

BIODIEM LIMITED

ACN 096 845 993

NOTICE OF 2012 ANNUAL GENERAL MEETING

Notice is given that the 2012 Annual General Meeting of BioDiem Limited ("the Company" or "BioDiem") will be held at the InterContinental Melbourne, Trade Room, 495 Collins Street, Melbourne on Monday 12 November 2012, at 3:00pm (Melbourne, Victoria time).

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of Annual General Meeting.

BUSINESS

2012 Annual Financial Statements

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"THAT the Company approves the adoption of the Remuneration Report for the year ended 30 June 2012."

Voting Note:

- Any undirected proxies held by the Chairman of the meeting, other directors or other key management personnel or any of their closely related parties will not be voted on this Resolution. Please refer to the Proxy and Voting Instructions on Page 3.

Resolution 2 – Re-Election of Director - Mr Hugh Matheson Morgan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT in accordance with the Company's Constitution and ASX Listing Rule 14.4, Mr Hugh Matheson Morgan, having consented to act and being eligible for re-election, be re-elected as a Director of the Company."

Resolution 3 – Ratification of prior issue of options

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

"THAT for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 22,729,921 options to acquire fully paid ordinary shares in the Company at an issue price of 8 cents (\$0.08) and expiring on 31 December 2012 to Patersons Securities Limited as described in the Explanatory Memorandum which accompanied and formed part of this Notice of Annual General Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by:

- Patersons Securities Limited; or
- any of its associates.

However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Approval for issue of options

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

"THAT for the purpose of ASX Listing Rule 7.1 shareholders approve the issue of up to 2,739,967 options to acquire fully paid ordinary shares in the Company at an issue price of 8 cents (\$0.08) and expiring on 31 December 2012 to Patersons Securities Limited as described in the Explanatory Memorandum which accompanied and formed part of this Notice of Annual General Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by:

- Patersons Securities Limited; or
- any associate of those persons.

However, the Company need not disregard a vote on Resolution 4 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By the order of the Board



Richard Wadley
Company Secretary

Dated 8 October 2012

The accompanying Explanatory Memorandum and the Proxy Form and Voting Instructions form part of this Notice of Meeting.

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 registered office of the Company on (03) 9614 0550 no later than 3.00pm (Melbourne, Victoria time) on Saturday 10 November 2012, being 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.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy. In that case, your shares will not be voted on Resolution 1 (Remuneration Report) unless you direct the Chairman of the meeting as your proxy how to vote by marking the appropriate box on the proxy form.

A proxy form is attached to this Notice.

How the Chairman will vote undirected proxies

The Chairman of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, except for Resolution 1 (Remuneration Report). Any undirected proxies held by the Chairman of the meeting will not be voted on Resolution 1.

Accordingly, if you appoint the Chairman of the meeting as your proxy, you should direct him how to vote on Resolution 1 (Remuneration Report) if you want your shares to be voted on that item of business.

Proxies that are undirected on Resolution 1 (Remuneration Report)

If you appoint the Chairman of the meeting as your proxy and do not direct him how to vote on Resolution 1 (Remuneration Report), he will not vote your proxy on that item of business. The same will apply if you appoint any other director of the Company, any other of its key management personnel or any of their closely related parties. Key management personnel of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Corporate Representatives

Any corporation which is a member of the Company may authorize (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

The Company has determined in accordance with the Corporations Act 2001, that for the purpose of voting at the 2012 Annual General Meeting, shares will be taken to be held by those who hold them at 7:00pm (Melbourne, Victoria time) on Saturday 10 November 2012.

On a poll, members have one vote for every fully paid ordinary share held.

BIODIEM LIMITED

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Company's Notice of 2012 Annual General Meeting to be held at the InterContinental Melbourne, Trade Room, 495 Collins Street, Melbourne on Monday 12 November 2012, at 3:00pm (Melbourne, Victoria time). The Notice of 2012 Annual General Meeting incorporates, and should be read together with, this Memorandum.

2012 Annual Financial Statements

The 2012 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2012 will be laid before the meeting. There is no requirement for shareholders to approve the Annual Financial Statements. However, shareholders will have the opportunity to ask questions about or make comments on the 2012 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2012 Annual Financial Statements.

The Company's 2012 Annual Financial Statements are set out in the Company's 2012 Annual Report which can be obtained from the Company's website, www.biodiem.com or upon request to the Secretary at the Company's registered office, Level 10, South Tower, 459 Collins Street, Melbourne, Victoria, 3000 (telephone (03) 9613 4100).

Resolution 1 – Remuneration Report

The Company is required, pursuant to the Corporations Act 2001, to propose a non-binding resolution regarding the Remuneration Report, which forms part of the Directors' Report in the Annual Financial Statements. The Remuneration Report sets out the Company's remuneration arrangements for directors.

Shareholders attending the 2012 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO) must be put up for re-election.

Any undirected proxies held by the Chairman of the meeting, other directors or other key management personnel or any of their closely related parties will not be voted on this Resolution. 'Closely related parties' are defined by the Corporations Act 2001, and include specified family members, dependants and companies they control.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either "For", "Against" or "Abstain" on the proxy form for this Resolution.

Resolution 2 – Re-Election of Director - Mr Hugh Matheson Morgan

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each Annual General Meeting. The Company has four directors, one of whom who is the Managing Director. Accordingly, one director is required to retire by rotation at the 2012 Annual General Meeting.

Additionally, under ASX Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment, or three years whichever is longer. A director who retires in accordance with these provisions is eligible for re-election.

Accordingly, Mr Hugh Matheson Morgan retires by rotation and, being eligible, offers himself for re-election.

Hugh Matheson Morgan AC

Mr Morgan was appointed as a Director of the Company on 25 September 2005. Mr Morgan is Chairman of the Company and is a non-independent Non-Executive Director and member of the Audit Committee and Remuneration and Nomination Committee of the Company.

Mr Morgan is Principal of First Charnock. Mr Morgan also serves as a member of the Lafarge International Advisory Board, an Emeritus Trustee of The Asia Society New York, Chairman Emeritus of the Asia Society AustralAsia Centre, President of the National Gallery of Victoria Foundation and Chairman of the Order of Australia Association Foundation. Mr Morgan sits on the Board of Hexima Limited as a Non-Executive Director.

Additionally, Mr Morgan was a Director of the Board of the Reserve Bank of Australia for 14 years. From 2003 to 2005 Mr Morgan was President of the Business Council of Australia and is immediate Past President of the Australia Japan Business Co-operation Committee. Mr Morgan is a Past Co-Chair of the Commonwealth Business Council and is continuing Emeritus Director. Mr Morgan is a graduate in Law and Commerce from the University of Melbourne and was Chief Executive Officer of WMC Limited from 1986 to 2003, a Director of Alcoa of Australia from 1977 to 1998 and a Director of Alcoa Inc from 1998 to 2001.

The non-candidate directors unanimously support the re-election of Mr Hugh Matheson Morgan.

Resolution 3 - Ratification of prior issue of options

Resolution 3 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of a total of 22,729,921 options to Patersons Securities Limited, pursuant to the terms of an Underwriting Agreement between the Company and Patersons Securities Limited dated 28 September 2012. As at the date of this Explanatory Statement (## October 2012) the options have not yet been issued to Patersons Securities Limited, however the options will be issued to Patersons Securities Limited by 12 November 2012, being the date of the Annual General Meeting.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the previous issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the prior issue of 22,729,921 options to Patersons Securities Limited, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- (a) The total number of securities previously issued was 22,729,921 options;
- (b) Each option was issued for nil consideration at an exercise price of \$0.08 (8 cents) and expiring on 31 December 2014;
- (c) The options were issued on the terms set out in Schedule One to this Explanatory Memorandum;
- (d) The options were issued to Patersons Securities Limited;
- (e) There were no funds raised by the issue of the options. Any funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise.

Resolution 4 – Approval for Issue of Options

Resolution 4 is proposed to obtain shareholder approval for the issue of up to 2,739,967 options to Patersons Securities Limited pursuant to an Underwriting Agreement between the Company and Patersons Securities Limited dated 28 September 2012.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (a) The maximum number of options to be issued is 2,793,967 options;
- (b) The options will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act 2001 and/or the Australian Securities and Investments Commission);
- (c) The options will be issued for nil consideration at an exercise price of \$0.08 (8 cents) and expiring on 31 December 2014;
- (d) The options will be issued to Patersons Securities Limited;
- (e) The options will be issued on the terms set out in Schedule One to this Explanatory Memorandum; and
- (f) There will be no funds raised by the issue of the options. Any funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise.

SCHEDULE ONE

OPTION TERMS

Rights attaching to the Options the subject of Resolutions 3 and 4 are as follows:

- Each option, upon exercise, entitles the holder to acquire one ordinary fully paid share in the capital of the Company.
- Each option is exercisable at any time on or before 5:00 pm Melbourne time on 31 December 2014 ("the Exercise Period") by completing the option exercise form and delivering it together with the payment for the number of shares in respect of which the options are exercised to the registered office of the Company. Any option that is not exercised during the Exercise Period automatically lapses.
- The exercise price of the options is 8 cents (\$0.08) per option payable in full on exercise.
- Subject to the Corporations Act, the ASX Listing Rules, and the Constitution of the Company, options are freely transferable. All shares issued upon exercise of options will rank equally in all respects with, and will have the same terms as, the Company's then issued ordinary fully paid shares. The Company will apply for official quotation by ASX of all shares issued upon exercise of options.
- The options will not give any right to participate in dividends until shares are issued pursuant to the exercise of the relevant options.
- There are no participation rights or entitlements inherent in the options. Option holders are not entitled to participate in new issues of securities offered to shareholders without first exercising the options. Subject to any waiver granted by ASX, the Company will send notices to option holders at least five business days prior to the record date applying to offers of securities made to shareholders during the currency of the options.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of the Exercise Period, the number of options or the exercise price of the options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction

Shares issued upon the exercise of Options will be fully paid ordinary shares and will have the same voting and other rights as the existing shares of the Company.

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 3:00pm (Melbourne, Victoria time) on Saturday, 10 November 2012

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 as they choose. 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 for Postal Forms

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 information tab, "Downloadable 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.

**GO ONLINE TO VOTE,
 or turn over to complete the form →**

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.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of BioDiem Ltd 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 Annual General Meeting of BioDiem Ltd to be held at the Trade Room, InterContinental Melbourne, 495 Collins Street, Melbourne on Monday, 12 November 2012 at 3:00pm (Melbourne, Victoria time) 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.

Ordinary Business

	For	Against	Abstain
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr. Hugh Matheson Morgan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of prior issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval for issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available 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 / /