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Chairman's Address

Good morning ladies and gentleman,

On behalf of the Board, I welcome you to the 2019 Annual General Meeting of BioDiem Ltd.
We have a quorum present and so officially declare the meeting open. This morning I am joined by fellow director Julie Phillips, and I pass on to you the apologies of Prof Larisa Rudenko and Prof Arthur Li who could not join us today.

This morning I will give you a short overview of our highlights of the last financial year before passing to Julie for the CEO's address.

Our highlights included

- The progress of the Chinese FDA review of BCHT's marketing application for the LAIV vaccine for the China market;
- A successful capital raisings by our subsidiary Opal Biosciences Ltd; and
- Opal's progress in BDM-I's development plan to fight superbugs.

Since submitting its application to the Chinese National Medical Products Administration (previously known as the Chinese FDA) for marketing of their LAIV vaccine in China, BCHT has been undergoing the necessary inspections and reviews to gain approval. Although there is no certainty with the regulatory process, we understand that approval could be granted at any time. BioDiem will gain income from royalties on sales of BCHT's LAIV vaccine in the private sector in China.

It is estimated that only about 2% of the more than 1 billion Chinese population receive an annual flu vaccination compared to about 50% of the US population. This low vaccination rate in China is despite the recognition by world health authorities of the protection provided by vaccination. Vaccination coverage in China in 2-7 year olds is about 12%. Whereas the US was the biggest influenza vaccine market in 2017, the Asia-Pacific region influenza vaccine market is the fastest-growing due to an increase in affordability and higher economic growth. Regulatory reform initiatives in China have increased to bring them in line with other international regulatory authorities. The Chinese government's attention was drawn to the quality of vaccines by the Changchun Changshen rabies vaccine scandal in 2018. Vaccines in China now are reviewed for marketing approval in line with the Preventive Biological Products provisions of the Drug Registration Regulations. This new approach has modernised the regulatory pathway and assisted harmonization with international regulatory requirements. Our licencee in China, Changchun BCHT Biotechnology Company or "BCHT" has advised us that following approval by the Chinese regulatory agency, WHO prequalification is not required prior to BCHT's launch and sale of their LAIV influenza vaccine in China.

Turning to the Indian market, we are aware that Serum Institute of India's currently marketed LAIV product requires reconstitution before its use, and even with the benefits of the LAIV vaccine and its ease of administration by nasal spray, the sales of the LAIV continue to be very low. Serum Institute of India has a

new product formulation and presentation which is in clinical trial now. Lodgement of an application for regulatory approval in India for this new product is anticipated during this financial year.

Our subsidiary Opal has been very active during the last financial year in progressing development of BDM-I as a treatment for infections including superbugs. International news continues to raise the concern about antibiotic- resistance and the need for new antibiotics. Last December Opal was the first Australian company to join the US Centers of Disease Control and Prevention (or CDC's) "Antimicrobial Resistance Challenge". This global initiative has brought government bodies, public health agencies, academics and large and small pharma companies together as a call to action against antimicrobial resistance or AMR.

Using Opal's own funds and with its links with public agencies in the US, Opal completed a series of mouse studies to profile the dose levels which could be given in testing for efficacy of BDM-I. These studies aimed at finding the right dose and avoiding side effects. These data position us to move closer to proof of concept testing in either a fungal or bacterial infection. During the year additional lab testing found that BDM-I has the ability to kill a new global killer infection called *Candida auris*. The CEO will address this in more detail.

Opal's capital raising of $1.139m since the beginning of 2018 has assisted this progress greatly. Opal's progress encouraged some optionholders to exercise their February 2020 options earlier. Opal's market cap from the completion of the February 2018 placement to current has increased from $3.2m to $4.6m.
BioDiem remains Opal's largest shareholder at 67.73% and continues to share resources with Opal so that cash requirements for overheads in both companies are minimised.

This financial year is expected to include a couple of important milestones for BioDiem: one being the result of the Chinese FDA review and the other being the result of Opal's proof of concept studies.

In closing I would like to add that the board is very fortunate to have the tireless attention of our CEO Julie Phillips who has been recognised through her appointment last year to a number of industry and government advisory roles and I would like to express the gratitude of the board on behalf of shareholders the achievements for which she has been responsible during the year under review.

I would also like to thank fellow shareholders and also my fellow directors and staff for their support during the year.