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ASX Announcement

23 September 2010

Annual General Meeting

CHAIRMAN'S ADDRESS

Over the past year the company has continued to build on its previous progress.

The highlights have included the following:

- the conduct of a Phase II trial using LAIV for seasonal influenza, following a successful Phase I trial;
- the commencement of discussions for the licence of our LAIV Japanese rights. Japan is the second largest pharmaceutical market in the world;
- strengthening of the relationship between the Company and the World Health Organisation;
- the presentation of the pandemic LAIV influenza study results from the work carried out at the Centers for Disease Control, Atlanta;
- the market launch of the Serum Institute of India's LAIV product, "Nasovac" in India and first commercial sales. This is the first launch of our technology outside Russia and the CIS countries;
- approval by the FDA of our BDM-E Orphan Drug application for use in the eye disease, Retinitis Pigmentosa. This approval has generated widespread interest;
- completion of research at RMIT University showing the potential for BDM-I as an effective treatment of a range of serious infectious diseases;
- following the announcement by Merck that it is reorganising many of its programs including that which affects our present development contract, we are deeply engaged in discussions to ensure that the maximum benefit from that reorganisation accrues to our Company;
- completion of a Rights Issue raising $4.5m including $1m in the shortfall placement, including the issue of 12.5m options exercisable by May 31, 2012 at 23 cents;
- completion of a strategic review of our pipeline resulting in new projects with high commercial appeal and potential earlier revenue.

During the year, our Board was restructured following the decision of Dr John Brown to resign in order to ensure he could fully focus on the many projects in which he was engaged. I wish again to record our thanks for his service to the Company over the past four years. The Board promoted its CEO to become a member and was delighted that Dr Arthur Li accepted our invitation to also become a member. Dr Li has a wealth of experience in the medical, pharmaceutical and academic worlds, including a long association with the University of Melbourne. The Company has been very fortunate to secure his services as a non-executive director, particularly as we explore new partnerships in Asia.

Professor Rudenko has worked tirelessly using her position as one of the world's leading virologists in progressing LAIV successfully to the market through the WHO and Serum Institute of India. She remains the Head of the Department of Virology at the Institute of Experimental Medicine in St Petersburg, Russia and provides the valued link with that institution.

Mr Don Brooks, with his long engagement with the pharmaceutical industry and as having been Senior Counsel – Licensing at Merck & Co., Inc., has assisted us immensely and particularly in light of the merger of Schering-Plough and Merck last year, and in our current discussions with Merck.

Our team has been significantly strengthened through the recent appointment of Cathy Cropp as Project Manager. Cathy has extensive experience and expertise in the area of biologicals and pharmaceutical development and will be focussing on the development of our pipeline particularly in the area of the LAIV vector program and the BDM-I antimicrobial plan.

I would like to make particular reference to the very recent relationship established with the Serum Institute of India and would like to welcome its Executive Director, Dr Suresh Jadhav, to our meeting today. In part this association with the Serum Institute through the WHO has been enabled by the extensive use of the LAIV technology in the Russian community for many years. We have seen the accelerated development and launch of the pandemic LAIV influenza product in India to which I have already made mention and the seasonal influenza vaccine product will follow.

BioDiem is committed to creating shareholder wealth through development and exploitation of the Company present portfolio of valuable intellectual property. In particular it is directed:

- to secure commercial partners for our LAIV rights and to increase commercial returns;
- to drive the new LAIV Vector program, established since my last report to you last year, with the objective to realise revenue-generating opportunities, and to broaden its spectrum of applications;
- to secure the intellectual property and expand the commercial attractiveness of BDM-E for outlicensing;
- to develop BDM-I as an effective alternative to existing antimicrobial treatments for some serious infectious diseases and for outlicence; and
- to continue to seek new, world-class technologies both in Australia and overseas that meet BioDiem's selection criteria to add to its existing portfolio.

The Board of BioDiem believes that the Company has the technologies, the people and the vision to develop and partner our world-class medical research and hasten the generation of income for the company.

-ENDS-

About BioDiem Ltd

BioDiem is an ASX-listed company, based in Melbourne, with an international focus on finding, adding value to and commercialising world-class research for vaccines, infectious diseases and other therapeutic areas. The company uses a cost-efficient approach to drug development through collaborations with academic centres of excellence, contract research organizations and partnerships with international pharmaceutical companies.

BioDiem's leading product is the Live Attenuated Influenza Vaccine (LAIV) technology, a novel intranasal vaccine being developed to prevent infection from endemic and pandemic influenza. The technology was licensed to BioDiem by the Institute of Experimental Medicine in St Petersburg. In 2004, BioDiem licensed the LAIV technology to Nobilon International B.V. (now part of Merck & Co, Inc.). It is currently in Proof of Concept (Phase II) stage clinical trials as part of its development for European registration. It has also been launched in India as NasoVac for protection against H1N1 influenza.

For additional information, please visit www.biodiem.com

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