

AN UPDATE FOR OUR SHAREHOLDERS

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MAY 2017

LETTER FROM THE CEO

DEAR SHAREHOLDERS

Bionomics enters 2017 following a solid year of execution in 2016 that has set the stage for multiple value-creating milestones throughout the remainder of this year and beyond. We are encouraged by the progress made across our robust clinical pipeline and in advancing our strategic collaborations.

Our aim at Bionomics is to provide effective treatments for underserved markets through the discovery and development of novel drug candidates. We anticipate data from the ongoing clinical trial of BNC101 in patients with colon cancer in this quarter and again in the September quarter. We also look forward to reporting data readouts from BNC210 Phase 2 in Post-Traumatic Stress Disorder (PTSD) trial in 2018. Importantly, the Company's strong balance sheet, bolstered by our recent milestone payment, received from Merck & Co. (known as MSD outside the US and Canada) following the entry into a clinical trial of a drug candidate for the treatment of Alzheimer's disease, enables us to execute on this growth strategy.

BNC210: FOR THE TREATMENT OF GENERALIZED ANXIETY DISORDER (GAD) AND POST TRAUMATIC STRESS DISORDER (PTSD)

In September 2016, we were very excited to announce positive Phase 2 Trial results from our lead product candidate, BNC210, in the treatment of Generalized Anxiety Disorder (GAD), which showed efficacy in behavioural and in neuroimaging tests.

In this double blind, placebo and Lorazepam controlled Phase 2 trial, BNC210 met its two primary endpoints and outperformed the current standard of care, Lorazepam, when compared to placebo in reducing anxiety as measured by both imaging and behavioural readouts.

It is significant to note that BNC210 also did not produce any signs of sedation, memory impairment, addiction or loss of motor coordination – side effects which can occur with the use of benzodiazepines such as Lorazepam.

In the second quarter of calendar year 2017, we initiated a second Phase 2 Trial for BNC210 in Post-Traumatic Stress Disorder (PTSD), which is currently recruiting at six Australian sites. Given the vastly underserved PTSD patient population, we have now expanded this trial into 20 new clinical sites in the United States. The addition of these sites will accommodate increased patient enrolment to 192. Both the GAD and PTSD clinical trials drive forward the development of BNC210 and lay the groundwork to increase its commercial value.

In March and May 2017, Key Opinion Leader events were held in New York and London respectively to highlight the science behind BNC210. We appreciate the contributions of Professor Allan Young and Dr Adam Perkins of Kings College London to both events, and Professor Marina Picciotto of Yale University to the event in New York. These very successful events were attended by analysts, investors and potential partners.

BNC105: FOR THE TREATMENT OF SOLID AND BLOOD CANCERS

A New BNC105 clinical trial is expected to initiate in 2017, which will enrol patients with advanced melanoma who are unresponsive to standard treatments. This will be the first study to combine our vascular disrupting agent, BNC105, with Merck & Co.'s blockbuster immune-oncology drug, Keytruda.

Grant funding to enable this trial has been provided by the Victorian Government, through the Victorian Cancer Agency, to the Peter MacCallum Cancer Centre. This collaboration continues to diversify our partnerships and allows for the development of unique drug candidates such as BNC105.

BNC101: FOR THE TREATMENT OF COLON CANCER AND OTHER SOLID TUMOURS

In April 2017, Bionomics presented new pre-clinical data from ongoing studies of BNC101, its anti-LGR5 cancer stem cell drug candidate, at the annual American Association for Cancer Research (AACR) medical meeting which demonstrated complementary anti-tumour activity between BNC101 and checkpoint inhibitors, therefore strongly supporting further clinical evaluation of BNC101 in combination with checkpoint inhibitors.



COLLABORATION WITH MERCK AND CO. (MSD)

In February 2017, Bionomics announced the achievement of the first milestone payment of US \$10 million under our agreement with Merck & Co. to develop novel drug candidates for treatment of cognitive dysfunction associated with Alzheimer's disease.

This milestone validates the utility of our drug discovery platform and our strategic approach to partner selected assets. The portfolio of products under our collaboration with Merck & Co. are designed to address cognitive dysfunction in important CNS indications, and Alzheimer's disease is of chief importance among these as there remains an urgent need for new treatments.

In closing, I would like to thank my Bionomics colleagues, as well as our partners, clinicians and patients for your continued support. None of the progress we have made to date would have been possible without your support, and we look forward to providing updates on our development work throughout 2017.

Dr Deborah Rathjen
CEO & Managing Director



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Bio International Convention
San Diego, CA, USA

21 – 22 July 2017
Bioshares Biotech Summit
Queenstown, New Zealand

2 – 5 September 2017
ECNP Congress
Paris, France

10 – 12 September 2017
Rodman and Renshaw
Annual Global Investment
Conference
New York, NY, USA



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