

Level 2, 66 Hunter Street
Sydney NSW 2000
Tel: (61-2) 9300 3344
Fax: (61-2) 9221 6333
E-mail: pnightingale@biotron.com.au
Website: www.biotron.com.au

29 July 2011

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

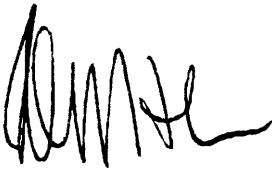
(3 pages by email)

Dear Madam

SHAREHOLDER UPDATE

In accordance with Listing Rule 3.17, I attach a copy of a document as sent to the Company's shareholders.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn6135

July 2011

Dear Shareholder

We are pleased to report that the final patient is currently being dosed in Biotron's critical Phase IIa Hepatitis C (HCV) trial of the Company's lead drug, BIT225.

We are now on track to bring you preliminary headline data from this trial by the end of this quarter.

While we had anticipated earlier trial completion, there have been frustrating delays outside of our control which have hampered our original trial timeline.

Some of those patients originally selected to participate in our trial were subsequently deemed unsuitable because of stringent exclusion criteria. It is not uncommon for HCV-infected individuals to have other significant health issues which can impact on assessing safety aspects of new drugs such as BIT225, and this impacted on the rate of trial recruitment.

Once this final patient has completed dosing with BIT225, all samples taken from the final 24 trial patients must be batched and sent to specialist laboratories for analysis.

Once the data is available, it will be collated, audited and then reviewed by an independent data and safety monitoring committee.

Along with shareholders, we eagerly anticipate the release of this data. A recent Southern Cross Equities report noted that a positive trial result

could reprice Biotron to its 35c target price as the market opportunity for hepatitis C is estimated to be worth \$US3 billion.

There is an urgent need for new anti-viral treatments like BIT225. In fact, the US surgeon general asserts that HCV is one of the most significant public health threats facing the United States and only a small percentage of sufferers are currently receiving treatment.

The USA and Europe are large target markets, but there are other, larger markets in Asia also emerging.

HIV Clinical Trial

BIT225 also has promise as a treatment for HIV, and as a result of the capital raising undertaken earlier this year we are now in a position to advance this clinical program.

While HCV remains our primary focus, the opportunity presented by BIT225 in HIV is equally ground breaking. BIT225 specifically stops the virus growing in reservoir cells where, until now, the virus has been able to hide from the body's immune system.

Twenty four HIV positive patients with high virus levels in their blood will be randomly assigned to receive BIT225 or placebo twice daily for 10 days.

The aim of the trial is to determine if BIT225 can reduce or eliminate HIV in the cells that establish reservoirs of virus, compared to placebo. If successful, we anticipate that BIT225 could be

used in future combination therapies for HIV alongside other approved drugs, complementing the existing drugs by BIT225's ability to clear virus from cells that are inaccessible to other drugs.

We are currently finalising ethics committee approvals for the HIV study at the same Bangkok Hospital which has conducted the HCV trial. In parallel, importation permits are being processed.

All going to plan, this phase Ib/IIa HIV trial should commence this quarter - probably around the same time that the headline HCV data is released.

Our goal is to see the HIV trial completed by the end of the year but this is dependent, as always, on suitable patient recruitment.

International interest in Biotron's anti-viral programs remains strong. We continue to engage in discussions with potential global pharmaceutical partners who have the big company resources to assist us in getting this product to market.

We also continue to present Biotron's story to stockbrokers, analysts and potential investors, both locally and overseas.

In June this year, Biotron presented to a Life Science Investment Showcase of Australian companies in New York, as well as to the international pharmaceutical industry attending the annual BIO convention in Washington DC.

We are pleased with recent media coverage, including an article in business news section of Melbourne's Herald Sun, and a write-up in the Australian Financial Review as a stock to watch.

We look forward to bringing you news of the completion of the clinical phase of the HCV trial, commencement of the HIV trial, and, of course, the results from the HCV trial later this quarter.

Thank you for your continued support. We have appreciated the phone and email messages from shareholders, and we look forward to providing further updates.

Sincerely



Michelle Miller

CEO & Managing Director

REMINDER TO SHAREHOLDERS

Please ensure that your contact details are kept up to date. Occasionally we have correspondence being returned to sender. We want to be able to continue to send updates, Annual Reports and AGM documentation (you can elect to receive these in electronic or hardcopy form).

Please update your contact details via Computershare - we are unable to do this on your behalf. Computershare's contact details are on Biotron's website - www.biotron.com.au/contacts.htm.