Bionomics Limited
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ASX ANNOUNCEMENT
19 June 2008

MERCK SERONO AND BIONOMICS ANNOUNCE MULTIPLE SCLEROSIS
DEVELOPMENT AND LICENSING AGREEMENT

- Bionomics and Merck Serono to collaborate to discover and develop novel, oral treatment for MS
- Collaboration based on novel compounds that allow selective inhibition of the immune cells which cause nerve cell damage in patients with MS

Geneva, Switzerland, 19 June 2008 – Merck Serono, a division of Merck KGaA, Darmstadt, Germany, announced today that a Development and Licensing Agreement with Bionomics (ASX:BNO) was signed, under which Merck Serono would develop new treatments for multiple sclerosis (MS) and other autoimmune conditions based on compounds from Bionomics Kv1.3 program.

Under the agreement, Bionomics will receive an upfront payment of US$2 million and committed research funding. Merck Serono will fund all development activities, including clinical development. Merck Serono intends to select compounds from Bionomics pool of compounds and for each compound selected by Merck Serono Bionomics may receive milestone payments of up to US$47 million, based on successful development and commercialization. In addition, Bionomics will be eligible to receive undisclosed royalties on the net sales of licensed products.

Dr. Bernhard Kirschbaum, Executive Vice President Research at Merck Serono, said “This partnership with Bionomics reflects our long-term commitment to patients with MS as Kv1.3 inhibition represents an innovative approach for the discovery of oral compounds in the field of MS. This R&D collaboration brings together Bionomics’ expertise in Kv1.3 biology and Merck Serono’s expertise in MS pharmacology in a combination that could speed up progress in the identification of novel drug candidates for the treatment of MS”.

“As a world leader and pioneer in treatments for multiple sclerosis, Merck Serono is the ideal partner for Bionomics in this Kv1.3 program,” commented Dr Deborah Rathjen, CEO and Managing Director of Bionomics. “The agreement with Merck Serono is an important milestone for our Company. It validates Bionomics’ discovery approach, which has brought the program to this stage. We look forward to working with Merck Serono in the next stage to bring innovative treatment options for patients with MS to the clinic”.

The compounds discovered by Bionomics, around which the collaboration will focus, target the potassium ion channel Kv1.3. Kv1.3 is a key modulator of the immune system and it is a target found on human immune cells which are associated with
nerve cell damage in patients with MS. Inhibitors of Kv1.3 have been shown to inhibit the proliferation of these immune cells, suggesting that they have application in the treatment of MS and potentially other autoimmune conditions, including arthritis.

FOR FURTHER INFORMATION PLEASE CONTACT:

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**About multiple sclerosis**

Multiple sclerosis (MS) is a chronic, inflammatory condition of the nervous system and is the most common, non-traumatic, neurological disease in young adults. The World Health Organization estimates that up to 2.5 million people suffer from MS worldwide. While symptoms can vary, the most common symptoms of MS include blurred vision, numbness or tingling in the limbs and problems with strength and coordination. The relapsing forms of MS are the most common.

**About Merck Serono and multiple sclerosis**

Merck Serono is a leader in multiple sclerosis (MS) with Rebif® (interferon beta-1a), a disease-modifying drug used to treat relapsing forms of MS, which is registered in more than 80 countries worldwide. In addition to Rebif®, the Company also offers a second therapy within its US portfolio of MS therapies: Novantrone® (mitoxantrone for injection concentrate) for worsening forms of MS. Full prescribing information for these products can be obtained by contacting the Company or visiting its website. Additional therapeutic options are currently under development at Merck Serono, including oral cladribine, currently in Phase III and potentially the first oral therapy for MS, as well as several products in early stage development. Merck Serono also is taking a leading role in developing an understanding of the role of genetics in MS.

**About Bionomics Limited**

Bionomics (ASX: BNO) discovers and develops innovative therapeutics for cancer and diseases of the central nervous system. Bionomics has small molecule product development programs in the areas of cancer, anxiety, epilepsy and multiple sclerosis. Bionomics' most advanced program, BNC105 for the treatment of cancer, is based upon the identification of a novel compound that potently and selectively restricts blood flow within tumours. Bionomics' discovery and development activities are driven by its three technology platforms: Angene®, the company’s angiogenesis target and drug discovery platform, incorporates a variety of genomics tools to identify and validate novel angiogenesis targets. MultiCore® is Bionomics' proprietary, diversity orientated chemistry platform for the discovery of small molecule drugs. ionX® is a
set of novel technologies for the identification of drugs targeting ion channels for diseases of the central nervous system.

For more information about Bionomics, visit www.bionomics.com.au

About Merck Serono

Merck Serono is the division for innovative prescription pharmaceuticals of Merck, a global pharmaceutical and chemical group. Headquartered in Geneva, Switzerland, Merck Serono discovers, develops, manufactures and markets innovative small molecules and biopharmaceuticals to help patients with unmet medical needs. Its North American business operates in the United States and Canada as EMD Serono.

Merck Serono has leading brands serving patients with cancer (Erbitux®), multiple sclerosis (Rebif®), infertility (Gonal-f®), endocrine and cardiometabolic disorders (Glucophage®, Concor®, Saizen®, Serostim®), as well as psoriasis (Raptiva®).

With an annual R&D investment of around €1bn, Merck Serono is committed to growing its business in specialist-focused therapeutic areas including neurodegenerative diseases, oncology, fertility and endocrinology, as well as new areas potentially arising out of research and development in autoimmune and inflammatory diseases.

About Merck

Merck is a global pharmaceutical and chemical company with total revenues of EUR 7.1 billion in 2007, a history that began in 1668, and a future shaped by 31,681 employees in 60 countries. Its success is characterized by innovations from entrepreneurial employees. Merck’s operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

For more information, please visit www.merckserono.net or www.merck.de

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.