

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

**23 June 2008**

**Chairman's AGM Speech**

Good morning ladies and gentlemen. On behalf of your board I would like to extend you all a warm welcome to Probiomics Annual General Meeting.

My name is Patrick Ford and I am a Non Executive Director of Probiomics. The current Chairman of Probiomics, Mr Bryan Gardiner has sent his apologies for being unable to attend this meeting, and has requested that I chair the meeting in his place. I intend to divide this address into three parts, being the company's recent achievements, the Minomic transaction, and current financial markets conditions.

Recent Achievements:

The company has worked tirelessly over the past twelve months in four key areas:

1. To reduce the company's ongoing monthly cash 'burn rate'.
2. To seek collaborations and license agreements with global companies in the sector.
3. To seek to reintroduce the company's Progastrim brand lactobacillus to health food stores within Australia.
4. To identify merger/acquisition opportunities within the sector (or other sectors) which in the Directors view would result in new and exciting directions, a stronger corporate presence and the ability to attract significant funding going forward.

Due to the substantial cost cutting measures that the company has put in place, the company's burn rate continues to decline, to the extent that its current monthly burn rate for ordinary activities is now running at approximately \$60,000 per month.

In October 2007, the company announced to the ASX that it had entered into a global license agreement with Nestle Nutrition to co-develop infant and child nutrition products offering immune system benefits to infants and children. As products are successfully developed, Nestle will have the exclusive right to market the products globally and will pay Probiomics a royalty. Nestle's product sales should commence within 2 to 3 years.

Probiomics also wishes to advise that it is involved in advanced negotiations with another global company, which would see the execution of another global licensing agreement for a different use of the company's lactobacillus technology. Further details in this regard will be reported as they come to hand, with the company's expected time horizon for this announcement being within the month.

Further, Probiomics is pleased to announce that it has commenced discussions with another Australian distributor to negotiate the re-release of its Progastrim label products through Health Food stores within Australia. This would be a very pleasing result for the company and its 1,500 shareholders, many of whom have used the product in the past and who continue to enquire about its availability.

### Minomic Transaction

As you are aware, one of the resolutions to be voted upon today involves the acquisition of Minomic International Limited. Minomic has three core projects; the Prostate Cancer Diagnostic project, the Type 2 Diabetes Diagnostic project and the Prostate Cancer Imaging project. These projects are both novel and exciting, and appear to offer some significant advantages over the current 'Gold Standard' tests in these areas. Dr Bradley Walsh from Minomic has been invited to join us today, and will be available to present the Minomic projects to us today should shareholders wish it.

### Financial Market Conditions

The past year has been a challenging one for those companies in the Australian Biotechnology and Healthcare sector. In recent times, the volatility and uncertainty created by the US Sub Prime Mortgage collapse has resulted in heavy declines in share prices across the sector. In Australia, the collapse of Stockbroker Opes Prime has added to the downward pressure on share prices, in many cases regardless of whether these companies had any exposure to Opes Prime. Notwithstanding that Probiomics had in fact no exposure to the Opes Prime

situation (as reported to the ASX on the 7<sup>th</sup> of April 2008), the share price has experienced a similar decline. Regardless of this, the company must continue to seek further funding opportunities for its ongoing business activities and would seek both the understanding and indulgence of shareholders during this difficult period.

The board wishes to express their sincere thanks to all of those shareholders who have chosen 'stay the course' with us in this difficult financial and economic climate. Further, the board would like to take the opportunity to assure investors that it is doing everything in its power to create a successful and profitable company, and sincerely hopes that it will be a company that we can all be proud of in years to come.

Patrick Ford  
Acting Chairman  
23<sup>rd</sup> June 2008.

### **Probiomics Limited**

Probiomics has proprietary ownership of a unique probiotic strain – PCC<sup>®</sup>

PCC<sup>®</sup> 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<sup>®</sup> to distribution companies selling products in global markets.

### **CONTACTS**

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