

Biotron Limited
A.B.N. 60 086 399 144

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23 January 2014

ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

Attention: Kimberley Brown, Senior Adviser, Listings Compliance (Sydney)

Dear Ms Brown,

I refer to your letter dated 21 January 2014, as attached to this letter, and respond to your questions using your numbering as follows:

1. No. The Company is fully funded and on budget to complete its currently stated objectives.

The Company's cash expenditure is materially focused on particular drug development programs and historic fund raisings have been tailored to meet the specific budgeted cost of these planned programs and the Company's other administrative expenditures.

As announced to the ASX on 21 November 2013, the Company has commenced a phase 2 trial (BIT225-008) of drug candidate BIT225 to be conducted on 60 patients designed to generate safety and efficacy data of novel compound BIT225 when administered over a three month period in patients infected with HCV genotypes 1 or 3.

As announced, patients for this trial are expected to be fully recruited by mid 2014 with preliminary data expected to be released by November 2014. This trial is on budget and fully funded by existing cash reserves. In addition, the Company's other expenditures are on budget and fully funded by existing cash reserves complemented by an anticipated R&D tax incentive refund for the 2012/13 financial year that the Company expects to receive during the first half of 2014. Previous receipts by the Company under this federal government scheme were \$891,951 for 2011/12, and \$447,490 for 2010/11. Refunds are in line with the amount of eligible R&D expenditure incurred by the Company and, as R&D expenditure has increased over subsequent years, the Company expects to receive an amount in excess to that received for 2011/12.

2. As the Company is a drug development company, operating cash flows will continue to be negative until a commercialisation outcome is achieved. However, expenditures will fluctuate according to the timing of patient recruitment for the BIT225-008 trial described above.

As noted above, this trial is on budget and fully funded by existing cash reserves.

The Company also remains in dialogue with interested parties regarding commercialisation of the Company's antiviral compounds.

3. Refer item 1 above.
4. The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, ASX Listing Rule 3.1.
5. The Company is of the opinion that it remains in compliance with ASX Listing Rule 12.2. As noted above, the Company is fully funded and on budget to complete its currently stated objectives.

Further, the Company's presentation to the Biotech Showcase™ 2014 Conference on 14 January 2014 highlighted the Company's recent advances, including:

- Commencement of a pivotal 3-month dosing, phase 2 trial of BIT225 in Hepatitis C virus (HCV) genotype 1 and 3 patients.
- 100% response at three months of HIV/HCV genotype 3 co-infected patients with one month dosing of BIT225 in combination with interferon and ribavirin.
- 100% response at 48 weeks of HCV genotype 1 patients with one month dosing of BIT225 in combination with interferon and ribavirin.
- Demonstration that BIT225 can target and reduce levels of HIV hiding in reservoirs in HIV-infected patients.

These achievements support the commercialisation potential of the Company's antiviral compounds.

Yours faithfully



Peter J. Nightingale
Company Secretary

pjn7614



21 January 2014

Mr Peter Nightingale
Company Secretary
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Dear Mr Nightingale,

Biotron Limited (the "Company"): Appendix 4C

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 December 2013, released to ASX Limited ("ASX") on 21 January 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of nil.
2. Net negative operating cash flows for the quarter of \$1,369,000.
3. Cash at end of quarter of \$2,148,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to kimberley.brown@asx.com.au or on facsimile number (02) 9241 7620. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than close of business **5 p.m. A.E.D.T. on Friday, 24 January 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact.

Yours sincerely,

[Sent electronically without signature]

Kimberley Brown
Senior Adviser, Listings Compliance (Sydney)