



ASX Company Announcement

COMPANY UPDATE

20 August 2013

Following board changes earlier in 2013, work has been ongoing to assess the affairs of Sun Biomedical Limited along with the external market and business outlook to determine the best future for the Company. A review of the Company's assets has been conducted, and the following findings have been made:

- The Company's suite of occupational and personal drug testing products, have potential commercial prospectivity. In particular, there are features of the "Oraline" series that are unique and may serve an unmet market need.
- The Company has maintained its patents and has the opportunity to extend these patents.
- The market has shown considerable interest in biotechnology.

Based on these findings, the Board of Sun Biomedical Limited has decided on a strategy with the aim of optimising the potential of its existing biotechnology assets for shareholders. It is important to note that Sun Biomedical Limited is a biotechnology company and the board agrees that its best opportunities lie in continuing to be a biotechnology company. This is proposed to be done in the following way:

- Exploit the best opportunities from its current biotechnology intellectual property, specifically the "Oraline" series.
- Add additional biotechnology assets and potentially attract high calibre, experienced biotechnology talent to the Company in the process.

The following progress has already been made.

- As announced on 5 July 2013, the Company redeemed a convertible note held with Malachite Resources Limited (MAR), which has also further secured the balance sheet. Since that time, all remaining securities in MAR have been liquidated.
- On the "Oraline" product range, work has started in identifying product modifications needed and the amount of input needed from third parties. The Company is engaged in incomplete non-binding negotiations with a potential partner to consider whether it can conduct co development, manufacturing and distribution. Details of this potential relationship are currently under negotiation and will be announced in the event they are agreed.
- The Company has engaged Forrest Capital and CPS Securities to advise on its existing assets and jointly source and evaluate potential new technologies to acquire.

Howard Digby
Chairman

Forward Looking Statement Assumptions

Some of the statements appearing in this announcement are in the nature of forward looking statements. You should be aware that such statements are only predictions and are based on assumptions of the Board of Sun Biomedical Limited concerning, among other things, the potential of its existing assets and ongoing negotiations and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Sun Biomedical Limited operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Sun Biomedical Limited or its officers or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect the Board's views held only as at the date of this announcement.