

**ASX ANNOUNCEMENT  
5 November 2008**

---

## **CHAIRMAN'S ADDRESS TO AGM 2008**

### **Bionomics – a continued story of strong development and success**

Good morning, Ladies and Gentlemen.

Welcome to the 2008 Bionomics AGM. I present this year's Chairman's address at a time of great turmoil in financial markets.

Warren Buffet – superstar fund manager known as the 'sage of Omaha' – recently said "the financial world is a mess, both in the United States and abroad. Its problems, moreover, have been leaking into the general economy, and the leaks are now turning into a gusher". In the same article he also said "a simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful".

I have had some interesting feedback on this year's annual report. Some people liked the 'international' theme, others thought we were going into the travel business – only economy class, you can be assured.

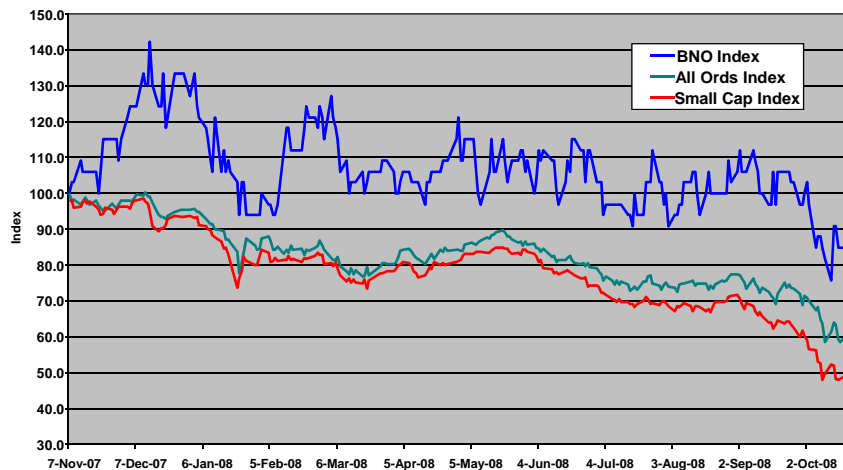
We may need to put more time and money into presentational matters. We perhaps need to increase the priority on communicating more effectively and robustly with our shareholders and the capital markets.

I have asked our CEO to 'go for it' today and put some more descriptive flesh on the analytic bones.

It is my core belief, however, that we must remain focused and committed to our modus operandi – that is to progress a portfolio of therapeutics that potentially hold great promise in the improved treatment of cancers and certain neurological conditions – namely anxiety and multiple sclerosis.

Before doing this I would like to show you a graph of Bionomics' share price in the year since we last met.

## BNO share price compared to All Ords and Small Cap Indices



The Blue line shows Bionomics share price. The green line shows the ASX 200 index and the red line shows the ASX small cap.

The horrible effects of the great market crash of 2008 are as clear as they could be.

Please note the Bionomics' price looked as if it was establishing a new base above 40 cents just before the general crash.

I also note that our share price has held up well in the general carnage.

On October 23, our share price was 27.5 cents, compared to 33 cents this time last year, a fall of 17 %.

The All Ords index, containing Australia's leading companies, over the same time dropped 42 % while the Small Cap index has dropped 54%.

We are not of course at all happy with a 17 % drop, but I submit that given the general carnage it is not totally without merit.

Moving now to the good news and the reason for our relatively strong performance, there are the clear and obvious developments in our portfolio of drug candidates.

Deborah Rathjen will cover this in some detail, but I will observe that we said in February 2005 that we would transform the company into a drug development company with multiple shots on goal, and that is precisely what we have done.

Our anti-cancer candidate drug, BNC105 to fight solid tumours has achieved a number of significant milestones and is now undergoing its first clinical trial, with encouraging initial results. In May BNC105 was named in the "Top Most Promising Drugs Entering Phase 1 Trials" in the international review *The Ones to Watch*

released by Thomson Pharma in May, and we agree wholeheartedly with its potential.

Our anti-anxiety candidate drug, BNC210 has completed Good Manufacturing Practice (GMP) in preparation to enter clinical development in 2009 and continues to produce promising results in preclinical (animal) trials.

Together with BNC105, advancing BNC210 into clinical development – as planned for 2009 – would put Bionomics in the strong position of having two highly differentiated products in clinical development, with both addressing large and highly attractive markets.

I will leave it there as our CEO will say more about the progress with each of Bionomics' potential drug candidates.

A small company like Bionomics cannot expect to go all the way to the pharmacy shelves on its own. So we have always planned to find partners to take us there once the basic research is validated with animal studies and early clinical trials.

Delivering our first major partnership became a reality in June when we announced a Development and Licensing Agreement with Merck Serono, the pharmaceutical division of Merck KGaA, to develop new treatments for multiple sclerosis and other autoimmune conditions.

We also established a close relationship with the Collaborative Research Centre (CRC) for Cancer Therapeutics. Because of my role as Chair of the Federal government's CRC committee, I am not allowed to be involved in decisions about this collaboration either in CRC Committee transactions or in the boardroom at Bionomics. I am allowed to know that my fellow directors believe this provides a strong scientific and commercial opportunity for Bionomics as it gives access to valuable resources to further develop its own oncology portfolio including BN069 for the treatment of breast cancer.

I know you are all likely to be interested in our capital management plans. The first point is that we remain tight-fisted in spending and in conserving cash. In this environment, the old saying 'cash is king' is truer than ever.

Secondly, we are of course hoping that those major shareholders with options that expire at the end of January 2009 will exercise those options.

We have also been spending significant time telling the Bionomics story to potential new shareholders in the USA and Europe, and several are showing signs of genuine interest.

And we are highly interested in your feedback today on whether shareholders would welcome a shareholder issue in conjunction with any other capital raising initiatives.

In conclusion, I was recently very pleased to announce the extension of the employment contract for our CEO Deborah Rathjen through to August 2011. Deborah is the Chris Judd of the Australian biotechnology industry and in less colourful language a highly respected member of our team and the broader biotechnology and pharmaceutical community. I'd like to take the opportunity to thank her for her ongoing contribution. She has successfully led Bionomics through a number of company changing events and achieved significant value for the company.

Naturally, I strongly hope you endorse the board's decision to award Deborah one million new options as an incentive to remain with us for the next three years and beyond. I can say this offer was not made because of any demands from Deborah, but because the board felt it was deserved. I note also that Deborah's cash remuneration has not been increased since 2004.

I'd like to take the opportunity to thank Deborah, her management team, and permanent and part-time staff, consultants and contract researchers for a magnificent year of effort and progress.

I also wish to thank shareholders for your support this year in what has been a difficult one for shareholders of public companies. You have been patient and have shown a deep understanding of the business we are in.

Coming from a position of strength, we are moving forward with confidence, based on the knowledge gained from the past, and building a future based on the same excitement, determination, focus and enthusiasm.

Ladies and Gentlemen, the past year has been a year of great progress, progress that has given much satisfaction to your board, members of staff and, I trust, shareholders.

In the current uncertain and nervous global environment, the only thing that is certain is that we remain committed and confident in what we are doing at Bionomics. We are committed to advancing our clinical programs and leading Bionomics through these troubled and in some respect uncharted waters.

Thank you

**FOR FURTHER INFORMATION PLEASE CONTACT:**

**Bionomics Limited**

Dr Deborah Rathjen  
CEO & Managing Director  
+618 8354 6101 / 0418 160 425  
[drathjen@bionomics.com.au](mailto:drathjen@bionomics.com.au)

**Media Enquiries**

Therese Minehan  
Buchan Consulting  
+612 9237 2800 / 0414 388 955  
[tminehan@bcg.com.au](mailto:tminehan@bcg.com.au)

---

**About Bionomics Limited**

Bionomics (ASX: BNO) discovers and develops innovative therapeutics for cancer and diseases of the central nervous system. Bionomics has small molecule product development programs in the areas of cancer, anxiety, epilepsy and multiple sclerosis. Bionomics' most advanced program, BNC105 for the treatment of cancer, is based upon the identification of a novel compound that potently and selectively restricts blood flow within tumours. Bionomics' discovery and development activities are driven by its three technology platforms: Angene®, the company's angiogenesis target and drug discovery platform, incorporates a variety of genomics tools to identify and validate novel angiogenesis targets. MultiCore® is Bionomics' proprietary, diversity orientated chemistry platform for the discovery of small molecule drugs. ionX® is a set of novel technologies for the identification of drugs targeting ion channels for diseases of the central nervous system.

For more information about Bionomics, visit [www.bionomics.com.au](http://www.bionomics.com.au)

### **Factors Affecting Future Performance**

*This announcement contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this press release that relate to prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by these forward-looking statements, including risks related to the clinical evaluation of BNC105, BNC210, our available funds or existing funding arrangements, a downturn in our customers' markets, our failure to introduce new products or technologies in a timely manner, regulatory changes, risks related to our international operations, our inability to integrate acquired businesses and technologies into our existing business and to our competitive advantages, as well as other factors. Subject to the requirements of any applicable legislation or the listing rules of any stock exchange on which our securities are quoted, we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release.*

**ASX ANNOUNCEMENT  
5 November 2008**

---

**CEO REPORT AGM 2008**

It is a pleasure to also welcome you to the 2008 Bionomics AGM and to see so many familiar faces. Thank you Peter for your kind words, it is a really great to be part of the team for the next stage of Bionomics' growth.

As Peter pointed out, the market environment we face today is uncertain; however, we remain committed to and focused on the execution of Bionomics' strategy and our vision for building Bionomics as a more substantial highly-valued biotechnology company.

A lot can happen in twelve months, and it certainly has for Bionomics. The year in review demonstrates the significant progress made by Bionomics. In financial year 07-08, "In the clinic" and "Major Partnerships" were Bionomics' two key objectives. Our achievement of these two key objectives has provided both validation of Bionomics' strategy and a solid technology-driven foundation for further growth.

I will take up our Chairman's invitation to shine the spotlight on our very exciting anti-cancer drug BNC105 and our anxiety drug BNC210 and to share with you the journey they have taken this year.

Overall, I am delighted to report another year of solid progress.

**In the clinic with BNC105**

To date Bionomics has delivered on the development plan for BNC105 in textbook fashion beginning with the successful IND submission last year. We got off to a strong start in February this year where we saw the treatment of the first patient.

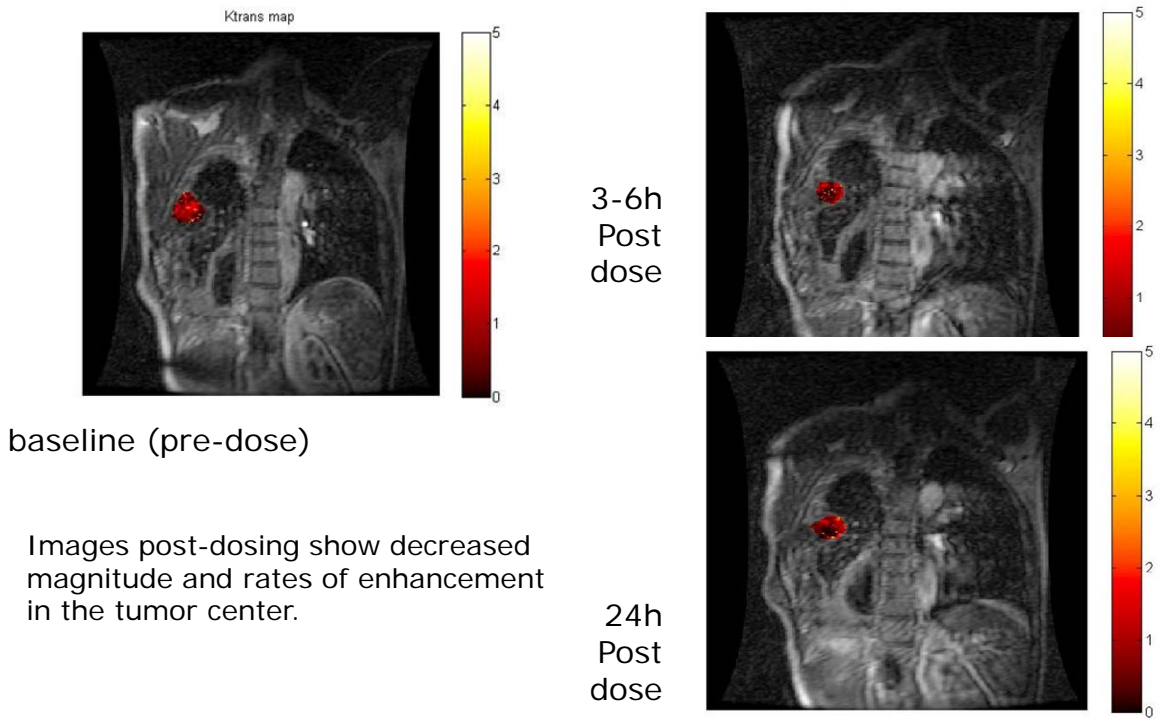
This first clinical trial involves treatment of patients with advanced cancer with a range of solid tumour types such as lung, thyroid and ovarian cancers. Its primary objective is the evaluation of the safety and tolerability of BNC105 and to establish a dose for future Phase II clinical trials.

Another important objective is to obtain evidence of biological effect of the drug. The trial is being conducted at clinical sites within the Cancer Trials Australia network at the Royal Melbourne Hospital, the Peter MacCallum Cancer Centre, the Western Hospital in Melbourne and as announced today Austin Health.

The trial is progressing very well and results to date have exceeded my expectations. I am delighted to report that indications of the biological effect of BNC105 have been observed in some of the patients treated, bearing in mind that the dosing levels of BNC105 continue to increase at the present time.

I would like to take a moment to highlight the beneficial effects of BNC105 in one patient on the trial – a patient with mesothelioma – a form of lung cancer caused by exposure to asbestos. Having successfully completed two cycles of treatment at dose level 3 under the trial protocol this patient has continued to receive treatment and has just commenced a 7<sup>th</sup> cycle of treatment of BNC105. As this MRI indicates – evidence of vascular shutdown was observed within 3-6 hours of the first treatment of BNC105 and persisted for at least 24 hours following this first dose. This is quite clearly observed from the baseline MRI taken prior to treatment and it is what we would anticipate from what we know of the mechanism of action of BNC105. This patient is now classified as having stable disease.

Mesothelioma patient (right pleural), administered 8.4 mg/m<sup>2</sup> of BNC105P, cycle 1




This news from the trial is extremely encouraging – so encouraging that we have already commenced planning for Phase II development of BNC105.

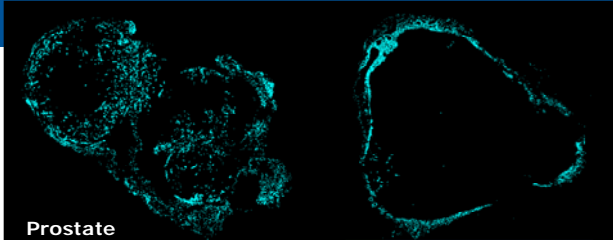
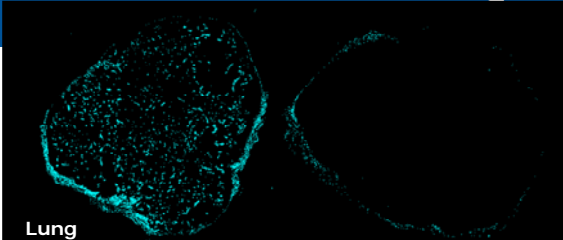
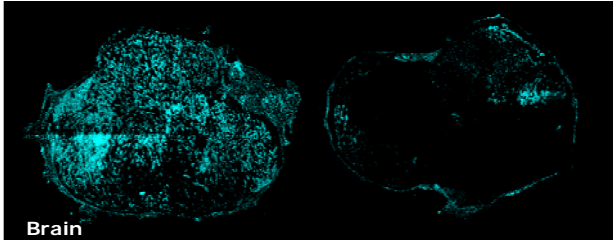
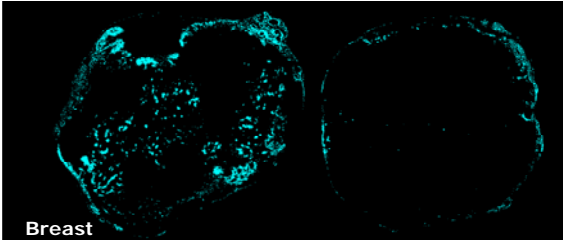
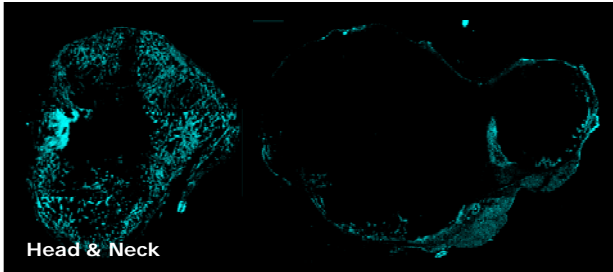
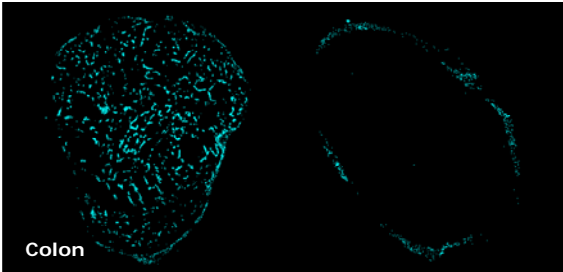
Our planning has involved widespread consultation and talks have taken place with several clinical investigators in Australia and the US.

Moving along to other good news of BNC105 - As shareholders are aware, BNC105 is supported by an extremely solid data package of preclinical animal studies and the Bionomics science team present at many international conferences which demonstrate recognition in both the scientific and medical communities of the world class science which underpins our drug candidates.

In April new BNC105 data was presented to the American Association for Cancer Research (AACR), at its 2008 Annual Meeting in San Diego, California. The data further demonstrated that BNC105 acts as a vascular disrupting agent (VDA) in multiple models of human cancer. BNC105 works very quickly, within a few hours of first treatment, to shut down the blood vessels within solid tumours. This slide illustrates this effect on a variety of tumour types including lung, colon, brain and head and neck cancers.

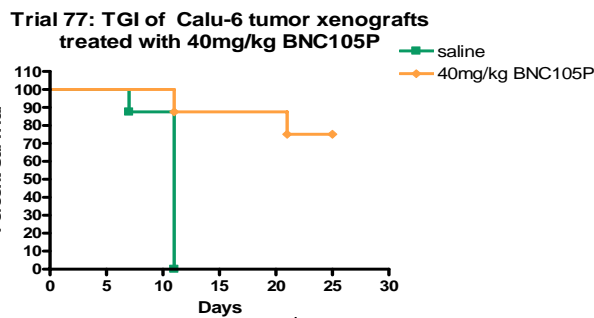
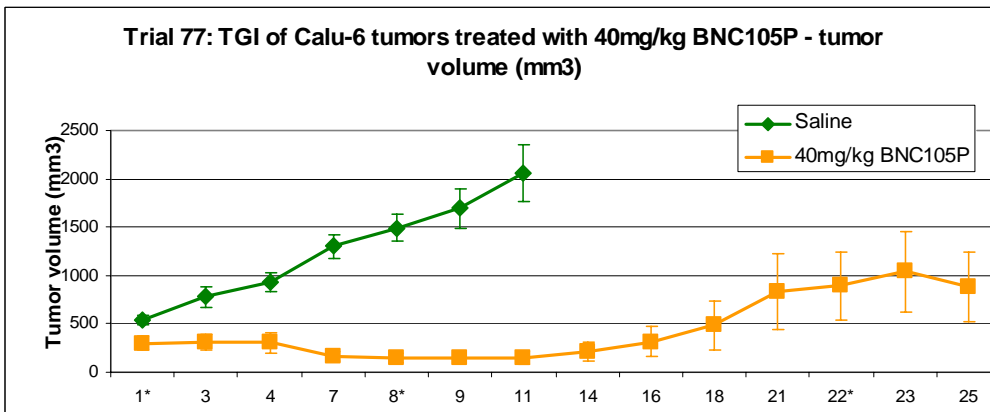
### BNC105 Vascular Disruption Operates Across Solid Tumour Types



 <p>Prostate</p>	 <p>Lung</p>
 <p>Brain</p>	 <p>Breast</p>
 <p>Head &amp; Neck</p>	 <p>Colon</p>

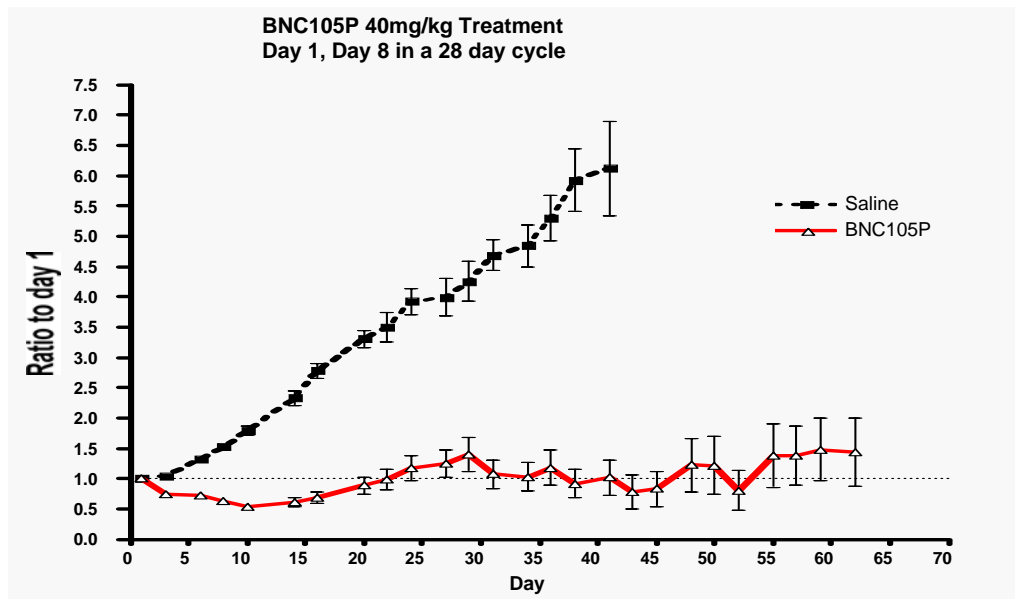
A quick glimpse at other data presented which described the dual action of BNC105 which targets both tumour blood vessels and tumour cells with significant anti-tumour activity in mouse models of human lung, brain, head and neck cancers. This slide illustrates the anti-tumour effect of BNC105 in a mouse model of human lung cancer. Not only can significant reductions in tumour size be seen, but also there is a dramatic survival benefit for those animals treated with BNC105, with 8 out of 10 animals treated with BNC105 surviving where there were no survivors in the non-treated group.

## BNC105 stops lung cancers growing in animals and prolongs survival

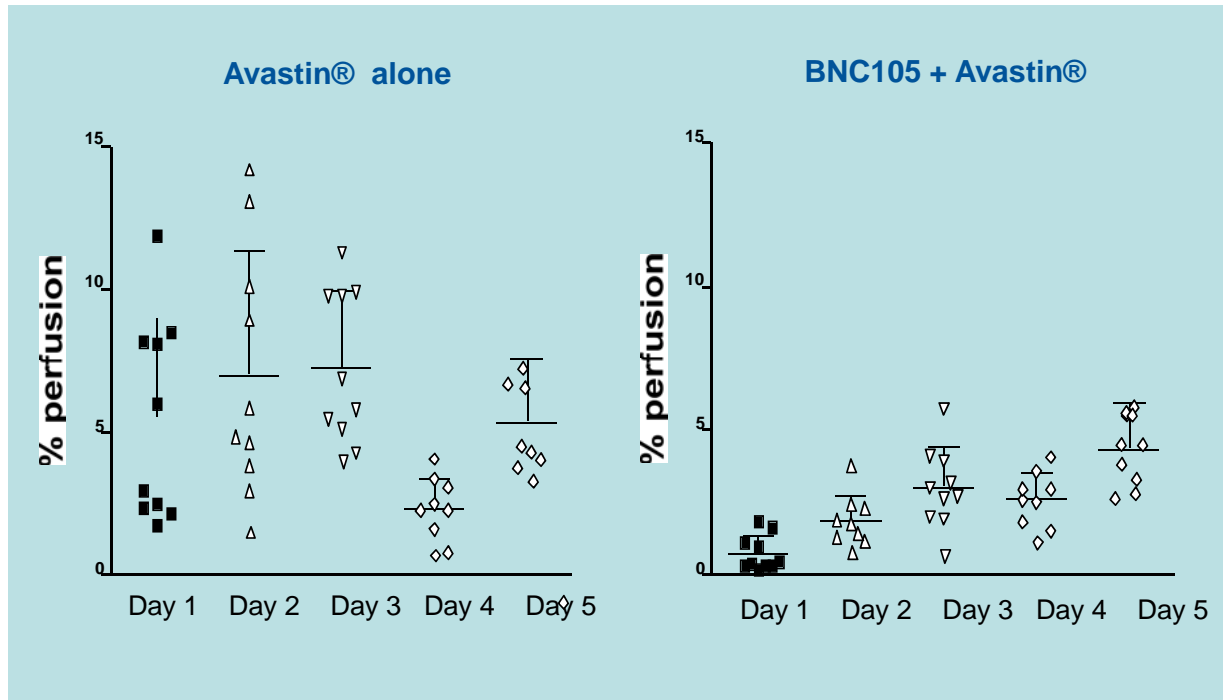



Of course the early work of our team led by Dr Gabriel Kremmidiotis investigated the effects of BNC105 in animal models of human breast cancer. In this setting some 20% of animals showed complete clearance of their tumours, with overall approximately 60% of animals responding to BNC105 treatment.

## BNC105 displays potent single agent efficacy in animal models



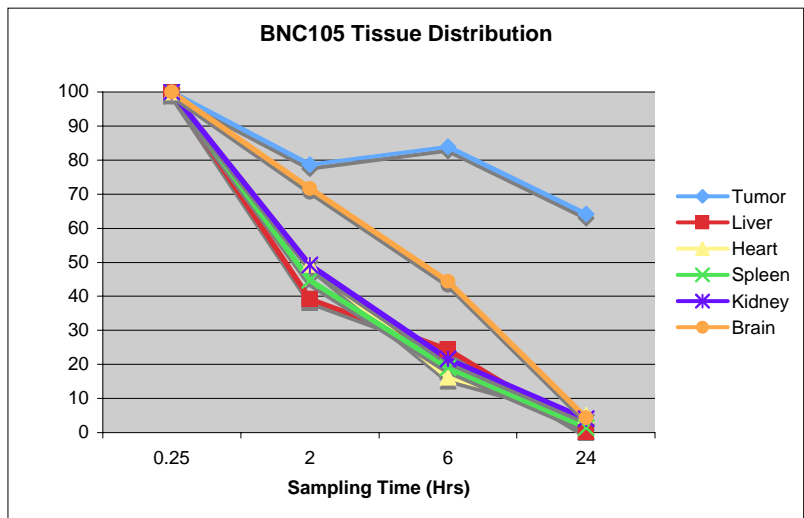
# BNC105 synergizes with Avastin® to give earlier vascular shutdown and to prolong shutdown



The preclinical (animal) data also indicated that low doses of BNC105 in combination with FDA-approved anti-cancer drug Avastin® prolonged tumour blood vessel shutdown and enhanced the anti-tumour effect of Avastin®. The sales of Avastin® last year approached US\$3 billion – and provide a pointer to the potential commercial value of BNC105 if successfully developed and at this time we think some sort of combination therapy will eventually be part of the development pathway for BNC105.

Additionally supportive of the unique advantages of BNC105 as a targeted therapy for the treatment of solid tumours, the data reported at AACR indicated that BNC105 is rapidly cleared from normal tissues but gets locked in the tumour where it exerts potent cytotoxic effects directly on cancer cells.

## Vascular shut-down traps BNC105 in the tumour: Contributes to superior efficacy



BNC105\_PowerPoint.wmv

This video can be accessed at [www.bionomics.com.au](http://www.bionomics.com.au)

Let's take a moment to look at this video which demonstrates how BNC105 acts to shut down tumour blood vessels and effectively starve them of vital nutrients before turning its attack directly towards the cancer cells.

BNC105 is administered as a very rapid infusion over 10 minutes. It then travels throughout the body identifying a specific molecule – a variant of tubulin- within the cells which line tumour blood vessels. When it binds to this variant of tubulin a series of changes take place which cause these tumour blood vessels to collapse. It does not interfere with normal blood vessels or remain for a long time in parts of the body where there are no tumours, but instead becomes locked within the tumour thereby starving it and in a double hit, kills the cancer cells.

### Delivering Major Partnerships

Turning now to our second key objective for FY2008 I am happy to report on our big win in June when we announced a Development and Licensing Agreement with Merck Serono, the pharmaceutical division of Merck KGaA, to develop new treatments for multiple sclerosis (MS) and other autoimmune conditions.

# Merck Serono Kv1.3 Collaboration: Development and License Agreement



- US\$2 million upfront
- Committed research funding to Bionomics
- US\$47 million in development milestone payments *for each selected compound*
- Undisclosed number of compounds to be selected
- Merck Serono to fund all development costs
- Royalty on net sales of licensed products

---

Under the agreement, Bionomics received an upfront payment of US\$2 million and committed research funding for the program moving forward. During our research collaboration Merck Serono intends to select an undisclosed number of compounds from Bionomics' pool of compounds, and for each compound selected by Merck Serono Bionomics may receive milestone payments of up to US\$47 million. Bionomics will also receive royalties on sales of licensed products. Merck Serono will fully fund all development costs, including clinical trials.

This is an extremely exciting new partnership for us - Merck Serono is a world leader and pioneer in treatments for MS, and will add substantial value to our Kv1.3 program. This big Pharma deal validates Bionomics' technologies including our ion channel drug discovery and chemistry capabilities.

Why did a company like Merck Serono choose Bionomics as its partner? The answer lies in the quality of our drug leads and the robustness of our drug discovery platform which have the potential to deliver promising drug candidates that have the potential to be safer, more effective oral treatments for this serious disease.

Our success in achieving this deal was in very large part the result of strong synergies and team work within the Bionomics' science team of chemists and biologists, including scientists working at our subsidiary company Neurofit who conducted the animal studies which provided all important proof-of-concept. The entire team are to be congratulated for their professionalism during the exhaustive due diligence process conducted by Merck and their continuing, infectious enthusiasm which has been further strengthened now that the collaboration is underway.

Of course this latest deal is not our only significant licensing agreement for new therapies to treat major diseases.

## Genmab license agreement: cancer drug targets



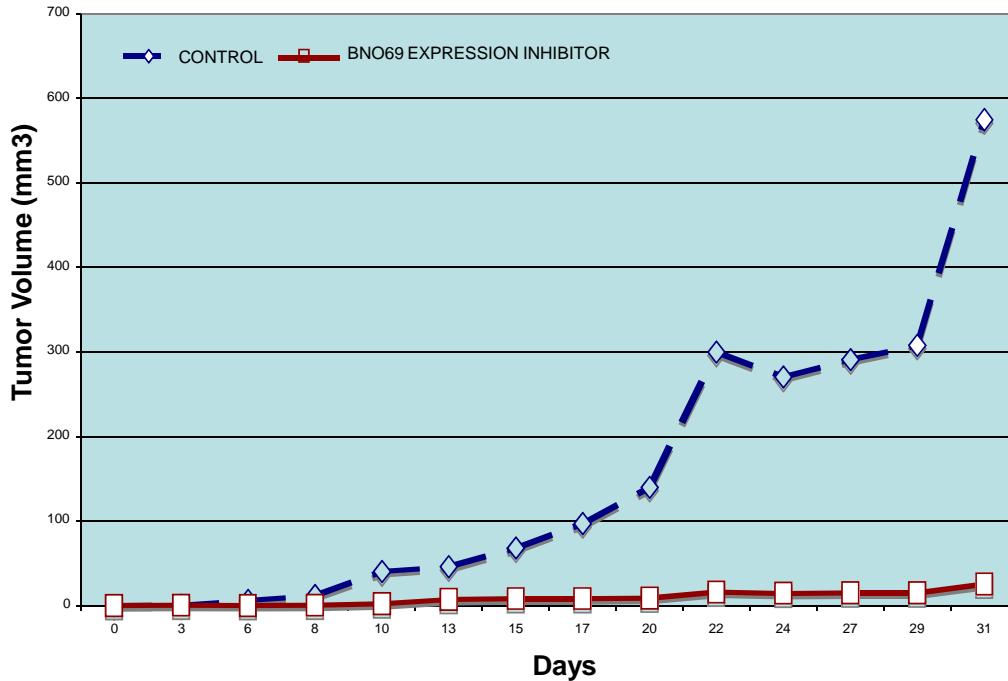
- 2002 – Co-development agreement for the generation of therapeutic antibodies for the treatment of cancer based on Bionomics angiogenesis targets.
  - February 2006 deal:
    - 8 proprietary antibody targets
    - Upfront, milestones and royalty
  - February 2008: US\$1 million milestone payment
- 

You may recall our association with Danish antibody company Genmab A/S. Rewinding back to 2002 when the two companies agreed to co-develop Bionomics' angiogenesis drug targets as antibody-based drugs for the treatment of cancer where it all started, then moving forward to 2006 when that agreement was re-negotiated with Bionomics receiving an upfront payment and potential milestone payments and royalties on product sales and Genmab funding all future development of the antibody products. In the intervening period Genmab have continued to work on Bionomics' targets and in February of this year we received a US\$1million milestone payment from Genmab in recognition of a preclinical milestone with the licensed targets moving to the next stage of development towards the clinic.

In other partnership news, as Peter mentioned, we continued this year to cement a close relationship with the Collaborative Research Centre (CRC) for Cancer Therapeutics to further develop our oncology portfolio, including BN069 for the treatment of breast cancer. This is a tremendous partnership which is highly valued by Bionomics as it will provide access to valuable resources for this exciting asset.

## Inhibition of BNO69 inhibits Breast Cancer growth in an animal model Bionomics

a



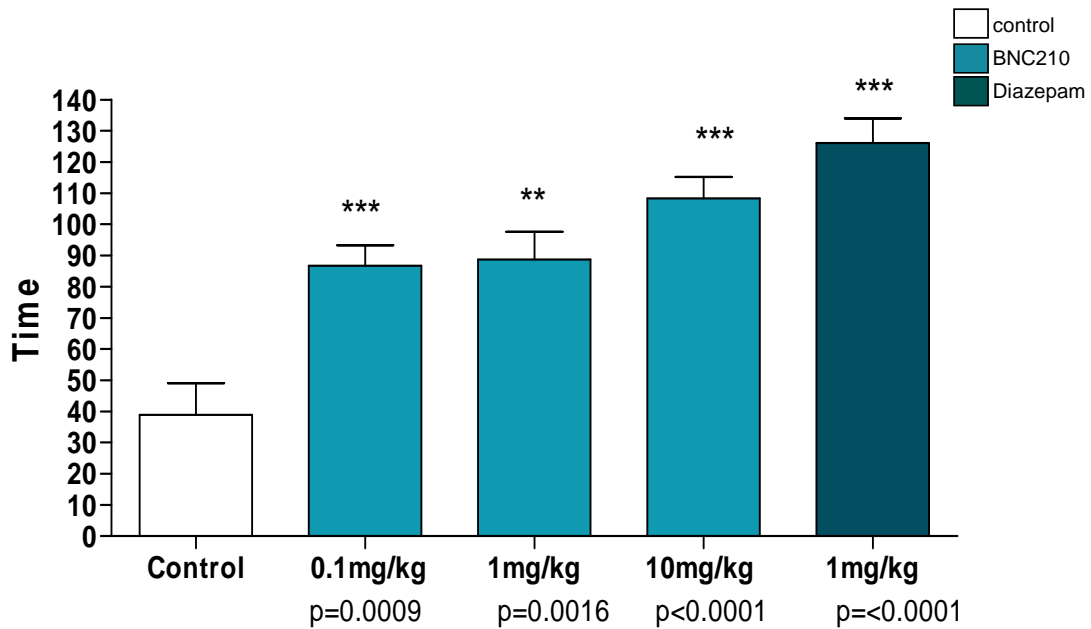
All these partnerships are indicative of our commitment to executing our business strategy.

### **BNC210 – a new approach to the treatment of generalised anxiety disorder**

I would now like to turn attention to BNC210 and our progress towards clinical development of this compound. BNC210 is a novel compound generated from Bionomics’ medicinal chemistry platform technology. Significantly, preclinical data shows that in animals BNC210 is able to rapidly reduce anxiety without the common side effects of current anxiety drugs including drowsiness, impairment of memory and motor function.

The relevant tests here include comparing the time spent by mice in the lighted area of their cage with and without BNC210 treatment. Light makes rodents anxious, and so the more time they spend in the light the less anxious they are believed to be. Rodents dosed with BNC210 spend, depending on the dose, approximately twice to three times as long in the lit area.

## BNC210 has an Anxiolytic Effect in the Mouse Light Dark Box



There are other tests too, but this is a good representative example.

By way of comparison, drugs currently on the market such as Valium, Prozac, Paxil, Buspar and Zoloft come with many side effects including sedation and loss of memory and may take several weeks to exert their effects.

## BNC210 Combines the Best Features of Major Classes of Current Treatments for Anxiety



Class	No Sedation	No Addiction	No Memory Impairment	Fast Acting	No Drug-Drug Interaction No CYP inhibition
BNC210	✓	✓	✓	✓	✓
BZD	X	X	X	✓	✓
SSRI	✓	✓	✓	X	X

This indicates the market need for a safe, fast acting, and non-sedating drug. Alone, such drugs have an estimated global market value of US\$5 billion and US\$12 billion per year.

BNC210 continues to show pleasing results as it is fast-acting and effective in animals with a single daily dose.

In March this year, BNC210 commenced a formal safety and tolerability evaluation program to support future clinical trials.

In April, we saw a significant milestone for BNC210 when, following a competitive bidding process, we awarded the GMP manufacturing contract to Indian company Sai Advantium. In early July, this was successfully completed, in line with FDS requirements.

We are very enthusiastic about the preclinical (animal) results we are seeing from our anxiety drug candidate BNC210 and the path it is taking into clinical trials.

## BNC210 Timeline



- March - commenced formal safety and tolerability evaluation program at WIL Laboratories, US to support future clinical trials.
- April - announced initiation of GMP (Good Manufacturing Practice) in line with FDA requirements at Sai Advantium, India.
- July - GMP manufacture BNC210 successfully completed.

---

### Outlook

Bionomics in 2007-08 has:

- \* Moved into the clinic with BNC105
- \* Delivered a new major partnership with Merck Serono
- \* Strengthened our earlier partnership with Genmab in receiving the first milestone payment, and;
- \* A second drug candidate, BNC210, well advanced in a program to see it enter clinical trial in 2009.

Next year, our immediate priorities will be to start the first BNC210 clinical trial as a prelude to achieving a major partnership for this program, and to progress BNC105 to Phase II clinical trials.

Rest assured, we remain committed to the delivery of value for our shareholders.

## Conclusion

No-one can doubt that Bionomics has delivered on its promises, and we intend to keep doing this.

We cannot promise that every drug candidate will turn into a highly valued drug in the pharmacies of the world.

We can commit to keep working hard with the promising compounds we now have in development, and to keep doing the research needed to identify other drug candidates which will increase “shots on goal.”

In conclusion, in what has been a big year on many fronts for Bionomics, I want to congratulate and thank all of those who have contributed to the growth and maturation of our Company. It has truly been a team effort. We have mapped out the further progress of our key assets to deliver enhanced value over the next year and this will remain our focus despite broader market challenges.

Thank you, most sincerely, for your support.

## FOR FURTHER INFORMATION PLEASE CONTACT:

### **Bionomics Limited**

Dr Deborah Rathjen

CEO & Managing Director

+618 8354 6101 / 0418 160 425

[drathjen@bionomics.com.au](mailto:drathjen@bionomics.com.au)

### **Media Enquiries**

Therese Minehan

Buchan Consulting

+612 9237 2800 / 0414 388 955

[tminehan@bcg.com.au](mailto:tminehan@bcg.com.au)

---

## **About Bionomics Limited**

Bionomics (ASX: BNO) discovers and develops innovative therapeutics for cancer and diseases of the central nervous system. Bionomics has small molecule product development programs in the areas of cancer, anxiety, epilepsy and multiple sclerosis. Bionomics' most advanced program, BNC105 for the treatment of cancer, is based upon the identification of a novel compound that potently and selectively restricts blood flow within tumours. Bionomics' discovery and development activities are driven by its three technology platforms: Angene®, the company's angiogenesis target and drug discovery platform, incorporates a variety of genomics tools to identify and validate novel angiogenesis targets. MultiCore® is Bionomics' proprietary, diversity orientated chemistry platform for the discovery of small molecule drugs. ionX® is a set of novel technologies for the identification of drugs targeting ion channels for diseases of the central nervous system.

For more information about Bionomics, visit [www.bionomics.com.au](http://www.bionomics.com.au)

*This announcement contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this press release that relate to*

*prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by these forward-looking statements, including risks related to the clinical evaluation of BNC105, BNC210, our available funds or existing funding arrangements, a downturn in our customers' markets, our failure to introduce new products or technologies in a timely manner, regulatory changes, risks related to our international operations, our inability to integrate acquired businesses and technologies into our existing business and to our competitive advantages, as well as other factors. Subject to the requirements of any applicable legislation or the listing rules of any stock exchange on which our securities are quoted, we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release*