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**Annual General Meeting
September 24, 2009**

CHAIRMAN'S ADDRESS

It is with great pleasure that on behalf of BioDiem's board and management team I welcome you to our 2009 Annual General Meeting. Over the course of this meeting we would like to highlight some of our achievements over the past year and give you an update on the status of our development pipeline.

It has been a challenging year for the listed biotech sector in the face of the global financial crisis which has resulted in a lack of market confidence. We are seeing improvements in this respect across the sector and believe that BioDiem is well placed for the anticipated recovery in the markets. Your company has diligently continued to work towards its goals and has made considerable progress due to its solid fundamentals of good technology, prudent management and collaborative approach to research.

In the last 12 months the impact of a new influenza strain from Mexico has caused great concern among medical authorities around the world. It has been widely reported that, despite the best efforts, this strain is spreading widely and very rapidly. However, while "swine flu" is currently categorised as a pandemic, it is fairly benign and it is anticipated that it will become seasonal and be dealt with via seasonal influenza vaccines.

Activities over the past year have validated the strength of our Live Attenuated Influenza Vaccine technology with both successful clinical trials and agreements with international health authorities.

A key concern regarding potential influenza pandemics is about the capability of manufacturers to be able to produce sufficient vaccine quickly enough in the face of a pandemic. This led to the Institute of Experimental Medicine (the IEM) in conjunction with Nobilon and BioDiem being approached by the World Health Organization with whom we now have agreements concerning the provision of Live Attenuated Influenza Vaccine technology for use in developing countries. The Institute of Experimental Medicine has also signed an agreement with PATH Vaccine Solutions in the USA. The agreement covers the development of a Live Attenuated Influenza Vaccine for pandemic influenza strains. The steps taken by WHO and PATH are an outstanding endorsement of the standing of the IEM.

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Two clinical trials of the LAIV have been completed in the last year. The first, a Phase II study for pandemic influenza at the IEM in Russia was successful both in terms of safety and efficacy. Professor Larisa Rudenko will talk on this later in the meeting. The second trial was a Phase I clinical trial for seasonal influenza in Europe through our partner Nobilon International. The trial has completed recruitment and we are keenly awaiting the trial results. Preparation of a Phase II study is well in hand.

Our ongoing research on BDM-E continues to be promising and we look forward to strategic developments with this project over the coming year. Dr John Brown will speak about BDM-E later in the meeting.

Our licensing revenue was up 167% compared to 2008 due to receiving two milestone payments from Nobilon and a weaker Australian dollar. BioDiem has been prudent in the way it has invested your money to accomplish our considerable achievements this year and ended the year with \$3.99 million cash on hand.

I would like to express my appreciation for the Board of Directors, the executive team, and you, the shareholders, for your continuing support. I would, in particular, like to thank Dr John Brown for his dedication and taking responsibility for the BDM-E program. I would also like to acknowledge the contributions of our previous Chief Executive Officer, Andrew O'Brien. It was with great pleasure that in July we announced the appointment of Julie Phillips as Chief Executive Officer. Julie has considerable experience with both large pharmaceutical companies and small Australian companies in the sector. We believe that Julie's wide ranging skill set will be invaluable as BioDiem moves forward with its projects. BioDiem is committed to developing novel therapies that will change lives, and I am confident that we will, thanks to a combination of good science and solid business strategy. I look forward to the coming year and remain confident that BioDiem will maintain and build on its track record.

Further information

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