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The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000 (3 pages by email)

Dear Madam

BIT225 Phase I Clinical Trial Successfully Completed

The Directors of Biotron Limited ('Biotron') are pleased to advise that a Phase I clinical trial of BIT225, an orally dosed antiviral drug with the potential to treat both HIV and hepatitis C virus (HCV), has been successfully completed.

"The completion of this human trial is an important milestone in the development of BIT225", said Dr Michelle Miller, Managing Director, "We anticipate advancing the drug into Phase Ib/IIa clinical studies later this year." Protocols and regulatory applications for these new studies are being finalised.

The data from this Phase I clinical trial indicate BIT225 was well tolerated, with no dose limiting toxicities. Preliminary analysis indicates that potentially therapeutic blood levels of BIT225 were achieved, based on calculations extrapolated from preclinical *in vitro* antiviral efficacy studies. The data from this Phase I trial is the first human clinical analysis of BIT225, and are important as they set the stage for further studies. The data demonstrate that the absorption, distribution, half-life, and tolerability of BIT225 are acceptable, and that safety and pharmacokinetic (PK) profiles of BIT225 support ongoing clinical development.

Biotron is currently finalising trial designs and preparing regulatory and ethics submission documents for two further trials of BIT225 – one in HIV-infected patients and one in HCV-infected patients. Subject to regulatory and ethics approvals, these trials are anticipated to commence in the last quarter of 2007.

Phase I Study Design

This Phase 1a study was a double-blind, ascending single dose, placebo-controlled trial designed to assess the safety and tolerability of BIT225 in healthy adult volunteers (n=40). Fasting healthy subjects were randomly assigned to receive 35, 100, 200 or 400 milligram (mg) oral doses of BIT225 or placebo (six active, two placebo per dose group). Subjects in the 100 mg dose cohort received BIT225 in a fasting and fed state. Additional information relating to the study design is set out in the attached Appendix.

Results

The safety profile from this study indicates that single oral doses of BIT225 are generally well tolerated with no serious treatment-related adverse events. Mild to moderate headache was the most frequently reported adverse event. There were no apparent dose-related increases in frequency for any adverse event. There were no significant differences in the rate of adverse events between patients on drug compared to placebo. The blood PK data showed that the maximum concentration (Cmax) and drug exposure as measured by the area under the curve (AUC) increased proportionally with increasing dose. BIT225 displayed a long half life of over 7 hours. When dosed with food at the 100 mg dose level, drug exposure as measured by AUC was slightly decreased compared to dosing after fasting.

About BIT225

BIT225 is an investigational, orally-administered, novel antiviral compound in development by Biotron for treatment of HIV and HCV infections.

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.

As previously announced, BIT225 is highly synergistic in an *in vitro* surrogate model system as a triple combination with two of the most common HCV therapies in use today - ribavirin and interferon-alpha.

BIT225 also represents a novel, first in class approach to the treatment of HIV. BIT225 specifically targets HIV in reservoir cells and represents an opportunity to attack HIV at its source in the body. Current HIV therapies have little or no effect on HIV in the underlying reservoir of infected cells where the virus hides from the immune system.

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, Managing Director, on +61 2 6125 8001.

Yours faithfully

Peter J. Nightingale
Company Secretary

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APPENDIX

A summary of the key aspects of this trial is set out below:

Study title:	A Phase I, single-centre, placebo controlled, dose-escalating study of the safety and pharmacokinetics of BIT225 in healthy male volunteers administered orally in the fasted and fed state.
Study objectives:	1. To evaluate the safety and tolerability of a single oral dose of BIT225. 2. To determine the pharmacokinetics of BIT225 following a single oral dose in healthy volunteers. 3. To determine the effects of food on the pharmacokinetics of BIT225 following a single oral dose in healthy volunteers.
Route:	Oral.
Dose levels:	Dose escalation over 4 dosages (35, 100, 200 and 400 mg).
Blinding status:	Blinded.
Number of trial subjects:	40.
Product development status:	Drug product was manufactured to GMP standards.
Trial location:	Melbourne, Australia.
Trial standard:	ICH-GCP.