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Announcement

Rights Issue – Replacement Prospectus

Melbourne, 18 March 2014: Australian infectious disease therapy and vaccine development company BioDiem Ltd today announced the lodgement with ASIC of a Replacement Prospectus detailing a pro rata non-renounceable Rights Issue to raise up to approximately \$815,000. The Offer closes on 9th April (5pm Melbourne time)

This replacement prospectus replaces the Company's prospectus dated and lodged with the Australian Securities Commission ("ASIC") on 21 February 2014.

Key changes made in this replacement prospectus are:

1. an increase in the number of shares on issue and the number of shares offered as a result of the exercise of 6,151,157 options before the Record Date, and consequential changes to information in the prospectus including the amount sought to be raised and the effect of the offer on the Company;
2. the inclusion of further information about the proposed use of funds, including the table in Section 2.3;
3. the financial information in Section 5 has been amended to include information based on the Company's reviewed financial report for the 6 months to 31 December 2013; and
4. the extension of the Closing Date to 9 April 2014.

The net proceeds of the Offer will be applied to

- ongoing support of the Institute of Experimental Medicine (IEM) which provides necessary materials and expertise to our LAIV 'flu vaccine technology licensees as they move towards further commercialization; and
- finalisation of the Company's BDM-I (antimicrobial) and BDM-L (liver disease-targeting technology) program data packages for sale or outlicense to complete development and commercialisation; and for general working capital.

Key Terms of the Offer

- A nonrenounceable pro rata entitlement offer to Eligible Shareholders of one New Share for every ten Shares held at the Record Date, at an offer price of 5.5 cents per New Share;
- Eligible Shareholders, and non-shareholders, can apply for additional Shares from the shortfall in acceptances of the Entitlement Offer (if any) at the same price. The same offer is available to non-shareholders;
- Under the Rights Issue, up to 14,825,709 New Shares will be offered;
- The Company will have the right to place any amounts not subscribed for under the Offer, on terms consistent with the Offer;

- If fully subscribed, the Offer will raise up to approximately \$815,000 before Offer costs.

The Company's three largest Shareholders, Sir David Li, Brezzo Enterprises Limited and Mr. Hugh Morgan (through an associated company) have indicated that they intend to take up their rights in full to ensure that the Company receives at least approximately \$500,000 (before costs) pursuant to this Entitlement Offer.

Investment Highlights

BioDiem's core technology is the LAIV (live attenuated influenza virus) vaccine technology. It has provided the basis for partnerships with major global health organisations, and drives the licensing revenues BioDiem currently receives from its partners in India and China. BioDiem's licensee, the Serum Institute of India has just announced the marketing authorisation of its seasonal LAIV vaccine in India and that production has commenced. BioDiem would receive royalties on sales of this product into the private market in India.

BioDiem's business model is to generate income from partnerships including with other vaccine development companies through existing and new licences to its LAIV vaccine and other technologies while pursuing development of its own vaccines. Income comes from licence fees and royalties on sales.

Participation in the Rights Issue is an opportunity for Eligible Shareholders to increase their investment in BioDiem and participate in the next phase of its development, being the commercialisation of its technologies:

- o Influenza vaccine technology licensing business, to support existing licensees, including Serum Institute of India following the approval in February 2014 of its seasonal influenza vaccine in India;
- o BDM-I – an antimicrobial in development for the treatment of infectious diseases; and
- o BDM-L - a liver disease-targeting technology platform.

The proceeds of the Offer will be applied to:

- o Ongoing support of the Institute of Experimental Medicine (IEM) which provides necessary materials and expertise to our LAIV 'flu vaccine technology licensees as they move towards further commercialisation;
- o Finalisation of the Company's BDM-I (antimicrobial) and BDM-L (liver disease-targeting technology) program data packages for sale or outlicense to complete development and commercialisation; and
- o Payment of the costs of the Offer, marketing and working capital expenses.

Eligible Shareholders, and non-shareholders, can apply for additional Shares from the shortfall in acceptances of the Entitlement Offer (if any).

Full details of the Entitlement Issue are set out in a prospectus that has been lodged by the Company with ASIC. The New Shares issued under the Rights Issue will rank equally with existing Shares on issue.

The Proposed Timetable for the Rights Issue is as follows:

Date of lodgement of initial prospectus	21 February 2014
Record Date	28 February 2014 (7pm)
Date of lodgement of this Replacement Prospectus	18 March 2014
Prospectus sent to shareholders	24 March 2014
Offer closes ("the Closing Date")	9 April 2014 (5pm)
Issue of Shares under the Offer	16 April 2014

This timetable is indicative only and may change without notice. Unless otherwise indicated, all times are Melbourne times. The Company retains the discretion to accept late acceptances or applications (either generally or in particular cases and without notifying a recipient of this Prospectus or applicants) and the Company may withdraw the Offer at any time before the Shares are issued, at its discretion.

ENDS

About BioDiem Ltd

BioDiem is an Australian biopharmaceutical company developing vaccines and antimicrobials targeting treatment and prevention of infectious diseases and related cancers. BioDiem's business model is to generate income from partnerships including with other vaccine development companies through existing and new licences to its LAIV vaccine and other technologies while pursuing development of its own vaccines. Income comes from licence fees and royalties on sales.

The lead technology is the LAIV (Live Attenuated Influenza Virus) vaccine used for seasonal and pandemic influenza vaccines and is given intranasally. BDM-L, a liver disease-targeting technology platform is underway at the University of Canberra. BioDiem's antimicrobial, BDM-I, is in preclinical development for the treatment of serious infections. BioDiem's retinal product candidate, BDM-E, being developed for retinitis pigmentosa is available for outlicence. For additional information, please visit www.biodiem.com

Further information

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