BIODIEM LTD
ABN 20 096 845 993

Level 10, South Tower,
459 Collins Street,
Melbourne, Victoria, 3000
Australia

Phone: +61 3 9613 4100
Web: www.biodiem.com

ASX Announcement

Melbourne, 23 April 2012

April 2012 Shareholder Update

Dear Shareholder,

I am writing to you as Chairman of BioDiem Limited to update you on recent developments and the outcome of the recent review of strategy that has been approved by the Board.

BioDiem has made some very significant progress towards commercialisation since regaining control of the rights to our proprietary LAIV vaccine technology in August 2011. The vaccine technology had previously been outlicenced to Nobilon International BV, a member of the Merck group. Regaining these rights gives BioDiem worldwide rights (excluding Russia and CIS) including rights to a potential platform technology for a range of different disease and cancer indications.

The Company continues to make real progress towards commercialisation of our vaccine and related technologies. Recent achievements include:

- August 2011: Acquisition of technical and clinical data and materials relating to the development of the LAIV vaccines from Nobilon, including clinical data from Phase 1 and Phase 2 influenza vaccine trials in Europe and technical data relating to cell-based manufacturing of vaccine, which has several advantages over the more common egg-based manufacturing approach. BioDiem is confident this acquisition significantly enhances the value of its LAIV influenza vaccine program.
- August 2011: Substituting for Nobilon as licensor of LAIV vaccine technology to the Serum Institute of India (SII). This license covers certain territories in Asia and South America. The Serum Institute has launched Navosac™ in India, with advance payments of more than $790K received by BioDiem to date with further royalties to be based on sales. LAIV is administered by nasal spray and induces a rapid immune response in the nose and pharynx.
- December 2012: Acquisition of SAVINE (scrambled antigen vaccine) technology by acquiring a company incorporated to commercialise technology developed by the Australian National University. The SAVINE antigens can be encoded as synthetic genes and combined with BioDiem's vaccine technology and other delivery vectors to target specific disease and cancer treatments.
- February 2012: Licencing of LAIV vaccine technology to Changchun BCHT Biotechnology Co. (BCHT), a company with significant vaccines expertise based in Jilin Province, China. This is an exclusive licence for the private sector market in China for pandemic and seasonal influenza vaccines made using an egg-based production method. The licence terms with BCHT are confidential but in line with standard industry agreements of this type.

The Company has also now completed a review of strategy, which was approved by the Board in April 2012. The core outcome of the review is a tighter focus on development and commercialisation of vaccine and antimicrobials for addressing specific diseases with large global markets. The strategic priorities include:

1. Vaccine Development

   The LAIV vaccine product has been commercialised and is earning income, and the future extension of territory licences provides opportunities for further significant growth. Activity over the last six months has enhanced the value of this product to BioDiem and supports a growing revenue stream.

   Consistent with this strategy, BioDiem is progressing discussions with the aim of out-licencing its cell-based vaccine manufacturing technology to international commercial partners.

2. LAIV Vector program

   BioDiem is developing the ability to use the live attenuated influenza virus (LAIV) as a carrier or 'vector'. The vector would form a key part of the design of a vaccine for prevention or treatment of specific cancers or infections.

   BioDiem has entered discussions with potential European commercial partners regarding development of the LAIV vector project. Such partnerships would accelerate assessment of the feasibility and commercialisation of the technology. We hope to be able to provide details on these discussions shortly.

   If the LAIV vector program is successful, it will give us a valuable proprietary asset and create a foundation for licencing a range of potential new vaccines to multinational partners and other vaccine manufacturers including our existing large market partners in China (BCHT) and India (SII).

3. Antimicrobial Disease Treatments

   The evidence for BDM-I's utility as a broad spectrum antimicrobial continues to build. Research collaborations with major internationally-recognised US institutions have generated significant data for BDM-I at no cost to BioDiem, and this data will be further developed and supplemented with IP protection. Commercial targets for BDM-I include a wide range of serious bacterial and fungal infections (including golden staphylococcus, yeasts and fungi, TB, and others) many of which are becoming increasingly resistant to existing antibiotic treatments.

   The combined anti-infectives market is estimated at US$53 billion in 2011[1] and is an attractive market for BioDiem.

4. Outlicence BDM-E (ophthalmology indication)

   The strategic review confirmed the decision to divest the Company's BDM-E ophthalmology technology, and BioDiem is finalising a data package for BDM-E to add value prior to its effective sale by out-licencing. Research work at Monash University has confirmed BDM-E's effectiveness in a model of eye disease and also given us the basis for a new patent filed in November 2011.

   We are in discussions with a US based eye research charity with the objective of finalising the data package through inclusion of additional retinitis pigmentosa studies leading to out-licence of this technology.

1 World Market for Anti-Infectives: Antifungals, Antibacterials and Antivirals (Treatments for HIV, HBV, HCV, Urinary Tract, Respiratory, Candidiasis and Other Infections) (Kalorama, 2012).

BioDiem's product and technology portfolio has broad applications and the Company continues to research and develop vaccines and treatments for a range of infectious diseases including: tuberculosis, schistosomiasis, infections caused by MRSA and other bacteria, fungi, biological weapon agents and cancers, such as nasopharyngeal carcinoma (NPC) which is a common Epstein Barr Virus (EBV)-related cancer common in South East Asia.

The Directors of your Company have endorsed the strategic review enthusiastically, and are very encouraged by the increasing momentum in the company as it drives the commercialisation of our disease focused technologies. Your Company is focussed on translating this momentum into improved shareholder value.

The above summary provides a brief update on recent progress. The wider context for our work and strategy will be explained further in a shareholder newsletter in the coming month.

Thank you for your continued support of BioDiem. We believe 2012 will be an eventful year for the company and look forward to sharing BioDiem's progress with you as the Company's technologies are moved through to commercialisation.

Yours sincerely,

Hugh Morgan AC

Chairman

BioDiem Ltd

Further information

Investors

Julie Phillips, Chief Executive Officer

BioDiem Ltd

Phone +61 3 9613 4100

Email jphillips@biodiem.com

Media

Tom Donovan

Buchan Consulting

Phone +61 3 8866 1224 / +61 422 557 107

Email tdonovan@buchanwe.com