

Level 8, 261 George Street  
Sydney NSW 2000  
Tel: (61-2) 9247 8212  
Fax: (61-2) 9247 3932  
E-mail: [pnightingale@biotron.com.au](mailto:pnightingale@biotron.com.au)  
Website: [www.biotron.com.au](http://www.biotron.com.au)

15 March 2006

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

(10 pages by email)

Dear Madam,

### **NEW ISSUES ANNOUNCEMENT**

In accordance with Listing Rule 3.10.3, I advise that Biotron Limited ('Biotron' or the 'Company') proposes:

- A non-renounceable issue, underwritten by Southern Cross Equities Limited ('Southern Cross'), of 19,943,015 new fully paid ordinary shares on a pro-rata basis of 2 new shares for every 7 existing shares held on the record date at an issue price of \$0.23 per new share ('Entitlement Issue').
- Subject to completion, and as part of the underwriting fee for the Entitlement Issue, to grant Southern Cross 2.0 million options each exercisable at \$0.35 at any time up to 30 September 2010 to convert to 1 fully paid ordinary share ('Options').

Further, following the completion of the Entitlement Issue, the Company has the right, at its discretion, to place up to \$500,000 of new shares with Southern Cross (or its nominees) at an issue price of \$0.23 per new share ('Placement').

The Directors are of the opinion that these proposed new issues are in the best interests of the Company and its shareholders and offer the Company's existing shareholders the opportunity to participate in the Company's future.

The Company will raise in excess of \$4.5 million from the Entitlement Issue and more than \$5.0 million if the Company exercises its right to make the Placement. These funds will enable the Company to:

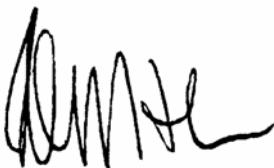
- Complete the pre-clinical development studies for the Company's anti-HIV lead compound. These safety studies are currently underway and due for completion mid-year;
- Undertake a Phase I/IIa clinical trial for the Company's anti-HIV lead compound later in 2006. The trial design and location are currently being finalised, and discussions are underway with regulatory authorities.
- Progress the Company's Hepatitis C antiviral program through preclinical development towards a clinical development program. This program has substantial commercial potential and can be fast tracked on the back of work being done to progress the HIV lead compound.
- Expand the Company's Virion antiviral platform program into other viruses of interest. Several Biotron compounds have been shown to have activity against other viruses including the H5N1 strain of the influenza A virus ('bird flu'), SARS and dengue. Funds will be allocated to further characterise the antiviral activity and progression of compounds towards the clinic.
- Screening, testing and development of the Company's library of compounds against a number of other viruses will be continued.
- Progress the Company's C-Test project to a stage suitable for partnering.
- Meet the Company's working capital requirements, including the costs of the issues.

These new issues do not require shareholder approval, however, the Entitlement Issue requires a prospectus to be issued. A prospectus for the Entitlement Issue will be despatched to shareholders as soon as possible.

I attach an Appendix 3B - New Issue Announcement for each of the Entitlement Issue, Placement and grant of Options.

Any enquiries should be directed to Peter Nightingale on (61-2) 92478212 or Dr Michelle Miller on (61-2) 61258001.

Yours faithfully



Peter J. Nightingale  
Company Secretary

pjn3423

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

BIOTRON LIMITED

ABN

60 086 399 144

We (the entity) give ASX the following information.

### ***Part 1 - All issues***

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | <ol style="list-style-type: none"><li>1. Fully paid ordinary shares</li><li>2. 30/9/10 35 cent options</li></ol>   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <ol style="list-style-type: none"><li>1. Up to 20,443,015</li><li>2. 2,000,000</li></ol>   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ol style="list-style-type: none"><li>1. Fully paid ordinary shares ranking pari passu with existing fully paid ordinary shares</li><li>2. Options, each exercisable at \$0.35 at any time up to 30 September 2010 to convert to one fully paid ordinary share</li></ol> |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p style="text-align: center;">1. Yes 2. No - unquoted options</p> <p>Upon exercise of the options, the holder is entitled to one ordinary share for each option exercised. These ordinary shares will then rank equally with existing issued ordinary shares.</p>														
<p>5 Issue price or consideration</p>	<p style="text-align: center;">1. \$0.23 per new share 2. Granted as part of, and subject to completion of, underwriting the Entitlement Issue</p>														
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p style="text-align: center;">1. As set out in the cover letter above 2. Granted as part of, and subject to completion of, underwriting the Entitlement Issue</p>														
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p style="text-align: center;">To be advised following the determination of the record date and completion of the Entitlement Issue</p>														
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">90,243,565</td> <td style="text-align: center;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	90,243,565	Fully paid ordinary shares										
Number	+Class														
90,243,565	Fully paid ordinary shares														
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">250,000</td> <td style="text-align: center;">14/1/07 60 cent options</td> </tr> <tr> <td style="text-align: center;">500,000</td> <td style="text-align: center;">14/1/07 75 cent options</td> </tr> <tr> <td style="text-align: center;">500,000</td> <td style="text-align: center;">14/1/07 \$1.00 options</td> </tr> <tr> <td style="text-align: center;">2,100,000</td> <td style="text-align: center;">30/9/10 \$35 cent options</td> </tr> <tr> <td style="text-align: center;">500,000</td> <td style="text-align: center;">30/9/10 \$35 cent options (vesting 30/9/06)</td> </tr> <tr> <td style="text-align: center;">500,000</td> <td style="text-align: center;">30/9/10 \$35 cent options (vesting 30/9/07)</td> </tr> </tbody> </table>	Number	+Class	250,000	14/1/07 60 cent options	500,000	14/1/07 75 cent options	500,000	14/1/07 \$1.00 options	2,100,000	30/9/10 \$35 cent options	500,000	30/9/10 \$35 cent options (vesting 30/9/06)	500,000	30/9/10 \$35 cent options (vesting 30/9/07)
Number	+Class														
250,000	14/1/07 60 cent options														
500,000	14/1/07 75 cent options														
500,000	14/1/07 \$1.00 options														
2,100,000	30/9/10 \$35 cent options														
500,000	30/9/10 \$35 cent options (vesting 30/9/06)														
500,000	30/9/10 \$35 cent options (vesting 30/9/07)														

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Remains unchanged
----	--	-------------------

***Part 2 - Bonus issue or pro rata issue***

11	Is security holder approval required?	No
----	---------------------------------------	----

12	Is the issue renounceable or non-renounceable?	Non-renounceable
----	--	------------------

13	Ratio in which the +securities will be offered	2 for 7
----	--	---------

14	+Class of +securities to which the offer relates	Fully paid ordinary shares
----	--	----------------------------

15	+Record date to determine entitlements	To be determined
----	--	------------------

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
----	--	----

17	Policy for deciding entitlements in relation to fractions	Round to the nearest whole number
----	---	-----------------------------------

18	Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries other than Australia and New Zealand
----	---	--

19	Closing date for receipt of acceptances or renunciations	To be advised
----	--	---------------

20	Names of any underwriters	Southern Cross Equities Limited
----	---------------------------	---------------------------------

21	Amount of any underwriting fee or commission	Underwriting fee - 4% Management fee - 1% Grant of 2.0 million options
----	--	--

22	Names of any brokers to the issue	None
----	-----------------------------------	------

23	Fee or commission payable to the broker to the issue	Nil
----	--	-----

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Nil
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	To be advised
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	To be advised
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

---

+ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### ***Part 3 - Quotation of securities***

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### ***Entities that have ticked box 34(a)***

### **Additional securities forming a new class of securities**

*(If the additional securities do not form a new class, go to 43)*

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

*(now go to 43)*

---

+ See chapter 19 for defined terms.

***Entities that have ticked box 34(b)***

38 Number of securities for which  
+quotation is sought

39 Class of +securities for which  
quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

*(now go to 43)*

---

+ See chapter 19 for defined terms.



*All entities*

**Fees**

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

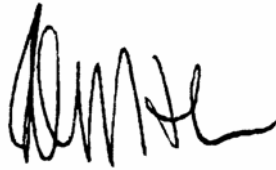
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

---

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 15 March 2006  
(Company Secretary)

Print name: Peter J. Nightingale

== == == == ==

---

+ See chapter 19 for defined terms.