

October 2011

Dear Shareholder

It's been an eventful final quarter for your company, with the much-anticipated release of preliminary headline results from the phase 2a Hepatitis C Virus (HCV) trial, as well as the launch of our next stage HIV trial.

These have always been regarded as crucial commercial milestones for Biotron and are the culmination of 10 years' painstaking preclinical and clinical work.

The exciting news is that we now have proof that our drug works. There is also evidence of heightened industry interest in the HCV sphere.

As announced last week, the trial on 24 patients infected with HCV has confirmed that BIT225, Biotron's first-in-class, oral anti-viral drug, has good antiviral activity against HCV.

Importantly, patients receiving BIT225 in combination with interferon and ribavirin (the current standard of care for treating HCV) had greater reductions in HCV levels than patients receiving standard of care treatment alone.

These results are crucial for Biotron as they show that BIT225 has clear benefit in patients, which significantly de-risks the product.

BIT in the news

These results are extremely encouraging. In fact, so well received was this news that the top rating Channel 7 morning program Sunrise featured Biotron in a health segment, where the show's medical expert Dr Ginni Mansberg acknowledged

the significance of BIT225 in the fight to find new treatments for Hepatitis C.

Biotron also garnered positive mentions in major daily newspapers The Age, Australian and

Canberra Times following the distribution of our ASX announcement. The story was also picked up by international news agencies, with coverage in a broad range of media including the Wall Street Journal. In further endeavour to keep interest high in our trials and stock, I also outlined details of the preliminary data on Boardroom Radio. I encourage you to listen to the bulletin which can be found at <http://www.brr.com.au/event/87399>

HCV international interest

As well as providing Biotron with some media leverage, these results bode well for our ongoing partnership discussions with global pharmaceutical companies.

We have also been buoyed by further news from the United States in recent days where Hepatitis C remains a multi-billion dollar health concern.

Recognising the desperate need for new treatments, global pharmaceutical heavyweight Roche announced this week that it will acquire the US based biotech company Anadys (NASDAQ:ANDS) for US\$230 million, which was a premium of ~250% on the existing share price.

This is interesting to us because like Biotron, Anadys is focused on development of HCV drugs and has two clinical programs. Its most advanced candidate is a polymerase inhibitor compound which has recently completed a Phase 2b trial, which would be the likely next step for Biotron.

Like our candidate, Anadys' drug would work in conjunction and synergistically with current therapies interferon and ribavarin. It is of a different class to BIT225, and one where there are many in development, so is not a threat or direct competitor to BIT225. The ultimate treatment for HCV is expected to be a combination of different classes of drugs, and to date BIT225 is the only one in its class.

What this deal tells us is that global pharmaceutical companies are aware of the need for new therapies in the Hepatitis C space and are prepared to put a price on that need.

Also working in our favour, this deal has revitalised Wall Street interest in other HCV drug development companies.

Idenix Pharmaceuticals (IDIX) daily stock options hit a record on the back of the Roche deal and analysts are speculating this could spur more deal making in the Hepatitis C space.

We expect further interest in our stock when full data from our international trial is presented at an international conference later in the year.

HIV Trial

As promised, we have also commenced our HIV phase Ib/2a proof of concept trial at the same Bangkok trial site where the HCV trial was completed.

In the HIV arena, BIT225 represents an extremely promising first in class opportunity to eliminate the virus from underlying reservoirs, where until now it has been able to "hide" from standard anti-retroviral therapies.

Biotron's drug offers the potential to stop the ongoing cycle of infection in the body and if successful, would be expected to be used synergistically with current therapies.

The trial is expected to be completed and results announced in the first quarter of 2012.

Shareholder Value

While we acknowledge recent share price fluctuations, our main aim has always been to

create the best shareholder value in the long term.

Our strategy is to continue collating positive clinical trial data, as well as other supporting studies, that will systematically grow the value of our program. This will ensure we are an attractive package to a potential partner.

We have been in discussion with potential partners since the early days of development, and we continue to engage with them now we have completed the HCV trial.

In addition to direct contact, we are continually using forums to showcase our technology to the kinds of partners interested in our space.

Last week Biotron was showcased at the Australasian Life Science Investment Summit, a major satellite event connected to Australia's pre-eminent biotechnology industry conference, AusBiotech 2011.

This summit attracts investors from around the world and is an opportunity for the 40 most promising Australian biotechnology companies actively seeking capital or partnering opportunities to present.

We were well received by an audience including pharmaceutical company representatives, national and international investors, venture capitalists, fund managers, investment bankers and representatives from superannuation funds.

We thank you for your continued support and look forward to bringing you further details of the results of the HCV trial in the near future. In the meantime, please sign up at <http://www.biotron.com.au/subscribe.aspx> to receive email notification of Biotron's ASX announcements.

Sincerely



Michelle Miller

CEO & Managing Director