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BIONOMICS



CEO Report

Dear Shareholders,

A warm welcome to this edition of Bionomics' shareholder newsletter.

In this newsletter we highlight the Company's Half Year Report to 31 December 2008, a period of progress on many fronts for Bionomics. Revenue for the period was up by 295%. As the results show the company is now seeing revenue flow from its agreement with Merck Serono on the Kv1.3 program targeting Multiple Sclerosis with Research and Development (R&D) activities on this program funded under this agreement. Further milestone payments will be triggered as selected drug candidates progress into clinical development. Attractive royalties have been negotiated for the eventual sales of successful drug compounds.

Importantly significant progress was made across all areas of the Company's R&D activities. The Phase I clinical trial of our anti-cancer compound BNC105 has provided indications of biological effect of the compound in patients with advanced cancers. The trial has progressed well and we anticipate soon identifying a dose level for Phase II trials to commence later this year. The next phase in the development of BNC105 will involve a focus on one or two particular tumour types. The company has prioritised a number of potential indications where trials could be conducted to demonstrate the effectiveness of BNC105 as an anti-cancer agent as well as its competitive advantages relative to other vascular disrupting agents in development.

This month new data on BNC105 will be presented by Bionomics' Dr Gabriel Kremmidiotis and Ms Annabell Leske at AACR – the annual conference of the

American Association for Cancer Research – in Denver, Colorado.

As shareholders are aware prior to Christmas Bionomics completed the BNC210 safety testing program, which is a key milestone in the drug development process. **I am pleased to report that, in line with our projections, Bionomics has made its regulatory submission and will file a Clinical Trial Notification to the TGA to enable the first human clinical trial of BNC210 to be conducted in Australia.** We have decided on this course to fast track entry of BNC210 into human clinical testing and to reduce cost. BNC210 is effective in models of anxiety in three different animal species and is safe and well tolerated in animals at doses 10,000 times the minimum effective dose. Bionomics has an innovative Phase I study planned and we are working towards the start of the Phase I clinical trial as soon as approval is given.

In this issue we highlight the recent announcement of IB Australia Bioscience Fund as a significant shareholder of Bionomics through its participation in the exercise of the BNOOB options. With the recent success of the BNOOB options exercise capital raising, Bionomics is able to confidently step into 2009 and to focus on the business of progressing the Company's assets in line with our forecasts.

Thank you to all our shareholders for your support. **Our program for the current quarter is exciting with anticipated milestones - approval to begin the BNC210 Phase I trial and confirmation from our BNC105 clinical trial of the Phase II dose level.**

Dr Deborah Rathjen
Chief Executive Officer

→ STRONG FIRST HALF. REVENUE FOR THE PERIOD WAS UP BY 295%.

→ NEW DATA ON BNC105 TO BE PRESENTED AT AACR CONFERENCE.

→ BNC210 CLINICAL TRIAL SUBMISSION HITS TARGET DATE. NEXT ANTICIPATED MILESTONE - APPROVAL TO BEGIN TRIAL.





Half Year Results

On 25th February Bionomics announced its half-year report for the six months ended 31 December 2008. Extracted below are the key financial points. **For the full report, please contact investorrelations@bionomics.com.au**

- Revenue for the period excluding grants was \$2,189,942, **up 295%** compared with revenue of \$743,376 for the comparable period to 31 December 2007. The increase reflects increasing inflow of license fees and payments under Bionomics' agreement with Merck Serono.
- With funding under Bionomics Commercial Ready grant supporting activities in the development of BNC105 now entering the final stages, grant income recognised for the period was \$40,000 compared to the grant income recognized for the comparable period to 31 December 2007 of \$1,451,249.
- The loss recorded for the period was \$4,177,060. This was in line with expectations and occurred as a consequence of the Company's investment in clinical activities associated with its anti-cancer drug BNC105 and pivotal studies with its anti-anxiety drug BNC210 which were directed at enabling the first clinical trial in man of this compound. A loss of \$3,628,362 was recorded for the comparable period to 31st December 2007.
- Cash at the end of the half-year was \$4,331,604. Net cash outflow was \$1,964,827. Subsequent to the end of the reporting period the company raised an additional \$3,672, 721 net of fees from the exercise of listed BN00B options. •



Deborah Rathjen – Woman Entrepreneur Of The Year 2009

Deborah Rathjen has been named woman entrepreneur of the year at the 2009 BioSingapore Asia Pacific Biotechnology Awards on the 17th March. This is a significant award for Dr. Rathjen who was the only Australian to be recognised. She was recognised for her accomplishments in the life sciences industry, and the contribution she has made to the relations between Australia and Asia in the biotechnology field. Dr Michael Enzeroth Chairman, BioSingapore, said, "We believe these companies and individuals represent the best of the many excellent and exciting things going on in the region." •

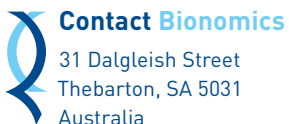
BN00B Options Exercise – Melbourne based IB Australia Bioscience fund becomes significant shareholder

On 30th January Bionomics announced the completion of the BN00B options exercise. The issue of 18,200,000 shares to raise \$4,004,000 was supported by key institutional shareholders. The funds raised will support the initial Phase II clinical trial of BNN105, following the completion of its current Phase I trial.

Bionomics' Chairman Dr. Peter Jonson said "In difficult market circumstances we are pleased by the support shown by our loyal shareholders. It is particularly pleasing to see strong institutional support for the issue. We are excited by the prospects for our anti-cancer agent BNC105 and the funding will support its continued development".

Following on from the successful options exercise, Bionomics announced on the 10th February, IB Australia Bioscience Fund had joined its shareholder register. IB Australia Bioscience Fund was established in mid 2008 and is managed by Intersuisse Bioscience Managers Pty Ltd. The fund invests

in both public and private companies that have internationally competitive healthcare technologies that are approaching pivotal clinical data milestones. Investors in the wholesale fund include industry superannuation funds, an institutional investment group, and highly regarded professional investors in the sector. Matt McNamara, Chief Investment Officer, IB Australia Bioscience Fund, said "Bionomics is a quality stock and we are pleased to become major investors. With its strong management team and outstanding clinical pipeline, we believe Bionomics prospects are excellent". •



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See Bionomics

18 – 22 April, 2009
AACR
Denver, Colorado, USA

18 – 21 May, 2009
Bio International
Convention
Atlanta, GA, USA

29 May – 2 June, 2009
ASCO
Orlando, Florida, USA



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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.