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CEO Interviewed by Boardroom Radio

# BIONOMICS

# NOW

## CEO Report

Dear Shareholders,

**The time since the December 2009 newsletter has seen the achievement of several important milestones for BNC105 Bionomics' exciting cancer vascular disruption agent:**

- > Engagement of Australasian Lung Cancer Trials Group (ALTG) and the National Health and Medical Research Council Clinical Trials Centre (NHMRC CTC) to conduct a Phase II clinical trial in patients with mesothelioma.

With approval now gained to start this clinical trial we anticipate that it will commence later this month.

- > Initiation of the US Phase II trial of BNC105 in patients with renal cancer announced on January 27.

We are particularly pleased to be undertaking the clinical trial in mesothelioma patients in Australia – with the potential to offer an Australian solution. Most people who develop mesothelioma had jobs where they were exposed to asbestos dust fibres. A Safe Work Australia report published by the Commonwealth Government in June last year indicated that in 2005 there were 597 new cases of mesothelioma diagnosed in Australia and that in 2006 there were 486 deaths attributed to mesothelioma.

No treatments for mesothelioma are currently approved after first line chemotherapy. The 60 patient trial of BNC105 is being conducted to fill this vital need. If successful, this trial will enable BNC105 to be considered for fast track approval. BNC105 may also receive Orphan Drug status for the treatment of mesothelioma. Both of these designations could see BNC105 reach market earlier than otherwise anticipated. Once approved for the treatment of mesothelioma, additional clinical trials could be undertaken to further expand the use of BNC105 for the treatment of solid tumours.

- > **In our BNC210 program a very significant milestone was reached - the reporting of the results of the successful Phase I study earlier this month following completion of patient dosing in December.**

Completion of the second stage of the Phase Ia clinical trial of BNC210 indicated that BNC210 suppresses levels of cortisol, a blood marker of stress and anxiety. It also provided additional information that even at a very high level of drug administration, BNC210 was safe and very well tolerated with subjects reporting only minor side-effects. A plateau of drug absorption was achieved with dose escalation and drug levels in the plasma of subjects receiving BNC210 were in excess of that required for anxiolysis in animal trials.

Also in the period we were able to report that positive new BNC210 data was presented at the Australian Neuroscience Society Annual Conference on 2 February. The new data presented expands the evidence of anti-depressant activity of BNC210 – and suggests that BNC210 may also be developed for the treatment of this serious condition.

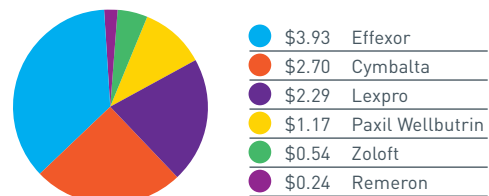
Depression is a common mental disorder – each year an estimated **6% of Australians are affected by a depressive illness.**

**Depression presents with a range of symptoms including:**

- » depressed mood
- » loss of interest or pleasure
- » feelings of guilt or low self esteem
- » disturbed sleep or appetite
- » low energy
- » poor concentration



### THE GLOBAL ANTI-DEPRESSANT MARKET



The global anti-depressant market reached sales of almost US\$11 billion in 2008. **Sales of some of the drugs used to treat depression are shown above in US\$B.**

With the first Phase I clinical trial of BNC210 successfully completed Bionomics is evaluating a number of settings for the next Phase I clinical trial of this exciting compound. We are working to get this clinical trial underway as soon as possible.

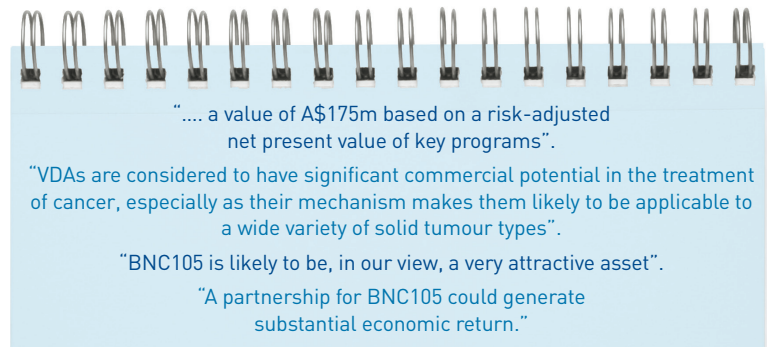


On 5 February Bionomics featured in an article published in Bioshares (number 346). The headline of the article was "Successful completion of current business plan will set up more ambitious phase for Bionomics" and concluded with the statement that **"Bionomics is on track to complete its current commercialisation plan"**.

This article can be found in the investor section of Bionomics' website. If you would like a copy of the article please contact Bionomics via **email to [investorrelations@bionomics.com.au](mailto:investorrelations@bionomics.com.au)** or by **calling 08 8354 6101 and we will be delighted to mail a copy to you.**

On top of the very positive Bioshares article, Edison Investment Research a UK based investment analysis firm, recently initiated coverage on Bionomics with the publication of its first report on 23 February. The report contains a new valuation of Bionomics which equates to 55 cents per share based mainly on an assessment of the potential economic reward and timelines associated with successful development of our BNC105. The valuation largely excludes the value of milestone payments, including those potentially receivable from Merck Serono in relation to our Kv1.3 program or from potential licensing deals for BNC105 and BNC210. This valuation leaves considerable "upside" as Bionomics achieves clinical milestones, as well as commercial milestones.

**Examples of some of the commentary contained in the Edison research report include:**



**BIONOMICS IN THE NEWS**

On 4th February, 2010, Bionomics' CEO was interviewed by Boardroom Radio.

**This interview is available for shareholders on Bionomics' website [www.bionomics.com.au](http://www.bionomics.com.au)**

**Exhibit 8: Recent cancer licensing deals**

Drug/licensee	Licensor	Development status	Notes
belinostat TopoTarget (Feb 2010)	Spectrum Pharma	Pivotal Phase II/III trial in peripheral T-cell lymphoma; Phase II for cancer of unknown primary. Various other (NCI-sponsored) studies.	Deal covering North America and India rights with a right of first offer for China, provides a US\$30m upfront and US\$320m in (mostly sales) milestones, double digit royalties and c US\$4m in shares. Future development costs split (70%/30%).
OGX-011/ Oncogenix (Dec 2009)	Teva	Phase II in prostate cancer. Two Phase III trials planned for 2010: in first and second-line metastatic CRPC and one in 2011 in NSCLC.	Global licensing deal provides US\$20m upfront, US\$10m equity investment (at premium), with up to US\$370m in milestones (including regulatory and sales) and tiered royalties on sales (mid-teens to mid-twenties). Teva will also make a US\$30m prepayment for development costs and is responsible for all commercialisation and development expenses.
Omacetaxine/ Chemgenex (Dec 2009)	Hospira	Phase III completed in CML T315I BCR-ABL mutation. Phase II/III in CML.	Deal for Europe, Middle East and Africa provides €11.1m upfront and milestones of up to €74.1m and royalties on sales.
CP-4126/ Clavis (Nov 2009)	Clovis Oncology	Phase II in pancreatic cancer.	Deal covering North/South America and Europe provides US\$15m upfront and up to US\$365m in milestones (development, regulatory & sales) plus tiered double-digit royalties.
INCB18424 & INCB28060/ Incyte (Nov 2009)	Novartis	Phase III in myelofibrosis (INCB18424); Phase I in solid cancers (INCB28060).	Deal covers INCB18424 (JAK1/2 inhibitor), worldwide ex-US and INCB28060 (cMET inhibitor) worldwide. Upfront of \$210m and up to c US\$1.1bn in milestones (development and sales) and tiered, double-digit royalties on INCB18424 sales (undisclosed royalties on INCB28060 sales).
Alpharadin/ Algeta (Sept 2009)	Bayer Schering	Phase III in prostate cancer bone metastases	Global licensing deal with upfront of \$61m, \$740m of development and regulatory milestones and tiered royalties on net sales (high teens, rising to in excess of 20%).
XL147 and XL765/ Exelixis (May 2009)	Sanofi- Aventis	Phase I in solid tumours (both products). XL-147 now in Phase II.	Worldwide license to XL147 and XL765 provides an upfront of US\$140m, research funding of US\$21m over a three years, development, regulatory and commercial milestones of US\$1bn and royalties on sales.
ARQ 197 Arqule (Nov 2008)	Daiichi Sankyo	Phase II in solid tumours (NSCLC, c-Met sarcomas, pancreatic cancer, HCC, germ cell tumours and CRC).	Worldwide (ex-Asia) licensing deal with a US\$60m upfront and undisclosed, significant development and sales milestone payments plus royalties on sales. Costs of Phase II and Phase III studies will be shared (funded by milestones and royalties).

Source: Edison Investment Research

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Proactive Investors  
Presentation  
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**April 17-21 2010**  
American Association  
for Cancer Research  
(AACR) Annual Meeting  
Washington DC, USA

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**May 3-6 2010**  
BIO International  
Convention  
Chicago, USA

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and receive  
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newsletter via  
**eNewsletter**  
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**June 4-8 2010**  
American Society for  
Clinical Oncology  
(ASCO) Annual Meeting  
Chicago, USA

**The Edison report also contained an overview of recent cancer licensing deals to provide an indication of the potential of a BNC105 licensing deal.**

The full research report is available on Bionomics' website homepage, and as with the Bioshares article, if you would like a copy of this report sent to you, please contact Bionomics.

In the next quarter it is anticipated that Bionomics will commence the second clinical trial of BNC210 – a Phase Ib trial. In addition, data on BNC105 will be presented at key international conferences by our scientific team.

**Dr Deborah Rathjen**  
Chief Executive Officer

**Factors Affecting Future Performance** This publication contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this publication that relate to prospective events or developments, including, without limitation, statements made regarding Bionomics' development candidates BNC105 and BNC210, its drug discovery programs and pending patent applications 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 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. Results of studies performed on competitors products may vary from those reported when tested in different settings. 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 publication.