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Bionomics Limited (ASX: BNO) recently announced that it has completed a capital raising of \$15 million, \$5.8 million through private placements to institutional and sophisticated investors and \$7 million to Start-up Australia Ventures Pty Ltd (Start-up), combined with a \$2.2 million offering to all shareholders in a Share Purchase Plan (SPP). How will the funds be utilised?

CEO & MD Deborah Rathjen

We're very pleased to have been able to raise \$15 million, which will fund our current programs for over two years. Further, the level of support shown by our existing, loyal shareholders has been most encouraging. We believe we've got two exciting products now in clinical trial, BNC105 in cancer and BNC210 in anxiety and the capital we've raised will position these products well as they move through the next stage of development and licensing discussions.

We have announced previously that Hoosier Oncology Group have been engaged to undertake the first Phase II clinical trial of BNC105 in patients with kidney cancer. The median five-year survival from metastatic disease relating to renal cell cancer is around 2 percent, so there's a critical need for new treatment.

Selecting the type of cancer to focus on when we moved into Phase II has required careful and detailed analysis, because BNC105 has the potential to be effective at killing cancers across a broad range of solid tumour types. We're focused on a cancer indication that we believe will lead to a faster path to market for BNC105 and enhance its attractiveness to potential licensees. This capital raising will enable us to move confidently into the renal cancer trial with Hoosier and secure the critical data that we need to execute our business plan.

The funding also enables us to move forward with our Phase I trials of BNC210 which is targeting acute as well as chronic forms of anxiety. Phase I trial data are important data for us to have in order to be able to execute our licensing strategy. BNC210 is a unique molecule; it's highly competitive in the anxiety space based on our understanding of how it works to reduce the symptoms of anxiety. Evaluation of BNC210 in animal models of anxiety indicate that it has the potential to get over a number of the key deficiencies shown by the currently marketed drugs, and consequently we feel it's a compound with significant commercial potential as well as the potential to help large numbers of people suffering from anxiety.

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Start-up already owns 23.3 percent of Bionomics, and following the \$7 million placement will own 27 to 28 percent. Why is it increasing its holding?

CEO & MD Deborah Rathjen

Start-up has been a long term shareholder of Bionomics, coming in as a significant shareholder when we acquired Iliad Chemicals in 2005. We have benefited greatly from having such a well regarded investment group on our register. We will seek shareholder approval for Start-up to expand its ownership at a meeting to be held on 9 October and the necessary documentation has already been lodged with the ASX and sent to shareholders. We're very pleased that Start-up has shown such faith in us and the key assets we're developing.

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You're also launching a SPP for existing shareholders for up to \$2.2 million. What is the purpose of this additional raising?

CEO & MD Deborah Rathjen

We wanted to offer all shareholders the opportunity to participate in this capital raising and as we've just announced, this offering to all shareholders is priced at 24 cents, the same price as the placement shares. We're giving all shareholders the opportunity to support implementation of our strategy including the development of BNC105 and BNC210.

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Bionomics had cash of \$4.8 million at 30 June 2009. What is the expected level of cash post the placements and what is Bionomics' current annual cash burn?

CEO & MD Deborah Rathjen

With the inclusion of the SPP which is underwritten by LINWAR Securities Pty Ltd a total of \$15 million will be raised, being \$7 million from Start-up and \$8 million from current and new shareholders. Adding this to our cash position at 30 June will bring our cash position to over \$19 million.

We've projected our expenses to be about \$20.4 million up to the end of June 2011. This includes conducting Phase II clinical trials of BNC105 in kidney cancer and mesothelioma, a form of lung cancer induced by exposure to asbestos, which we've estimated will cost \$13.6 million, and moving BNC210 into the next stage of the Phase I clinical trial process which is estimated to cost about \$3.6 million over the two year period.

It's also worth noting that in the last financial year non-R&D costs were reduced by about 27 percent compared with FY08 and we continue to closely monitor and exert tight cost control.

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Revenue excluding grant income was \$4.3 million at the end of June 2009 down 18.3 percent compared with the previous year. What is the outlook for revenues in the current year ending June 2010?

CEO & MD Deborah Rathjen

In FY08, our revenue included an upfront payment from Merck Serono and a milestone payment from Genmab. These were absent in FY09, but the impact was partly offset by revenues from our wholly owned European subsidiary Neurofit and R&D payments from Merck Serono. Neurofit's contract research service revenue increased to \$1.9 million, up 108 percent on FY08. We also expect receipts under our agreement with Merck Serono to be more substantial as licensed compounds progress through clinical development and to market.

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Do you foresee the need to raise further funds in the shorter term?

CEO & MD Deborah Rathjen

The capital raising will enable us to confidently take BNC105 to Phase II clinical trials and move BNC210 forward a little further with its Phase I program before it's licensed. The current Phase I trial of BNC210 is anticipated to be completed by the end of this calendar year. The data from this study will be a significant component of the licensing package.

The capital raising gives us sufficient funding for both our clinical trials and corporate overheads for the next two years. We've painted a conservative picture that doesn't assume that we will be successful in receiving milestone payments from current collaborations or upfront payments from new deals, which we're working strongly towards. This capital raising gives us financial certainty that doesn't rely on overly optimistic projections and we now have a very solid foundation to move forward over the next 24 months.

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Thank you Deborah.

For more information about Bionomics Limited, please visit www.bionomics.com.au or call Dr Deborah Rathjen on (08) 8354 6101.

For previous Open Briefings with Bionomics Limited, or to receive future Open Briefings by e-mail, please visit www.corporatefile.com.au.

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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, including, without limitation, statements made regarding BNC105, BNC210 and its' drug development programs 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 further 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 announcement.