

11 July 2006

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

(2 pages by email)

Dear Madam

MANUFACTURE OF BIOTRON'S ANTI-HIV DRUG BIT225

The Directors of Biotron Limited ('Biotron' or 'the Company') are pleased to advise that commercial manufacture the Company's lead anti-HIV drug, BIT225, is on schedule with the manufacturing of the first of two 2.5 kilogram batches of GMP-grade BIT225 having been completed.

As previously advised, Dr Reddy's Laboratories Ltd, Hyderabad, India was contracted to manufacture and supply 5 kilograms of GMP-grade BIT225. The commercial GMP manufacturing process was divided into two 2.5 kilogram batches to minimise any risk associated with the manufacturing process and to validate the process. The contract included process development and scale up of the manufacturing process from the previous bench top scale to large scale reactors. Process development and scale up was completed prior to manufacture of the first 2.5 kilogram batch and manufacture of the second batch of BIT225 is underway.

Excellent results have been achieved in terms of product quality, and have demonstrated that BIT225 may be successfully scaled up from lab to commercial scale. The manufacturing is being done to audited international regulatory standards and will be suitable for use in human clinical trials.

In parallel with the manufacture of GMP-grade BIT225, preclinical safety studies are in progress with a European contract research organisation. These studies include longer-term, chronic, multiple-dosing toxicity tests in two species of animals, as well as additional in vitro safety tests.

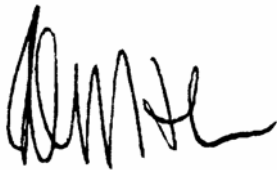
The Directors are pleased with the progress of these studies and results to date have been consistent with preliminary safety studies undertaken during the lead compound selection progress. The data from these studies and the preliminary safety studies will be submitted to appropriate hospital, ethics and regulatory authorities to support approval for commencement of a Phase I/IIa human clinical trial for HIV.

BIT225 represents a novel, first in class approach to the treatment of HIV. BIT225 has a new mode of action against HIV compared to existing anti-HIV therapies, targeting the Vpu protein of HIV. By blocking a new pathway in HIV infectivity, Biotron's Vpu inhibitors have the potential to combat drug-resistant viral strains, in combination with highly active antiretroviral therapies ('HAART') and in monotherapy. Unlike existing drugs, BIT225 is active in the viral reservoir in the body, and complete elimination of HIV from infected patients is not possible unless these underlying reservoirs of infection can be cleared. BIT225 represents an opportunity to eliminate the underlying seat of infection, potentially leading to a cure for HIV.

In summary, commercial GMP scale-up and manufacture of BIT225 as well as the formal preclinical safety studies are on track for completion this calendar year. Biotron is finalising the site and design of the proposed Phase I/IIA human clinical trial.

For further information, please contact Dr. Michelle Miller, CEO, on (61-2) 61258001.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Nightingale', with a stylized, cursive script.

Peter J. Nightingale
Company Secretary

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