan Gardiner. Mr Ford was previously a non executive director of Probiomics Ltd for the past three years.
4. Probiomics has agreed to a proposal from Taylor Collison Ltd Stockbrokers, to conduct a placement (equivalent to 15% of the issued capital of Probiomics) at one cent per share, to raise approximately \$300,000. The funds will be used for working capital purposes.

CONTACTS

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