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BioDiem Ltd Annual General Meeting
November 26, 2008

Chairman's Address

Ladies and Gentlemen welcome to the BioDiem Annual General Meeting.

As your Chairman I am delighted that you have been able to attend today to hear about BioDiem's development activities and the value that has been added to our product portfolio as a result of our business strategy.

I would like to introduce the members of the Board that are here today, Dr. John Brown, Prof. Larisa Rudenko and Dr. Andrew O'Brien. Don Brooks sends his apologies as he could not make it over from the United States where he resides.

A review of the past 12 months suggests a year of consolidation in the development of your Company's two leading products. Both products are progressing well toward entering clinical development, with the Company and its partners clearly focused on a value enhancing international product registration pathway.

During the year, BioDiem has initiated the preclinical development program for BDM-E focused on an international registration pathway meeting the requirements of the US FDA and EMEA. Work is ongoing at Cambridge University on the mechanism of action of the tetrapeptide, whilst Monash University continues to lead the animal testing of BDM-E helping to identify the most effective dosing regimen and target indication. In parallel, the Company has successfully developed a peptide manufacturing protocol with Genzyme Pharmaceuticals that significantly reduces the cost of manufacture and is commercially scaleable allowing cost effective bulk manufacture. Furthermore, the Company is developing a formulation of the product that will meet the needs of both patient and clinician upon entering clinical development. This process will help the Company develop a product a clinician can prescribe.

BioDiem's Live Attenuated Influenza Vaccine (LAIV) continues to progress toward clinical trials. During the past 12 months, our partner for LAIV, Nobilon, a subsidiary of Akzo Nobel, has been acquired by Schering Plough, a major US pharmaceutical company. As part of the post-merger integration, our partner reviewed the program. It is pleasing that Schering Plough has backed the program which is now scheduled to begin clinical trials this Northern Hemisphere influenza season based on EMEA regulatory guidance.

The market for seasonal influenza vaccine continues to grow strongly. This year, the Centers for Disease Control and Prevention (CDC) in the United States recognised that children are a key factor in the spread of influenza in the population. As such, the CDC recommended that the recommended ages for annual influenza vaccination be expanded to include all children from 6 months to 18 years of age in the United States thereby potentially increasing the market size in the United States by 30 million doses.

Clinical studies conducted by the Institute of Experimental Medicine (IEM) in St. Petersburg, Russia, indicate that LAIV provides superior protection against influenza when compared to an inactivated flu vaccine in children. These studies also showed that vaccination with LAIV can provide a 'herd immunity' whereby the spread of influenza is reduced in schools where the majority of the school population has been vaccinated with LAIV. BioDiem retains the Sales and Marketing rights to North America as previously reported. These rights remain an important asset for future value growth for BioDiem.

Development of LAIV for pandemic indications progresses through our collaboration with the IEM and the CRADA with the CDC and Nobilon/Schering Plough. Through the IEM, BioDiem is developing vaccines for potential pandemic strains H2, H5, H7 and H9, and testing their immunogenicity. Similarly, the CRADA has continues to assess the relative benefits of LAIV against an inactive influenza vaccine for pandemic preparedness. The research team has successfully generated a H5N1 reassortant using the LAIV Master Donor Strain. This reassortant has undergone extensive safety testing for the commencement of a comparison study in a pre-clinical model.

Over the past year, the Company has been focused on reducing the burden of corporate overhead. Excluding extraordinary items, we have reduced overhead reflecting the need to allocate capital assets to R&D to meet our corporate goals. We will continue to focus on corporate overhead as a percentage of total corporate expenses as an indicator of increased focus on R&D expenditure.

My thanks to the Board and the management team at BioDiem for their continuing focus and efforts during the year. BioDiem is fortunate to have a very strong and active Board of Directors. Dr. John Brown and Prof. Larisa Rudenko remain key resources in ongoing product development. Dr. Brown has oversight of the BDM-E development program, whilst Prof. Rudenko is a founding technologist of LAIV and an internationally recognised expert in the field of influenza. We are always pleased to have Professor Larisa Rudenko with us for it is she who heads the Department of Virology at the Institute of Experimental Medicine and the work to which I have just made reference, but also her agreement and encouragement for the establishment of BioDiem some 7 years ago.

Under their guidance, the coming year holds the promise that our lead product, LAIV will enter the clinic in Europe. Similarly, our objective is for BDM-E to be developed based on an international registration strategy focus. Both projects are designed to be value accretive for shareholders, and your continued patience and support is much appreciated by Board and management.

Ladies and Gentlemen, our Chief Executive Officer Dr. Andrew O'Brien will now provide us with a more detailed review of the year gone by and the milestones we intend to achieve in the coming year.

For further information

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