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Annual General Meeting 27th November 2018

Chairman's Address

Welcome to the 2018 Annual General Meeting of BioDiem Ltd. This morning I will give you a brief overview of the key events of the 2017-2018 year before handing over to our CEO, Julie Phillips.

The highlights included:

- Reinstatement of the LAIV flu vaccine in the US, following the difficulties in recent years;
- Lodgement by our licensee in China, BCHT, of their marketing application to the Chinese FDA;
- Finalisation of the de-merger of our subsidiary, Opal Biosciences Ltd; and
- Significant progress in Opal's programs to fight superbugs.

Firstly, we were pleased to hear that in the US, the Live Attenuated Influenza Vaccine (or LAIV vaccine) was reinstated to the list of 'flu vaccines eligible for use in the US 2018-19 influenza season by the CDC's Advisory Committee on Immunization Practices. Flu vaccines based on our technology are not available in the US and this recommendation specifically referred to FluMist only. FluMist is manufactured by Medimmune and marketed by them in the US. Nevertheless, this change should have a positive benefit for us, for example, in India where the Indian vaccination guidelines take the US recommendations into account.

Secondly, we received the news of the completion of successful Phase III LAIV clinical trials in China by Changchun BCHT Biotechnology Co, to which we have sublicensed development and commercialisation rights of our LAIV technology for the Chinese territory. BCHT has submitted an application for marketing approval of this vaccine to the Chinese National Medical Products Administration (previously known as the Chinese FDA). We await news of the outcome of this regulatory review. BioDiem will gain income from royalties on sales of BCHT's LAIV vaccine in the private sector in China.

Thirdly, the de-merger of our subsidiary Opal Biosciences Ltd ("Opal") was completed following shareholder approval last November 2017. A placement of Opal shares to sophisticated investors raising more than \$600,000 was completed in February this year. These funds have been used to progress development of new treatments for infections based on the drug BDM-I. The new treatments are aimed at those infections that are hard-to-treat or where they are resistant to current antibiotics. These infections can be life-threatening and/or cause serious sickness and long-lasting effects. In March this year the assignment of the intellectual property rights from BioDiem to Opal was completed. This successful exercise obviated the need to raise any additional funds from BioDiem shareholders for BDM-I's development and BioDiem currently holds a 73.29% stake in Opal.

I remain chair of both BioDiem and Opal, and during the year we strengthened the Opal board with the appointment of Mr Ken Windle and more recently, Mr Peter Snowball. Prof Rudenko, who is a BioDiem director, stepped down from the Opal board during the year. Ken is a well-known and experienced pharma executive, and Peter is an experienced financial markets

executive and biotechnology company investor, and is a shareholder in both BioDiem and Opal. We are delighted that during the financial year Opal has established a solid footing for growth in value. As Opal raises funds to continue the BDM-I development work, BioDiem's shareholding will reduce, however we anticipate that Opal's value will increase. BioDiem shareholders are kept aware of activities within Opal through the emailing lists and are able to participate separately in Opal fund-raising should they wish.

Opal's programs to fight infection are very promising, and resistance to antibiotics continues to make headlines. During the year Opal focused on the development of an injectable form of the drug BDM-I, and this was achieved successfully via a contract with Formulytica Pty Ltd in Melbourne and with assistance in funding from a Federal government Innovation Connection grant of \$50,000. Earlier this year studies showed that Opal's BDM-I can inhibit the growth or kill highly resistant strains of the bacteria that causes gonorrhoea. Because cases of this infection are growing around the world, and because so few new treatments are in the pipeline internationally, Opal has been engaging with the World Health Organisation's GARDP and the US National Institutes of Health to get assistance with the development of a new treatment. This engagement is ongoing.

Opal's topical gel also showed benefit in a mouse skin study against a very resistant form of Golden Staph. More work needs to be done to profile the beneficial effect of the gel.

Meanwhile, and also under the Innovation Connections grant, the Ingham Research Institute has continued to explore how BDM-I works to kill bacteria. We expect some of the results of this work to be published next year.

Last year I advised shareholders that the Board did not intend to raise further capital into BioDiem and this remains the case. I also advised that we had begun seeking partners for the LAIV program and this continues. The successful demerger of Opal Biosciences and the ability to share resources between BioDiem and Opal and therefore costs, has meant that we have been successful in reducing expenditure within BioDiem and stretch our cash.

I would like to thank fellow shareholders for their patience and support during this last year and also my fellow directors and staff for their contributions. In the coming year I look forward to delivering to you news of regulatory progress in China, and further success within Opal.