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## Announcement

### BioDiem Update

Melbourne, 30<sup>th</sup> January 2015:

Dear Shareholder,

Much has happened in the last two months and I am writing to give you a BDM-I update and some general information which might be of use to you.

#### **BDM-I (antimicrobial program)**

International commercial acquisition activity in the antimicrobial sector has been high including the news that in December 2014 Merck is acquiring antimicrobial-developer Cubist Inc for US\$8.4 billion; and this month that Roche is purchasing a Phase I compound for up to US\$750 million. Many of the big pharma companies had stopped research on antimicrobial drugs decades ago, but with the rise in resistant infections and few new treatments in development, this market is more attractive.

Our target market for BDM-I is the US. New funding boosts and financial incentives in the US have been flagged. This week, a Fact Sheet was released by the White House with the US President's proposal for "...historic investment to combat antibiotic-resistant bacteria...". (<http://www.whitehouse.gov/the-press-office/2015/01/27/fact-sheet-president-s-2016-budget-proposes-historic-investment-combat-a>). This follows from Obama signing an Executive Order last September and his Administration issuing the "National Strategy on Combating Antibiotic-Resistant Bacteria". This encourages our view of BDM-I's opportunity and because of incentives provided under the GAIN (Generating Antibiotics Incentives Now) legislation.

Since our AGM in October 2014 where Prof Slade Jensen presented the first results of studies into BDM-I we have heard the exciting news that his student, Michael Radzieta has received an Australian Postgraduate Award (APA) to undertake his PhD studies at UWS (under Prof Slade's supervision) looking at BDM-I's mechanism of action. This will be a continuation of his Honours work from last year.

*Why is this of value to BioDiem?* Because BDM-I has activity against a wide range of disease-causing germs and insight into the way it works to kill microbes will contribute information to the development path towards human studies and marketing approval.

Our second BDM-I patent, "Method of Treating Scedosporium spp. Infection" entered National Phase filing at the end of last year (priority date of 2013) and meets the criteria of *novelty*, *inventiveness* and *industrial applicability* according to the International Preliminary Report on Patentability. This is an expensive but valuable development for our intellectual property rights in BDM-I.

Presentation of the opportunity for outside investment in the BDM-I project has started. This is to accelerate the BDM-I's development leading to human studies. With outside investment BioDiem would still retain majority ownership of the project. Our aim is to either sell the BDM-I program within 18 months – two years on the back of further study results, or to consider alternatives which would be more beneficial to shareholders. If you are interested in more information about this then please contact me.

### Shareholder information

We have extended the BioDiem \$0.08 (8 cent) option expiry date until 5pm AEDT Friday 13<sup>th</sup> February, 2015. This extension has been notified to all option holders previously. We have been very pleased to see that more than 7.7 million options have been exercised already with a minimum of another 2.6 million expected. If you are an optionholder and have any questions about exercising your options, please feel free to contact me in the office, or by email.

We recognize that there is limited share trading in BioDiem shares and it can be difficult to buy large quantities of shares. We have more than 850 shareholders but most have small holdings. DFS Equities holds a *Register of Interest* to match those interested in buying and selling shares. Please contact us if you wish to be added to the list to receive information on the recent trades and the *Register of Interest* each month.

If you need help in understanding your shareholding, recent share prices, etc. please do not hesitate to call or email us. I also encourage you to ensure your contact details are up to date with our share registry, Computershare. This can be done via their website.

I look forward to bringing you more news as it develops.

Yours faithfully,



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