

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

29 November 2011

Chairman's AGM Speech

Ladies and Gentlemen, welcome to the Probiomics 2011 Annual General Meeting.

Thank you for your ongoing support and for your attendance here today.

Summary of the 2011 Financial Year.

The Company's operation during the year resulted in a Net Profit of \$1,054 despite the lower than expected sale of raw material. Sales of finished goods are presently not undertaken by the company as it has a multi-national sales and distribution agreement with Christian Hansen of Denmark. Chr Hansen is a global leader in the development of natural ingredient solutions for food, pharmaceutical, nutritional and agricultural industries.

Profit margins were again impacted by the strength of the Australian Dollar and sales volumes remain at relatively low levels due primarily to difficult economic conditions internationally and the lack of market penetration achieved to date by Chr Hansen for the PCC brand. Notwithstanding these constraints, the company continues to run a lean operation and also continues to be self-funding in a challenging economic environment for small companies in general.

Recent Developments.

1. On the 10th October 2011, the company announced to the ASX a prospective merger proposal with Hunter Immunology Limited (Hunter). In summary, Probiomics has signed a non-binding Memorandum of Understanding to acquire all of the securities of Hunter. Hunter operates as a clinical stage biotechnology company to develop a range of orally administered vaccines, the most advanced of which seeks to reduce the number and

severity of exacerbations in patients with Chronic Obstructive Pulmonary Disease (COPD).

Hunter is in advanced stages of its Phase 11B clinical trials (with 320 patients fully enrolled) for its compound HI-1640V, an enteric-coated tablet containing killed bacteria (*Haemophilus Influenzae*) that has demonstrated in Phase 11A trials positive results, particularly on patients with moderate to severe COPD.

The transaction is subject to a number of conditions, including shareholder and other regulatory approvals, a successful Public Offer and re-admission of Probiomics to the official list. For a more detailed description of the proposed Hunter transaction, please refer to the relevant ASX release or to the company's website.

2. On the 2nd November 2011, the company announced the termination of the Development and License Agreement with Nestec SA, in order to allow both parties to focus on other research opportunities. The termination of this agreement means that Probiomics will regain the ability to develop (or outlicense development) of a range of infant and child nutrition products containing the company's proprietary strain, offering immune system benefits to infants and children.

The Future.

The board of Probiomics believes that these developments have given the company the ability to reinvent itself, and to look to the future with a high degree of optimism.

The merger with Hunter Immunology Limited, once successfully concluded, will give the company exposure to the extremely large and rapidly growing COPD drug market, estimated to reach US\$14 Billion by 2014, with a 5 year compound annual growth rate of 6.1% (<http://www.bccresearch.com/report/asthma-copd-drugs-market-phm059a.html>).

The termination of the agreement with Nestec SA gives the company the ability (in conjunction with the Hunter Immunology team) to seek innovative new deals in this lucrative market segment.

The restructure of the company's balance sheet, together with the proposed Prospectus Offer, will give the company the ability to maximize opportunities for its *Lactobaccillus Fermentum* PCC strain going forward, whilst shifting its primary focus to the synergies to be gained through the Hunter Immunology technology platform.

Ladies and Gentlemen thank you again for your attendance today.

Patrick Ford
Non Executive Chairman.

About Probiomics Limited

Probiomics has proprietary ownership of a unique probiotic strain – PCC[®]

PCC[®] has been clinically proved to have superior qualities to other probiotic strains – particularly in promoting systemic immune response.

Probiomics' commercial objective is to earn royalties from licensing PCC[®] to distribution companies selling products in global markets.

CONTACTS

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