



BIODIEM LTD
ABN 20 096 845 993
Level 4,
100 Albert Road,
South Melbourne, Victoria, 3205
Australia
Phone: +613 9692 7240
Web: www.biodiem.com

22 May 2017

Receipt of 2016 Income Tax Return Refund

The Directors of BioDiem Ltd ("BioDiem", or the "Company") are pleased to announce that the Company has now received AU \$207,493 in cleared funds in relation to the 2016 Income tax return refund.

Last month's federal budget did not alter the terms of the R&D tax incentive which returns 43.5% of eligible expenditure on R&D in cash to small companies. Our cash return for FY17 is expected to be similar if the scheme is maintained. This would mean our cash reserves are sufficient through to early FY18 on current forecasts and operations.

Notwithstanding this, we are reviewing the opportunities for Opal Biosciences with its focus on hard-to-treat infections. We have now tested three prototype gels in the lab against two types of bacteria: those that cause gonorrhoea, and also resistant Golden Staph (MRSA). While we knew that the active ingredient, BDM-I, killed these bacteria, the results confirm that in lab experiments the gels are effective. We will now proceed to testing in infection models which, if successful, will give us "proof-of-concept" for the gel application against these bugs. Antibiotic resistance is a growing problem worldwide. Success of these studies will mean the value of our technology increases and gives us the basis for approaching new investors and commercial partners for Opal to progress the development of the gel and other applications.

Our corporate and administration expenditure has been further reduced while the LAIV vaccine situation awaits further studies to be conducted. In the meantime the royalty stream from sales in India is small. Our Chinese licensee is continuing the clinical trials required for product licensing in China.

The half yearly reports for our companies can be found on our biodiem.com and opalbiosciences.com websites.

I will provide further updates as significant events arise.

Yours faithfully

A handwritten signature in black ink, appearing to read "Julie", written over a large, light-colored oval shape.

Julie Phillips
Chief Executive Officer
BioDiem Ltd
Phone +61 3 9692 7240
Email jphillips@biodiem.com