



Notice of General Meeting and Explanatory Statement

The General Meeting of

BIODIEM LIMITED

ACN 096 845 993

*Will be held at
11:00am (AEST) on Wednesday 11 May 2016*

At

*the offices of Grant Thornton
Wills Room, The Rialto, Level 30, 525 Collins Street
Melbourne VIC 3000*

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

BIODIEM LIMITED

A.C.N. 096 845 993

Registered office: Level 4, 100 Albert Rd, South Melbourne, Victoria 3205

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Members of BioDiem Limited ("BioDiem" or the "Company") will be held at the offices of Grant Thornton, Wills Room, The Rialto, Level 30, 525 Collins Street, Melbourne VIC 3000 on Wednesday 11 May 2016 at 11:00am (AEST).

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

SPECIAL BUSINESS

Resolution 1: Amendment of Constitution: inclusion of terms of convertible preference Shares

To consider, and if thought fit, pass the following special resolution:

"That the Constitution of the Company be amended as follows:

- (a) by inserting the following new Rule 4.1A immediately following Rule 4.1:

'Notwithstanding any other provisions of this Constitution, the Directors may issue and allot shares designated as Convertible Preference Shares at such time and to such person or persons as the Directors may in their absolute discretion think fit and, upon issue, such Convertible Preference Shares shall confer on the holder therefore the rights set out in Schedule 1 to this Constitution'.

- (b) by inserting a new Schedule 1 into the Constitution, immediately following Rule 41 in the form set out in Annexure A to this Notice of Meeting.

Resolution 2: Approval of issue of Convertible Preference Shares

To consider, and if thought fit, pass the following resolution:

"That the issue by Directors of up to 15,625,000 Convertible Preference Shares at such issue price as the Directors think fit to Members (including Directors and their related parties) and to any other applicants approved by the Directors in their absolute discretion be authorised and approved."

By order of the Board



Melanie Leydin
Company Secretary
Melbourne

8 April 2016

EXPLANATORY STATEMENT

This Explanatory Memorandum has been prepared for the information of Members of BioDiem Limited (“BioDiem” or “the Company”) in relation to the General Meeting of Members of BioDiem which will be on Wednesday 11 May 2016 at the premises of Grant Thornton, Wills Room, The Rialto, Level 30, 525 Collins Street, Melbourne VIC 3000 at 11.00am (AEST).

The Directors recommend shareholders read the accompanying Notice of General Meeting (“Notice”) and this Explanatory Memorandum in full before making any decision in relation to voting on the resolution.

Resolution 1: Amendment of constitution to include terms of convertible preference shares

The resolution is a special resolution.

Since de-listing from the ASX, the Company has sought from shareholders only the amount of funds expected to be needed to bridge the period until the Company became cash-flow positive. The period has been more protracted than expected. Nevertheless the prospects for the LAIV vaccine remain attractive. This has been evidenced most recently by the approach to BioDiem by a number of new companies seeking licences to the LAIV technology. There is also an opportunity for BioDiem to consider manufacture of our own product in Australia: current incentives in Australia to manufacture biotech products for export are increasingly attractive. The proprietary nature of the LAIV Master Donor Viruses means that patent expiry is not an issue.

Without further funding, the Company expects it will not be able to continue with its current level of operations, but will instead be restricted to a limited scope of operations relating solely to the receipt of revenue from its current licensees. In order to maintain its current level of operations, and actively seek new licensees for its intellectual property, the Company will require funding of at least \$1m over the next 12 months. There can be no guarantee that, even with that funding, it will be possible for the Company to negotiate and complete new licences of its intellectual property.

In these circumstances, any investment in shares of the Company carries with it a significant risk. The Board considers it unlikely Shareholders or other investors will be prepared to accept that risk and invest further funds unless they receive a significant return on their investment should the Company succeed in obtaining new licences.

As a result, the Board is proposing to offer a new class of Shares to those Shareholders or other investors willing to invest additional funds at this time. The new Shares, being convertible preference shares, will have preferential rights to dividends and other returns, but will carry limited voting rights. Each holder of a convertible preference share will be entitled to receive a priority amount equal to eight times the issue price of that share, before the holders of ordinary shares receive any amount by way of dividend, return of capital or otherwise. If 15,625,000 convertible preference shares are issued at the proposed issue price of \$0.08, this will mean that the holders of those Shares will receive \$10,000,000, before any amount is paid to other Shareholders. Once the holders have received the priority amount, the convertible preference shares will convert automatically into ordinary shares, ranking equally with all other ordinary shares of the Company.

The Board considers that the benefits attaching to these convertible preference shares are appropriate given the risks also attaching to the shares at this time.

The terms of the convertible preference shares are set out in Annexure A to the Notice of Meeting. You should read the terms in full and seek your own legal advice in relation to them.

Director Recommendation: The Directors recommend that shareholders vote in favour of Resolution 1.

Resolution 2: Approval of issue of Convertible Preference Shares

The resolution is an ordinary resolution.

Shareholders are being asked to approve the proposed issue of up to 15,625,000 convertible preference shares to existing shareholders, including directors and their related entities, and to any other applicant that the Board approves. Funds raised as a result of this proposed issue will be used to provide working capital to the Company for use in its ongoing operations. The convertible preference shares will be offered to existing shareholders under a rights issue, with the Company able to offer any shares not taken up to other investors.

The Company has received loan funding from entities associated with two directors, David Li and Hugh Morgan to fund its operations pending completion of the issue of the convertible preference shares. Under the terms of that loan funding, the loans will convert into convertible preference shares as part of, and on completion of, the proposed issue of convertible preference shares. If the issue does not proceed, the loans will remain as unsecured subordinated obligations of the Company.

Prior to the issue of a prospectus in respect of the convertible preference shares, this Notice may only contain limited information about the proposed issue. Shareholders will receive a prospectus in relation to the proposed rights issue offer of convertible preference shares with further details.

Director Recommendation: The Directors recommend that shareholders vote in favour of Resolution 2.

Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**AEST**” means Australian Eastern Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Company**” means Biodiem Limited ACN 096 845 993;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Resolution**” means a resolution referred to in the Notice;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

ANNEXURE A

Convertible Preference Shares - Terms of issue

1 Definitions

In this Schedule, unless the context requires otherwise, terms defined in the Constitution have the same meaning when used in this Schedule and the following terms have the following meanings:

"Conversion Date" means a date notified to the Company, by a CPS Holder on which the Company must convert some or all of the CP Shares held by that CPS Holder on issue to ordinary Shares.

"Conversion Notice" means a notice in accordance with clause 5.1 of this Schedule.

"Conversion Rate" means, in relation to each CP Share, and subject to clause 5.9 of this Schedule, one ordinary Share for each CP Share.

"CP Issue Price" means the price at which a CP Share is issued and allotted, being \$0.08 per CP Share.

"CP Share" means a convertible preference share issued in accordance with Rule 4.1A of the Constitution.

"CPS Holder" means the registered holder of a CP Share.

"Liquidation Event" means any of the following events:

- (a) the liquidation, dissolution or winding up of the Company;
- (b) a re-organisation, merger, business combination or other transaction in which Members do not retain a majority of the voting power in the surviving or resulting entity;
- (c) the exclusive licensing of all or substantially all of the Company's intellectual property to a third party other than a wholly-owned subsidiary; or
- (d) the sale of all or substantially all of the assets and undertaking of the Company.

"Preferential Dividend" means a dividend declared and payable in respect of a CP Share in accordance with clause 4.1 of this Schedule.

"Preferential Return" means a return of capital declared or payable in respect of a CP Share in accordance with clause 4.2 or 4.3 of this Schedule.

"Priority Amount" means, in respect of a CP Share, an amount equal to eight times the CP Issue Price of that CP Share.

"Priority Satisfaction Date" means, in respect of a CP Share, the date on which the CPS Holder has received (in aggregate) the Priority Amount in respect of that CP Share, whether by way of Preferential Dividends, Preferential Returns or both.

"Share" means a share in the Company (being, an ordinary share, Series A Preference Share or any other share issued by the Company) and **"Shares"** means collectively the ordinary shares, Series A Preference Shares and any other shares issued by the Company.

2 Issue of CP Shares

Each CP Share:

- (a) will be issued at the CP Issue Price;
- (b) may be transferred in accordance with clause 8 of this Schedule;
- (c) will have a right to participate in other issues of Shares in accordance with clause 6 of this Schedule;
- (d) will be convertible in accordance with clause 5 of this Schedule; and
- (e) will confer on each CPS Holder the rights, and will be subject to the specific conditions, contained in this Schedule.

3 Rights of CPS Holders

3.1 Information

Each CPS Holder will be entitled to:

- (a) receive notices of, and attend, general meetings of the Company (whether in person, by proxy or attorney, or if a corporation, by representative);
- (b) receive notices of resolutions to be put to the holders of ordinary shares without general meetings;
- (c) receive all financial reports, statements and other audited reports of, or concerning, the Company which are sent to the holders of ordinary shares; and
- (d) receive any other document or information of, or concerning, the Company which is sent to the holders of ordinary shares.

3.2 Voting

Each CP Share confers on CPS Holders the right to vote:

- (a) while a dividend (or part of a dividend) in respect of the CP Share is unpaid;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a resolution to approve the terms of a buy-back agreement;
- (d) on a proposal that affects the rights attached to the CP Share;
- (e) on a proposal to wind up the Company;
- (f) on a proposal for the disposal of the whole of the Company's property, business and undertaking; and
- (g) during the Company's winding up,

but does not otherwise confer on CPS Holders any voting rights.

3.3 Votes

If a CPS Holder is entitled to vote in accordance with clause 3.2 of this Schedule, each CP Share will carry the same vote on a show of hands and on a poll as if that CP Share was converted to ordinary Shares at the then current Conversion Rate.

3.4 Priority Amount

Each CP Share confers on the CPS Holder the right to receive the Priority Amount in respect of that CP Share, whether by way of Preferential Dividends or Preferential Returns.

4 Priority Amount

4.1 Preferential Dividend

Subject to clauses 4.4 and 4.6 of this Schedule, each CP Share carries the right to receive dividends declared by the Company from time to time, it being intended that, prior to the Priority Satisfaction Date, such dividends will be declared and paid on CP Shares when there is sufficient surplus cash available in the Company and in priority to any dividend on any other issued Shares of the Company.

4.2 Return of capital other than on Liquidation Event

Subject to clauses 4.4 and 4.6 of this Schedule, each CP Share carries the right to receive a return of capital or of any other kind (including any in specie distribution) declared by the Company from time to time, it being intended that, prior to the Priority Satisfaction Date, such returns will be declared and paid on CP Shares in priority to any return of capital or of any other kind (including any in specie distribution) on any other issued Shares of the Company,

4.3 Returns of capital on Liquidation Event

Subject to clauses 4.4 and 4.6 of this Schedule, each CP Share carries the right to receive, out of the amount available for distribution following a Liquidation Event, the following amounts (to the extent that there is an amount available for distribution) in the following priority:

- (a) so much of the Priority Amount in respect of that CP Share that the CPS Holder has not already received, whether by way of Preferential Dividend or Preferential Return, before any distribution is made in respect of any other issued Shares of the Company; and
- (b) after the amount in clause 4.3(a) of this Schedule has been paid in full, and assuming the CP Share has not been converted prior to the time of the Liquidation Event, each CP Share carries the right to share in any surplus determined as if each CP Share were converted into ordinary Shares at the Conversion Rate immediately before the distribution.

4.4 Right to participate in proportion

As between the CPS Holders, each CP Share carries a right to participate in any amount available for distribution to CPS Holders in proportion to the total number of CP Shares then on issue.

4.5 Restrictions on payments on other Shares

Unless and until each CPS Holder has received (in aggregate) the Priority Amount from the Company, whether by way of Preferential Dividends or Preferential Returns on each CP Share has been converted in accordance with clause 5 of this Schedule (whichever occurs first), the Company must not:

- (a) declare, determine or pay any dividend or make any distributions or return of capital or of any kind (including any in specie distribution) on any other issued Shares of the Company; or
- (b) reduce, cancel, buy-back or otherwise acquire for consideration any of the issued shares of the Company.

4.6 Priority Satisfaction

The rights of a CPS Holder to receive Preferential Dividends and Preferential Returns in respect of a CP Share will cease automatically once that CPS Holder has received the Priority Amount, whether by way of Preferential Dividends or Preferential Returns, in respect of that CP Share.

5 Conversion

5.1 Voluntary conversion into ordinary Shares

- (a) Each CP Share entitles the CPS Holder to require the Company at any time to convert that CP Share into ordinary Shares by giving a Conversion Notice to the Company in accordance with clause 5.1(b) of this Schedule.
- (b) A Conversion Notice must:
 - (i) be in writing;
 - (ii) be duly executed by or on behalf of the CPS Holder of the relevant CP Shares;
 - (iii) nominate the number of CP Shares to be converted;
 - (iv) be accompanied by a share certificate (or other evidence of title reasonably acceptable to the Company) relating to at least the number of CP Shares nominated for conversion; and
 - (v) be delivered to the registered office of the Company or to any office which the Company designates from time to time as an office for delivery of a Conversion Notice.
- (c) Subject to the Corporations Act, as soon as possible (and not later than 7 days) after the Company's receipt of a Conversion Notice, the Company must convert each CP Share specified in the Conversion Notice to ordinary Shares at the Conversion Rate.

5.2 Mandatory automatic conversion

Each CP Share will automatically convert on the Conversion Date in respect of that CP Share into ordinary Shares at the Conversion Rate.

5.3 No dividends, distributions until conversion has occurred

The Company must not declare, pay or make a dividend, distribution or return to Members of any kind, nor make any offer or issue of rights or securities to Members with a record date falling between the date the Company receives a Conversion Notice or the Conversion Date (whichever is applicable) and the date of the relevant conversion, being the date on which the holder of the relevant CP Share is entered into the Register as the holder of the relevant ordinary Shares.

5.4 Unpaid dividends

Conversion of a CP Share under this clause 5 of this Schedule is without prejudice to any rights to dividends which have accrued in respect of that CP Share, such that each ordinary Share into which a CP Share is converted carries the same rights to receive any declared but unpaid dividends in respect of that CP Share on a pro rata basis.

5.5 Fractions to be disregarded

If the total number of ordinary Shares into which a CP Share is to be converted under this clause 5 of this Schedule includes a fraction of an ordinary Share, that fraction will be disregarded.

5.6 Status after conversion

From the date of its conversion under this clause 5 of this Schedule, each ordinary Share ranks equally in all respects with the fully paid ordinary Shares in the capital of the Company.

5.7 Share certificate

Within 7 days after a conversion of a CP Share under this clause 5 of this Schedule, the Company must issue to the holder of the converted Share:

- (a) a share certificate for each ordinary Share arising from a conversion under this clause 5 of this Schedule; and
- (b) if applicable, new share certificates for any CP Shares which were not converted into ordinary Shares.

5.8 Variation not new issue

Conversion of a CP Share under this clause 5 of this Schedule constitutes a variation of the rights attaching to that Share to reflect the then existing rights of an ordinary Share and not the cancellation of the CP Share and the issue of a new ordinary Share.

5.9 Share capital reconstruction protection

If there is a reconstruction of the share capital of the Company (including without limitation a consolidation, share split, share dividend or bonus issue) each CP Share will be contemporaneously subject to the same reconstruction such that:

- (a) each CP Share is contemporaneously reconstructed in a manner so as to neither materially benefit nor materially prejudice the holder of the CP Share as against any other holder of Shares as a result of the reconstruction; and
- (b) without limiting the generality of clause 5.9(a) of this Schedule the number, CP Issue Price, Conversion Rate and Priority Amount of each CP Share is reconstructed in a manner such that each CP Share represents the same economic interest after such action as it represented immediately prior to such action.

6 Participation in other issues of Shares

CPS Holders will have a right, as a result of holding CP Shares, to participate in issues of any other shares or securities to holders of ordinary Shares as if each CP Share were converted into ordinary Shares at the Conversion Rate immediately before that issue.

7 Other issues of preference Shares

Any:

- (a) issue of other preference Shares (whether or not convertible or redeemable) ranking equally or in priority to the CP Shares
- (b) any conversion of existing Shares to Shares which rank equally or in priority to the CP Shares;
- (c) any variation of the rights attaching to Shares such that, after that variation, those Shares rank equally or in priority to the CP Shares;

will be deemed to be a variation or abrogation of the rights attaching to the existing CP Shares.

8 Transfer of CP Shares

A CPS Holder may transfer some or all of the CP Shares held by it in the same manner as any other Share may be transferred in accordance with the Constitution.

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PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on (03) 9077 9233 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act.

A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7.00pm (AEST), 9 May 2016 are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

If members have any questions about the contents of any of these documents or the completion of the Proxy Form, please contact the Company on + 61 3 9692 7240.

BDM

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

BioDiem Limited
Level 4, 100 Albert Road,
South Melbourne VIC 3205

By Fax

+613 9077 9233

Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7240 if they have any queries in respect of the matters set out in these documents.

Proxy Form

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 For your vote to be effective it must be received by 11:00am (AEST) Monday, 9 May 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of BioDiem Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Biodiem Limited to be held at the offices of Grant Thornton, Wills Room, The Rialto, Level 30, 525 Collins Street, Melbourne, Vic on Wednesday, 11 May 2016 at 11:00am (AEST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Special Resolution

For Against Abstain

Resolution 1 Amendment of Constitution: inclusion of terms of convertible preference Shares

Ordinary Resolution

Resolution 2 Approval of issue of Convertible Preference Shares

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /