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The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
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(2 pages by email)

Dear Madam

BIT225 HIGHLY SYNERGISTIC WITH CURRENT ANTI-HEPATITIS C VIRUS THERAPIES

The Directors of Biotron Limited ('Biotron') are pleased to announce a significant advancement in the development of the Company's Hepatitis C virus (HCV) drug development program.

Independent research has demonstrated that Biotron's lead antiviral drug, BIT225, significantly enhances the activity of existing HCV therapies in an *in vitro* model system. The results of this research, performed by Southern Research Institute, Maryland, USA, are significant as they indicate that BIT225 has the potential to be used in combination therapy to achieve a higher level of antiviral activity against HCV than is currently possible, while improving the potency of each of the drugs in the combination.

The results demonstrated that BIT225 was highly synergistic in a triple combination with two of the most common HCV therapies in use today - ribavirin and interferon- α . The addition of BIT225 to ribavirin and interferon- α increased the level of inhibition of viral replication from 70% with the two other drugs to 100% when BIT225 was added to the mix. The potency of BIT225 was increased tenfold in this triple combination, compared to its activity on its own.

The studies were conducted *in vitro* against the widely accepted surrogate model of the HCV, bovine viral diarrhoea virus (BVDV). BVDV is closely related to HCV and is an *in vitro* predictor of the efficacy of anti-HCV drugs in humans. Previously, Biotron reported that BIT225 is a potent inhibitor of activity in this HCV surrogate model system.

Biotron has filed a new patent to extend the current protection over its lead antiviral drug BIT225 and analogues. This latest patent filing further strengthens Biotron's extensive intellectual property portfolio in the antiviral drug development field.

About BIT225 and HCV

BIT225 is an orally-administered, novel antiviral compound in development by Biotron for treatment of HIV and HCV infections. BIT225 is currently undergoing testing in a Phase I human clinical trial. This Phase I study in healthy volunteers will support Phase II clinical trials of BIT225 in the treatment of both HIV and HCV. BIT225 represents a first-in-class drug for treatment of HCV, targeting the p7 protein of HCV.

It is estimated that in the USA alone, some 4 million people have been infected with Hepatitis C with 2.7 million suffering from chronic infection. Worldwide, 170 million people are infected.

HCV causes inflammation of the liver, which may lead to fibrosis and cirrhosis, liver cancer and, ultimately, liver failure. Existing drugs for HCV have limited effectiveness and toxicity issues, leaving a significant need for new therapies. The worldwide market is currently almost US\$3.0 billion, but is estimated that this market will expand to over US\$10.0 billion as safe, effective therapies enter the market.

Monotherapy with interferon- α and combination therapy with interferon- α and the ribonucleoside analog ribavirin are the two different regimens currently approved as therapy for chronic hepatitis C. Treatment with interferon- α alone, or in combination with ribavirin, has limited effectiveness. The use of interferon based therapy for the treatment of HCV can be further limited by frequent side effects, injectable administration and poor patient tolerance and adherence. Many patients receiving interferon can experience influenza-like symptoms, fatigue and depression. Ribavirin can be problematic for patients with pre-existing anemia, kidney problems or heart disease.

Biotron plans to initiate a clinical study of BIT225 in HCV patients during the second half of 2007.

About Biotron

Biotron Limited is engaged in the research, development, and commercialisation of drugs targeting significant viral diseases with unmet medical need, with a major focus on HIV and HCV. The Company has BIT225 in clinical development for both HIV and HCV, and also has several earlier stage preclinical and research programs for several other viral infections including influenza, Dengue and Hepatitis B.

For further information, please contact Dr Michelle Miller, CEO, on (61-2) 92478212.

Yours faithfully



Peter J. Nightingale
Company Secretary

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