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**Australian Securities Exchange Limited
Companies Announcements Office
SYDNEY**

25 October 2012

Shareholder Update

Dear Fellow Bioxyne Shareholder,

The purpose of this brief letter is to provide you with an update on developments and our progress with the HI-1640V therapy for chronic obstructive pulmonary disease (COPD).

- The Company recently announced that it has entered into a Heads of Agreement with Vaxine Pty Ltd, based in Adelaide. This Heads of Agreement, if all conditions precedent are achieved, will allow for the commencement of a future study into the efficacy of HI 164 to value of \$3.4m.
- The proposed funding results from the sale of the probiotics business, and issuance of 19.9% of equity of Bioxyne Limited to Vaxine Pty Ltd and a convertible note secured over the HI 164 intellectual property.
- The feedback on the sub-group analysis for study HI H005 from internationally acclaimed experts in the field of respiratory medicine is supportive of further investigations into the findings.
- Vaxine Limited's recent awards include "Biospectrum Asia Edition, 2011 Editor's Choice Award" and "Vaccine Industry Excellence Awards-2011 Most Innovative Asia Biotech"
- Torrey Partners has engaged in initial discussions with respect to a co-investment in the proposed study with Vaxine Pty Limited. Due to the early stages of this discussion



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there can be no guarantees of this proposal proceeding until further discussions have taken place.

The Board of Directors continues to assess other assets that may add value to Bioxyne Limited in parallel with continuing the development of the proposed study with Vaxine Pty Ltd.

For Further information please contact:

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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



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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.