SUN BIOMEDICAL LIMITED
(ACN 001 285 230)

CHAIRMAN'S NOTES

ANNUAL GENERAL MEETING – MONDAY, 17 NOVEMBER 2008 AT 11.00AM at STAMFORD PLAZA HOTEL, 111 COLLINS STREET, MELBOURNE

Opening – 11.00am

Ladies and Gentleman

Welcome to the Annual General Meeting of Sun Biomedical Limited. It is the appointed time for the meeting to commence. There is a quorum and I therefore declare the meeting open.

Welcome

I would like to welcome you all here today. To those of you that I have not met, I hope we can meet over refreshments following the meeting. May I remind guests that this is a meeting of shareholders. It is shareholders only that will be called on to vote on the resolutions put forward and to put questions.

I would like to take this opportunity to introduce to you the members of the Board:

Jim Hallam	Non Executive Director
Andrew Paice	Non Executive Director
Alfonso Grillo	Company Secretary

I would also like to introduce you to a representative from BDO Kendalls, our audit firm.

Apologies

We have received apologies from the following shareholders:

[List apologies]

Notice of Meeting

As the notice of this Annual General Meeting and the Explanatory Notes have been circulated in accordance with the requirements set out in the Company's Constitution and the *Corporations Act* and additional copies have been made available today, I regard the notice of Annual General Meeting and Explanatory Notes as having been read.

Declaration of Proxies

The Company Secretary has advised that valid proxies have been received from **108** shareholders, representing **224,496,659** shares or **29.10**% of the issued capital of the Company.

As Chairman of the meeting I am holding open proxies which I intend to vote in favour of the resolutions to be put.

Agenda

There are five items on today's agenda that will be proposed as ordinary resolutions, one item that will be proposed as a special resolution and one item that will be proposed as a non-binding resolution. The other item of business is to table the Company's annual financial statements and reports. I will allow the opportunity for questions at the conclusion of the meeting.

Chairman's Address at Annual General Meeting

I would also like to take this opportunity to provide you with a brief summary of some of the highlights of SBN's year:

1. Capital Raising

The Rights Issue closed on 14 August 2008 and raised the Minimum Subscription Amount of $2,000,000. Since then, the Company has placed an additional amount of $1,178,963 through the Shortfall placement capacity which brings the total amount raised to the Maximum Subscription Amount of $3,178,963.

SBN is very pleased with this outcome, particularly in the light of current economic conditions. These funds will allow the Company to pursue its sales initiatives for at least the next twelve months. In addition, the Company has maintained the support of its key shareholders with Log Creek Pty Ltd now holding 14.1% of the issued ordinary shares and Dr Ming Sun holding 11.3%.

2. Repayment of Promissory Note

In September, the final repayment on the Promissory Note of USD 980,000 due to Dr Sun was made with USD 490,000 converting into New Ordinary Shares at the Rights Issue price of A$0.01 and the remaining amount of USD 490,000 being repaid from the proceeds of the Rights Issue on 5 September 2008. The Company is now free of interest bearing debt and has cash reserves of $1.5m.

3. China

Siyi have obtained approval for the commencement of field trials in 15 cities and as a result it has placed an initial order for 20,000 units of OraLine. In 2009, Siyi and SBN will work together for the final product approval, promotion and roll out of the proposed testing program. At this stage, SBN anticipates that the final product approval will be received in the second half of calendar year 2009.

4. Oraline VIII

SBL has assigned the initial production of prototype units for delivery in early November and the product will be launched at the Medica show in Germany later this week.

5. BioScreens

BioScreens is progressing with the manufacture of its new urine test cup and SBL has just received the first order for 60,000 strips. The delivery of new cups is now anticipated to occur in early 2009 with SBL's strips to be incorporated into those cups.

Financial Statements and Reports

The additional business of the meeting is to table the Company's financial statements for the year ended 30 June 2008.

The annual report and financial statements have been circulated in accordance with the requirements of the *Corporations Act* and the Company's Constitution. I will take them as being tabled.

For the benefit of the record, please indicate your name and address all questions through the chair.

Question and Answers

Any questions in respect of the annual report or the financial statements and matters relating to the listed Sun Biomedical Australia company to be directed to Jim Hallam.

Any questions on commercial aspects of the operating Sun Biomedical business to be directed to Jack Kerins who is attending by phone.

Turning now to the other items on the agenda.

Resolution 1 – Re-Election of Mr Andrew Paice

It is proposed that Mr Andrew Paice, a Director retiring by rotation in accordance with the Company's Constitution and being eligible and having signified his candidature for the Office, be and is hereby re-elected a director of the Company.

The proxy position in respect of this resolution is:

- **217,072,382** for;
- **144,000** against;
- **7,280,277** open;
- **86,967,139** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Resolution 2 – Issue of Shares and Options

It is proposed that for the purposes of ASX Listing Rule 7.4, approval be given to the past issue of 56,186,217 ordinary shares in the Company and 28,093,109 options over unissued shares in the capital of the Company. These securities were issued within the 12 month period immediately preceding the date of this Notice of Annual General Meeting on the terms and conditions set out in the Explanatory Notes.

The Explanatory Notes to the Notice of Annual General Meeting state that the shares and options were issued to Dr Ming and Alice Suns.

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval in any 12 month period to 15% of its issued securities.

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of securities. Shareholders are being asked to approve the issue of the securities under Resolution 2 in accordance with ASX Listing Rule 7.4.

If the securities issued over the past 12 months are treated as having been made with shareholder approval, the Company's capacity to issue further securities is restored. The Directors consider it prudent to retain the capacity to issue further securities and accordingly seek shareholder approval to the issue of the securities pursuant to Resolution 2.

The proxy position in respect of this resolution is:

- **216,710,982** for;
- **599,540** against;
- **7,280,277** open;
- **561,750** abstain;
- **86,311,249** excluded.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Resolution 3 – Issue of Options

It is proposed that for the purposes of ASX Listing Rule 7.4, approval be given to the past issue of 6,000,000 options to acquire ordinary shares in the Company. These options were issued within the 12 month period immediately preceding the date of this Notice of Annual General Meeting on the terms and conditions set out in the Explanatory Notes.

Details of the recipient of the options are set out in the Explanatory Notes to the Notice of Annual General Meeting. The Explanatory Notes state that 6,000,000 options were issued to Jack Kerins.

As stated in relation to Resolution 2, subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval in any 12 month period to 15% of its issued securities.

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of securities. Shareholders are being asked to approve the issue of the securities under Resolution 3 in accordance with ASX Listing Rule 7.4.

If the securities issued over the past 12 months are treated as having been made with shareholder approval, the Company's capacity to issue further securities is restored. The Directors consider it prudent to retain the capacity to issue further securities and accordingly seek shareholder approval to the issue of the options pursuant to Resolution 3.

The proxy position in respect of this resolution is:

- **303,050,831** for;
- **570,940** against;
- **7,280,277** open;
- **561,750** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Resolution 4 – Issue of Shares to Peter King and Jim Hallam for payment of accrued directors fees

It is proposed that for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be given to the issue of 2,480,762 ordinary shares in the Company to Peter King, a Director of the Company or to his nominee and 1,155,095 ordinary shares in the Company to Jim Hallam, a Director of the Company or to his nominee. It is proposed that approval be given to the issue of shares in consideration for the payment of accrued directors' fees and on the terms and conditions set out in the Explanatory Notes.

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities than the Company can issue without shareholder approval in any 12 month period to 15% of its issued securities.

Shareholder approval of an issue of securities pursuant to ASX Listing Rule 10.11 is an exception to ASX Listing Rule 7.1. Shareholders are being asked to approve the issue of the shares in accordance with ASX Listing Rule 10.11. The Directors seek shareholder approval to the issue of the shares pursuant to Resolution 4.

The proxy position in respect of this resolution is:

- **302,889,331** for;
- **1,185,550** against;
- **4,080,914** open;
- **180,640** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Resolutions 5 and 6 – Removal and appointment of Auditor

Resolution 5 proposes that BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd be removed from the office as auditor of the Company. Resolution 6 proposes that the Company accept the written consent of Armstrong Partners (Aust.) Pty Ltd to act as auditor of the Company and appoint Armstrong Partners as auditor of the Company.

In relation to Resolution 5, in accordance with section 329 of the *Corporations Act*, on 24 July 2008 Andrew Paice gave the Company a notice of intention requesting that the Company convene a general meeting to consider and, if thought fit, pass the resolution that BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd be removed as auditor of the Company.

The proxy position in respect of this resolution is:

- **216,702,522** for;
- **760,500** against;
- **7,280,277** open;
- **86,720,499** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

In relation to Resolution 6, this resolution needs to be passed by a majority of not less than three quarters of members of the Company that vote in person or by proxy.

The proxy position in respect of this resolution is:

- **217,285,372** for;
- **564,900** against;

- **7,280,277** open;
- **86,333,249** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to speak to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Resolution 7 - Adoption of Remuneration Report

It is proposed that for the purpose of section 250R of the *Corporations Act*, the Remuneration Report for the financial year ended 30 June 2008 be adopted.

The *Corporations Act* requires a resolution that the Remuneration Report be adopted be put to a vote of shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory to the Company only and does not bind the Board.

Under the *Corporations Act*, shareholders must be given a reasonable opportunity to ask questions about or make comments on the Remuneration Report. This is in addition to any questions or comments that shareholders may have in relation to the management of the Company.

The proxy position in respect of this resolution is:

- **302,947,931** for;
- **786,040** against;
- **7,280,277** open;
- **422,550** abstain.

Before seeking comment on this motion, may I have a shareholder move this motion?

Thank you.

May I have a shareholder second this motion?

Thank you.

Would any shareholder like to ask any question or make any comment in relation to the motion?

I now put the motion.

Those shareholders in favour?

Against?

I declare the motion carried.

Closure

As no other business has been brought forward, I declare the formal meeting closed and hope you will join us for refreshments.