

FINAL – 8 November 2001

**CHAIRMAN'S ADDRESS
BIONOMICS' ANNUAL GENERAL MEETING
THURSDAY, 8 NOVEMBER 2001**

Ladies and Gentlemen

On behalf of the Board, I again bid a warm welcome to our fellow shareholders and invited guests.

Following this address, Deborah Rathjen will give a comprehensive presentation on the science, performance and prospects for our Company – including substantiation of the more general observations which I am about to make.

My remarks will focus on the answers to five perfectly reasonable shareholder questions; namely the Board's view on each of the following:

1. The outlook for the biotechnology industry generally, and the genomics sector in particular?

2. Bionomics' performance to date in terms of creating sustainable shareholder value?
3. Our financial capacity to achieve our objectives?
4. Our share price performance?
5. The outlook for Bionomics?

Outlook for the Biotechnology Industry

The biotechnology industry continues to produce remarkable results – results which have much enhanced the understanding of the systems and processes involved in serious human disease.

Our view is that, notwithstanding the substantial risks involved in biotechnology research, development and commercialisation, the rewards for success will continue to be high, and industry growth

prospects are generally strong. This is not a transient, short-lived industry.

In Bionomics' particular area of focus – genomics – the products of genomics research are clearly bringing about faster and lower cost discovery and development of effective gene-based treatments of disease, and Dr Rathjen will present two recent, specific examples of this; namely, Herceptin and Gleevec. We expect this trend to genomics-based treatments to accelerate. For example, the highly regarded US-based market researchers, Decision Resources Inc., estimate that the percentage of cancer treating drugs which are genomics based will grow from 25% in year 2000 to 50% by year 2005.

Bionomics' Performance to Date

Dr Rathjen will present the specifics of our performance against R&D, and Other Key Objectives. The R&D objectives have all been met and very good progress is being made on the other objectives.

The Board's view is that, as a result of these achievements and progress, sustainable shareholder value has indeed been created, although it is disappointing that this has not yet been reflected in our share price!

Financial Capacity to Achieve our Objectives

Do we have the financial capacity to achieve our objectives?

The Annual Report deals with the specifics of this, including noting that:

§ On 31 May 2001 the Company announced the placement of 3.8 million new ordinary shares, which subsequently raised \$3.9 million (net of costs).

§ Future cash inflows include \$2.8 million (net of costs) arising from the exercise of subscriber options issued at the time of the float. As noted in our advice to these optionholders, dated 1 November, these options are exercisable by 30

November 2001. The proceeds arising from the exercise of these options have been fully underwritten.

In essence, the Board's view is that it is reasonable to expect that we currently have the capacity to fund our R&D and other expenditures for at least the next two years. Therefore, we do indeed have the financial capacity to achieve the objectives which Dr Rathjen will shortly present to us.

Other comments on financial aspects are as follows:

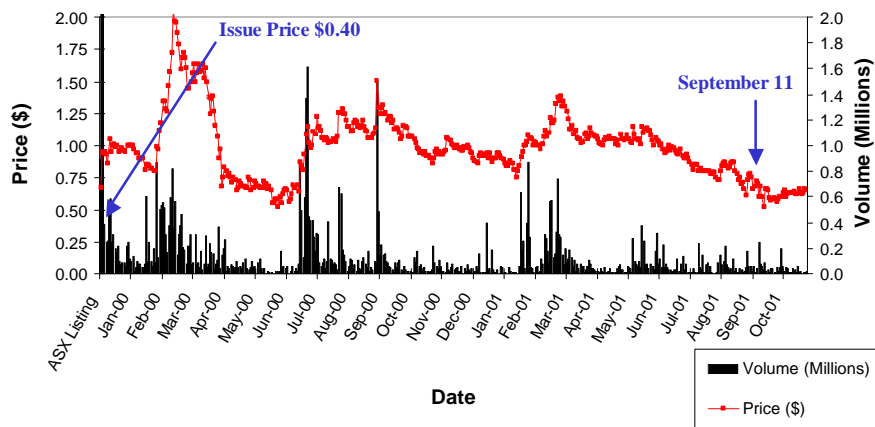
§ I confirm that all expenditures to date have been on activities that were foreshadowed in the Prospectus.

§ The Board and management are acutely aware of the need to conserve cash and to see that expenditures on other than R&D are minimised. In this regard, the Board is satisfied that the ratio between corporate overheads/administration costs on the one hand, and R&D expenditures on the other hand, is appropriate.

Share Price Performance

On the fourth question – the Board’s view on our share price performance - the following slide shows Bionomics’ share price movements and daily turnover since listing in late 1999.

Share Price and Volume since Listing

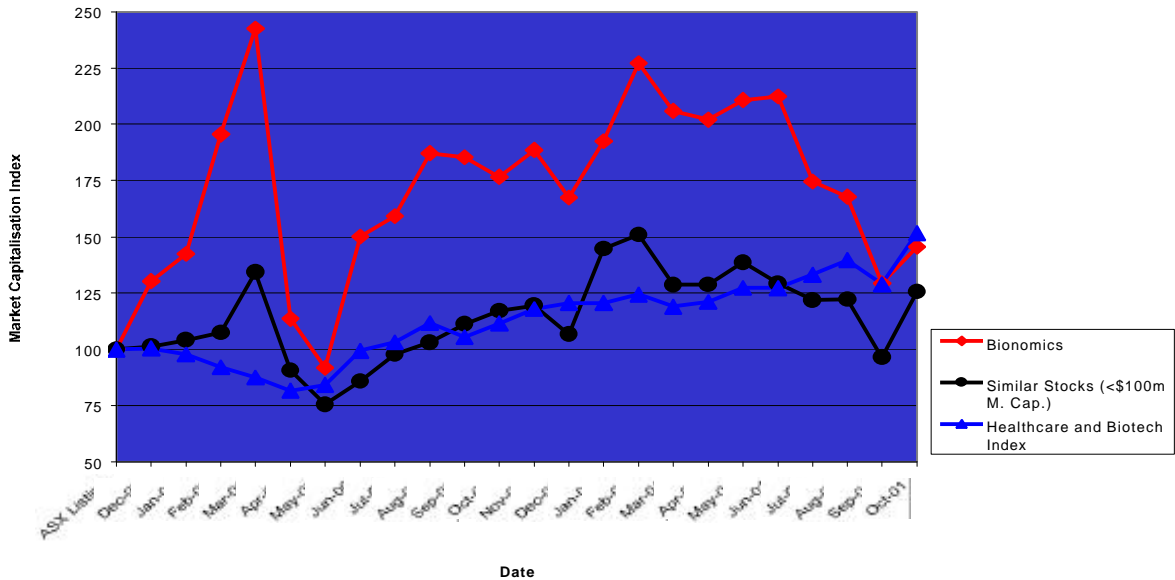


Observations arising from this are as follows:

Understandably, for a company in this early stage of development, the price has been volatile and may well continue to be so.....

Also, the price is clearly affected by a range of external forces, which are beyond our control.

Comparison of Share Price Performance



However, as evidenced by this slide, in the Australian context, we have, until quite recently, out-performed the ASX Healthcare and Biotech index, and we continue to out-perform a basket of 15 listed biotechnology companies, each having a market capitalisation less than \$100 million. On the other hand, we do admit to some disappointment that the increased value of the Company's intellectual property portfolio has not been recognised by way of a higher share price.

You have the assurance of the Board and CEO that we will continue to work very hard to increase the real and sustainable shareholder value of Bionomics.

The Outlook

I will deal with the last of the five questions; namely, the Outlook for Bionomics, at the conclusion of this address because that would be an appropriately positive note to conclude with.

Other Matters

Turning now to other matters:

Board and Management Changes

As foreshadowed in the Annual Report and Notice of Annual General Meeting, **Dr Warren Kinston** is retiring from the Board at this Annual General Meeting, and does not seek re-election.

Dr Kinston believes that Bionomics has been launched successfully and he now needs to deal with other responsibilities and to pursue other opportunities.

Those involved in the formation of Bionomics (especially the founding scientists), well appreciate the thought, effort and commitment that Warren has put into the Company – helping it grow from a conceptual spark ahead of its time to the ASX

listed company presently valued by the market at about \$20 million.

Dr Kinston brought to Bionomics a sense of humour, positivity and an unusually incisive, if sometimes provocative, appraisal of situations. We wish him the very best in the future, and that Verity Kinston makes a speedy and complete recovery to good health.

On 7 August 2001 we announced the appointment of **Dr George Morstyn** as a Non-Executive Director of Bionomics, and we expect that this appointment will be formally confirmed by shareholders shortly. An Australian who has been living in the USA for the last 10 years, Dr Morstyn is currently Senior Vice President of Development and Chief Medical Officer of Amgen Inc., the world's largest independent biotechnology company specialising in human therapeutics. Dr Morstyn's strong background in medical research, particularly in the area of cancer research,

combined with his extensive international commercial experience, has already been of great value to us. We welcome George to the Board, and his return to live in Australia with his family early in 2002. Attracting George to our Board has been a real coup for us, and a welcome reversal of the all-too-common exodus of Australia's best and brightest for overseas.

Eminent cancer researcher, **Dr Tom Gonda**, was appointed Bionomics' Chief Scientist in May. Dr Gonda, a molecular biologist with over 20 year's experience researching cancer and blood cell formation, has a distinguished international career with an outstanding track record in research. As an inventor on five patent applications, Dr Gonda also has a deep appreciation of the value of intellectual property in building biotechnology companies.

Dr Gonda joins the Bionomics management team, which now comprises Mrs Jill Mashado (Financial Administrator and

Company Secretary), and Dr Scott Whitmore (Development Officer).

In addition, **Dr David Callen** has now joined Bionomics as our Head of Genomics. David and Grant Sutherland are two of the few Australian scientists playing a significant role in the Human Genome Project. David joins us from the Department of Cytogenetics and Molecular Genetics of the Women's and Children's Hospital, where he was Head of the Cytogenetics Unit.

This morning we announced that **Professor Ashley Dunn**, Deputy Director of the Ludwig Cancer Research Institute, is to join our Scientific Advisory Board. Professor Dunn has had a distinguished career in cancer research, spanning almost 30 years of active research in the UK, USA and Australia. Professor Dunn was made a Fellow of the Australian Academy of Science in 1995, and we welcome him to Bionomics.

Bionomics' Research Facility

Shareholders will be aware that Bionomics currently leases laboratory space from GroPep Ltd. Our lease on those facilities expires in March 2002 and GroPep has indicated their intention to resume those laboratories at that time.

In addition, further expansion of Bionomics' epilepsy research program and the planned expansion of our breast cancer project as a result of the successful R&D Start Grant and Biotechnology Innovation Fund grant has meant that the space is no longer adequate for Bionomics' purposes.

In October 2001, arrangements were formally concluded with the South Australian Government for the facilitation by the Government of the construction of a purpose-built research facility for Bionomics within the Bioscience Precinct at Thebarton, near the Adelaide CBD.

Whilst the specific terms of this facilitation package are confidential, I can assure shareholders that the arrangements have brought substantial benefits to Bionomics, and involve minimal upfront cash outlays by Bionomics.

The budgeted cost of construction of the facility is \$6.3 million, which will be met by the Government. Bionomics has paid a deposit, with the balance of the construction cost payable to the Government over ten years, at interest rates favourable to Bionomics.

As you can see from this slide, work is well advanced on the building, with handover expected in mid-March 2002.

This project is an endorsement of the achievements of Bionomics to date and underlines the commitment of the South Australian Government to building a vibrant biotechnology industry in South Australia.

Acknowledgements

The progress and achievements described in the Annual Report and presented today would not have been possible without the contributions of various parties, including:

§ The Bionomics team of people, led by Dr Rathjen, including the scientists working on Bionomics' projects in each of the three research institutes with which we have services agreements

§ The eminent scientists comprising the five-member, soon-to-be six member, Bionomics' Scientific Advisory Board (SAB). Led by Co-Chairs Professor Grant Sutherland and Professor Mathew Vadas, the SAB is working very well and is clearly making significant contributions towards the potential value of Bionomics' intellectual property portfolio. I note also that two members of the SAB (Professors Mathew Vadas and Samuel Berkovic) were the recipients of prestigious awards during 2001 – Mathew received the Australian

Citation Laureateship for his work in immunology and Sam the Novartis Prize for Epilepsy Research.

§ The research institutes with which Bionomics has our License and Service Agreements. The continued goodwill and co-operation of the principal licensor of Bionomics' intellectual property, Women's and Children's Hospital, are particularly appreciated.

§ The South Australian Government, particularly in relation to funding assistance for the new research facility.

Recent Events and Progress

Turning now to recent events and progress:

§ Subsequent to finalisation of our Annual Report, Bionomics announced that we have formed a strategic alliance with a US company, Hybrigen Inc. This alliance is the second such

alliance put in place this year, and is a visible indication of Bionomics global outlook. Technology alliances, such as those with Ozgene and Hybrigen, enable Bionomics to fast-track our R&D and have the potential to add considerable value to the Company's intellectual property portfolio.

§ The Company has exceeded our R&D milestones during 2001, and good progress is being made towards reaching our commercialisation objectives. The Company is in advanced discussion with a global pharmaceutical company in relation to one of its research areas, and a number of other exciting developments are in the pipeline.

Concluding Remarks

Outlook

Finally - the Board's view on the outlook for Bionomics. I preface these remarks with the cautionary observation that, by its nature,

biotechnology research, development and commercialisation have substantial risks.

However, Bionomics is at an exciting stage of our development in the rapidly growing genomics sector of the biotechnology industry.

Having achieved the Research and Development milestones set out in the Company's Prospectus and first Annual Report, Bionomics is now well positioned to enter the next phase of our commercial development. The Company's strategy is based on our expertise in the discovery of genes to develop products for the diagnosis and treatment of serious medical conditions. Our focus in the coming year is to generate growth in the value of our intellectual property in the areas of breast cancer, epilepsy and angiogenesis. Specific, project-by-project research and development milestones to achieve this growth are set out in the Annual Report, and will be presented shortly.

We have a highly-skilled, enthusiastic and deeply committed management team, and a Board with the right blend of skills and experience, underpinned by an internationally-recognised

Scientific Advisory Board. In addition, the quality and focus of our science and our people is lent further credibility by our notable successes in achieving Federal and State Government research and infrastructure funding.

We have the financial capacity to implement our plans. More importantly, our milestone achievements to date are further evidence that we have the people and the science to succeed in this rapidly growing genomics sector.

Notwithstanding the substantial risks, the outlook for Bionomics is both positive and exciting.

That concludes the Chairman's Address

CEO's Presentation

Deborah Rathjen formally took up the role of CEO and Managing Director in June last year. Over those 16 months or so, much has

clearly been achieved, largely as a result of Deborah's skill, passionate commitment and punishing business schedules.

Deborah has the rare combination of a strong academic/scientific background on the one hand, and a solid, demonstrably successful commercial/business track record on the other hand.

Deborah, over to you.....