ASX and NYSE Euronext Announcement

Successful growth of BioDiem's Virus in VIVALIS EB66® Cell Line

Highlights:

- BioDiem confirms successful and abundant growth of its virus in VIVALIS' proprietary EB66® cell line in Stage 1 of its collaboration with VIVALIS.
- The next stage of the project will use known techniques to demonstrate the creation of new, 'disarmed' viruses (vectors) carrying foreign antigens that can be customized to fight specific diseases.
- Both BioDiem's LAIV virus and VIVALIS' EB66® have produced vaccines which have been through Phase II clinical trials, facilitating commercialisation.

Melbourne (Australia), Nantes (France), 21 August 2012: Australian infectious disease therapy and vaccine development company BioDiem Ltd (ASX: BDM) announced today successful results from two programs of work carried out by French partner VIVALIS (NYSE Euronext: VLS), confirming the ability of BioDiem's Live Attenuated Influenza Virus (LAIV) to grow in VIVALIS' proprietary EB66® cell line.

The next stage of the collaboration between BioDiem and VIVALIS will use known techniques to modify the LAIV virus to demonstrate and optimize the methodology for making a customizable "vector" which could be used by vaccine developers for the development of new vaccines targeting other specific diseases. Priority disease targets include nasopharyngeal carcinoma and respiratory syncytial virus infection.

The results are significant for both companies, as both the BioDiem LAIV virus and the VIVALIS EB66® cell line have been used to produce vaccines that have been tested in successful Phase II clinical trials. The resulting human safety data will facilitate a shorter and lower cost path to commercialisation on completion of the next stage of development with VIVALIS.

BioDiem has world-leading in-house expertise in the LAIV virus, and is committed to expanding the value of the technology by developing specific disease treatments. The proposed vector would take advantage of LAIV's safety profile and low toxicity (as the virus backbone is already weakened), intranasal spray delivery, and the ability to be customised to target particular diseases.

VIVALIS undertook this research based on the high potential value of BioDiem's technology in non-influenza vaccine applications, both therapeutic and preventative. This work has confirmed the successful and abundant growth of LAIV in VIVALIS' EB66® cell line. The next step will be the development of a stable LAIV vector technology which uses EB66® as a base platform for growth.

"We're delighted to have emphatically confirmed the feasibility of growth of our LAIV in conjunction with VIVALIS EB66® technology. BioDiem is excited about the use of our in-house viral technology to establish a platform for new vaccine creation via the vector project. We will now move to finalise planning the most effective development program for the vector," said Julie Phillips, BioDiem CEO.

"We are very pleased to report the successes to date of this research project. We are focused on moving EB66® into exciting new indications, such as the therapeutic and preventative vaccines potentially offered by BioDiem's LAIV technology", said Franck Grimaud, CEO, and Majid Mehtali, CSO, co-managers of VIVALIS.

The next steps for BioDiem's vector program will revolve around further development of the vector platform, establishment of a best practice production process, and licensing and manufacturing agreement establishment.

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About BioDiem Ltd

BioDiem is an ASX-listed company based in Melbourne with an international focus on discovering, developing and commercialising world-class research and technology targeting cancers and infectious diseases. BioDiem's core technologies include the Live Attenuated Influenza Virus (LAIV), the SAVINE platform and the BDM-I antimicrobial compound. BioDiem has also in-licensed vaccine technologies from Australian National University and the University of Canberra with initial target indications of dengue fever and hepatitis respectively.

The LAIV influenza vaccine is an intranasal vaccine to prevent infection from seasonal and pandemic influenza. The LAIV influenza vaccine can be produced using both egg-based and cell-based manufacturing methods. The cell-based LAIV vaccine has completed a Phase II clinical trial in Europe. The egg-based LAIV vaccine technology is licensed to the World Health Organization as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply.

The LAIV influenza vaccine is marketed as Nasovac™ in India by the Serum Institute of India, and has been licensed to China-based Changchun BCHT Biotechnology Co. The LAIV vaccine was in-licensed from the Institute of Experimental Medicine in St Petersburg, Russia where it has been used for over a decade in many millions of people - children, adults and the elderly. The LAIV is administered by nasal spray and induces a rapid immune response in the mucosal lining of the nose and pharynx.

The LAIV is also being developed as a viral vector for making novel non-influenza vaccines for different diseases including cancers. Viruses have the ability to generate proteins prolifically and can be programmed to produce disease-specific proteins. As part of a vaccine, disease-specific proteins can help generate a beneficial immune response. BioDiem is advancing its two new vaccine and vaccine vector programs in partnership with France-based developer VIVALIS and the Royal Melbourne Institute of Technology (RMIT).

SAVINE (patented Scrambled Antigen Vaccine) is a platform technology for the design of antigens for incorporation into vaccines targeting an immune response to a range of different diseases. SAVINE antigens are encoded as synthetic genes which, together with a delivery technology such as BioDiem's LAIV-based vaccine vector technology, can be used to develop novel vaccines.

BDM-I is a synthetic compound targeted at the treatment of serious human infections. BDM-I is in the preclinical stage with outlicensing as the intended outcome. BDM-I is active against a range of pathogenic micro-organisms including gram-positive and gram-negative bacteria, fungi and protozoa. Key patents have been granted in both Europe and the US around BDM-I's antimicrobial activity.

BioDiem is also developing BDM-E, a tetra peptide synthetic compound, as a treatment for ophthalmic disorders. The US Food & Drug Administration (USFDA) has granted Orphan Drug designation to BDM-E for the treatment of retinitis pigmentosa, a serious degenerative disease of the retina.

BioDiem's research is ongoing in partnership with internationally recognised research groups.

For additional information, please visit **www.biodiem.com**

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About VIVALIS (www.vivalis.com)

VIVALIS (NYSE Euronext: VLS) is a biopharmaceutical company that provides innovative cell-based solutions to the pharmaceutical industry for the manufacture of vaccines and proteins, and develops drugs for the prevention and treatment of unmet medical needs. VIVALIS' expertise and intellectual property are leveraged in two main areas:

EB66® Cell Line

VIVALIS offers research and commercial licenses for its EB66® cell line, derived from duck embryonic stem cells, to pharmaceutical and biotechnology companies for the production of therapeutic and prophylactic viral vaccines, virosomes, VLP's, and recombinant proteins (with a focus on monoclonal antibodies having enhanced cytotoxic activity). Through these programs VIVALIS receives upfront, clinical, and milestone payments along with royalties on licensees net sales.

VIVA|Screen™ Human Antibody Discovery Platform

Customized solutions for the discovery, development, and production of fully human monoclonal antibodies are now offered by VIVALIS. Through these programs VIVALIS receives upfront, clinical stage milestone payments along with royalties on licensees net sales.

Based in Nantes & Lyon (France) and in Toyama (Japan) VIVALIS was founded in 1999 by the Grimaud Group (ca. 1,700 employees), a worldwide leader in animal genetic selection. VIVALIS has established more than 30 partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, Transgene, Pfizer Animal Health, Kaketsuken, Kitasato Daiichi Sankyo Vaccine, Merial, Merck Animal Health, and SAFC Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bioclusters and a member of the Japanese HOKURIKU INNOVATION CLUSTER FOR HEALTH SCIENCE in Toyama.

VIVALIS
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Reuters: VLS.PA – Bloomberg: VLS FP
Included in NYSE Euronext's SBF 250, CAC Small 90 and Next Biotech indexes

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