

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)

20 November 2007

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

(6 pages by email)

Dear Madam,

**Biotron Share Purchase Plan**

Further to the Company's announcement dated 16 November 2007, I attach details of the Biotron Share Purchase Plan as despatched to shareholders today.

For further information, please contact Peter J. Nightingale, Company Secretary, on (61-2) 9247 8212.

Yours sincerely,



Peter J. Nightingale  
Company Secretary

pjn4166

20 November 2007

Dear Shareholder

### **Biotron Share Purchase Plan**

As announced to the Australian Stock Exchange (ASX) on 16 November 2007, the Board of Directors of Biotron Limited ('Biotron' or 'the Company') is pleased to provide eligible shareholders with the opportunity to participate in the capital raising initiatives of Biotron through a Share Purchase Plan ('SPP').

The Directors encourage all eligible shareholders to consider taking advantage of this opportunity to acquire Biotron shares without brokerage or other transaction costs and at a discount of approximately 11% to current market share price.

Martin Place Securities Pty Limited has underwritten the issue of 14,700,000 shares, \$2.5 million, to be issued pursuant to the SPP.

#### **Introduction**

The last twelve months has seen the maturing of Biotron from a research-based company to an antiviral drug development company with an exciting portfolio of clinical development programs. Biotron's HIV and Hepatitis C virus ('HCV') programs are truly world-class, with a new first-in class drug, BIT225, offering the potential to significantly advance treatments of both these debilitating infections. The market for both these diseases is very large, with the worldwide market for HCV current almost US\$3.0 billion. The US market alone for HIV is over US\$3.3 billion.

Over the last year we have successfully progressed the Company's lead antiviral drug, BIT225, into a Phase I human clinical trial, after completing a comprehensive program of preclinical safety studies at the start of 2007. In August 2007 Biotron announced the successful completion of this human trial, which met all the Company's expectations in terms of safety and blood drug levels. Completion of this human trial is a major milestone for the Company, and we are now focused on progressing BIT225 into Phase Ib/Ia clinical trials in both HIV and HCV infected subjects. The recently completed Phase I clinical trial in healthy volunteers will support the trials in these two patient populations, which significantly reduces the costs and timelines of Biotron's clinical development program. Trial designs and regulatory and ethics submissions are in preparation for two trials, one in HIV and one in HCV populations and, subject to regulatory and ethics approvals, we anticipate commencement of these trials early in 2008, which should conclude in mid-2008.

These proposed trials in HIV and HCV patients are critical steps in the Company's development. Demonstration that BIT225 can attack these viruses in patients will be a truly major advance in terms of Company and technology valuations. The Company is focused on achieving a successful outcome, and has been progressing discussions with potential pharmaceutical companies in anticipation of finalising a deal once these trials have been completed. The proposed trials are designed to benefit shareholders through significantly increasing the value of Biotron in the market and to its future pharmaceutical company partners.

The Company has successfully leveraged shareholder funds by accessing non-equity capital in the form of grants from the Australian Federal Government (Commercial Ready, Start and Biotechnology Innovation Fund grants), raising in excess of \$2.3 million. It will continue to seek additional non-equity capital for this program.

The Directors believe that it is prudent at this time to raise additional capital to progress the clinical development of BIT225 into the proposed trials in HIV and HCV positive patients. The Directors also believe it appropriate to offer existing eligible shareholders the opportunity to participate in this exciting time of the Company's development by way of the SPP.

## **Purpose of the Capital Raising**

The funds raised by the SPP will be used to support the Company's ongoing operational costs, including funding the clinical development of the Company's drug BIT225 into Phase IIa clinical trials in infected patients. BIT225 has successfully completed a preclinical safety program and a Phase I human clinical trial in healthy volunteers and this next stage of clinical development is designed to demonstrate efficacy of the drug in patients.

## **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 new, first-in-class drug treatment for HIV. The drug 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. BIT225 has also been shown to have good antiviral activity in surrogate models of the hepatitis C virus and is highly synergistic with the two leading approved HCV therapies. 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.

## **Eligible Shareholders**

The right to participate in the SPP is available to holders of fully paid ordinary shares on the record date of 16 November 2007 and whose registered address is in Australia or New Zealand. Unfortunately, it is not practical for the SPP to be offered to our shareholders with a registered address in other countries.

Under the SPP, eligible shareholders are entitled to purchase up to \$4,998 in additional shares at \$0.17, representing a discount of approximately 11% to the weighted average share price for the five business days preceding 16 November 2007 and without having to pay any brokerage or other transaction costs.

## **How to Participate in the SPP**

Participation in the SPP by eligible shareholders is entirely optional. If you are in any doubt about your participation in the SPP, then you should contact a professional adviser.

The offer is non-renounceable, which means that you cannot transfer your right to purchase shares under the SPP to another person or entity.

The maximum amount of \$4,998 will apply even if you receive more than one offer from the Company.

## **Issue Price of Shares**

The issue price of fully paid ordinary shares under the SPP is \$0.17. This price has been set at a discount of approximately 11% to the weighted average market price of Biotron ordinary shares calculated over the five business days preceding the record date of 16 November 2007.

The market price of the Company's shares will fluctuate during this offer, but this will not affect the issue price of ordinary shares under the SPP. This means that the market price of Biotron shares at the time shares are allotted under the SPP may be either higher or lower than the subscription price.

## **Maximum Raising and Underwriting**

The maximum number of ordinary shares that may be issued under the SPP is 21,923,069 and the maximum amount that may be raised under the SPP is approximately \$3.7 million. If the Company receives acceptances for more than the maximum, it will reduce the number of shares allotted to each shareholder on a pro-rata basis.

If the Company receives acceptances for less than \$2.5 million, then the SPP's underwriters will be allotted the number of shares required to ensure that the SPP raises the \$2.5 million.

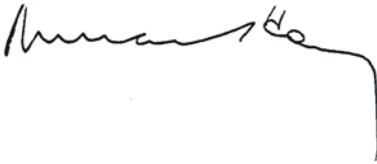
## Application Instructions

This offer will close at 5:00 pm (AEST) on 20 December 2007. Further details of the SPP are set out in the terms and conditions on the reverse of the Application Form, which is enclosed. If you wish to participate in the SPP, please read these terms and conditions, and return the application form and payment prior to the closing date of 20 December 2007.

The Directors encourage you to read these terms and conditions carefully and in their entirety. You should seek your own financial advice in relation to this offer and your participation in the SPP.

For further information, please contact Peter J. Nightingale, Company Secretary, on (61-2) 9247 8212.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael J. Hoy", with a long horizontal stroke extending to the right and a vertical line dropping down from the end.

Michael J. Hoy  
Chairman

pjn4161

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)

[Shareholder Name & Address]

[Shareholder Bar Code]

**THIS SAMPLE FORM IS FOR INFORMATION ONLY  
VALID APPLICATION FORMS ONLY AVAILABLE FROM COMPUTERSHARE**

Record Date: 16 November 2007

**SHARE PURCHASE PLAN APPLICATION FORM  
OFFER CLOSES 20 DECEMBER 2007**

This is an offer to eligible registered holders in Biotron Limited (Biotron) to subscribe for additional shares under the terms and conditions of the Share Purchase Plan (SPP) as set out on the other side of this application form.

Shares issued under this offer are priced at **\$0.17 per share** and shareholders may subscribe to one of the following three offers by ticking the appropriate box below:

Offer A <input type="checkbox"/>	Offer B <input type="checkbox"/>	Offer C <input type="checkbox"/>
29,400	15,000	6,000
\$4,998	\$2,550	\$1,020

Record the details of your cheque below with the relevant payment amount.

Drawer	Bank	Branch	\$ Amount

**Please note:**

- Payments may only be made by cheque or bank draft in Australian dollars and drawn on an Australian branch of an Australian financial institution.
- Your cheque should be made payable to "Biotron Limited" and crossed "Not Negotiable".
- Cash payments will not be accepted.
- Should the exact amount not be tendered, Biotron reserves the right to return your Application Form and money.

Please provide the following details in case we need to contact you in regards to your application.

Contact Name	Telephone Number 1	Telephone Number 2
	( )	( )

By returning this Application Form and your cheque to our office, you:

- agree to be bound by the terms and conditions of the SPP and the Company's Constitution; and
- certify and confirm that the subscription price for the shares subject of this offer, together with the subscription price of all other shares issued to me as a registered holder (or, where a beneficiary is noted on the register, to that beneficiary) under the SPP does not exceed \$5,000.

Your Application Form and cheque should be returned, **no later than 5.00pm (AEST) on 20 December 2007**, addressed to:

Biotron Limited  
Level 8  
261 George Street  
Sydney NSW 2000

You should allow sufficient time for this to occur.

## Biotron Share Purchase Plan Offer Terms and Conditions

Biotron Limited ("Biotron") is giving eligible shareholders the opportunity to subscribe for ordinary shares in Biotron through a Share Purchase Plan ("SPP"). Participation in the SPP is optional and subject to the following terms and conditions.

### Who is eligible to apply under this offer?

You are eligible to subscribe for ordinary shares under this SPP if you were a registered holder of fully paid ordinary shares of Biotron at the close of business on the Record Date of 16 November 2007, with a registered address in either Australia or New Zealand.

The offer under the SPP is non-renounceable, which means that you cannot transfer your right to purchase shares under the offer to anyone else.

### How much can you invest?

Eligible shareholders may choose to apply for one of the following offers:

	Number of Shares	Payment Amount
<b>Offer A:</b>	29,400 shares	\$4,998.00
<b>Offer B:</b>	15,000 shares	\$2,550.00
<b>Offer C:</b>	6,000 shares	\$1,020.00

No brokerage or other transaction costs are payable by participants in the SPP.

### How to pay for the shares

You may pay for shares under the SPP only in accordance with the instructions on the other side of this page.

If your payment is not for the exact amount for one of the four offers, Biotron reserves the right to return your Application Form and cheque or bank draft and not issue any additional Biotron shares to you.

### When does the offer close?

The Closing Date is 20 December 2007. Applications received after 5.00pm (AEST) on 20 December 2007 will not be accepted.

### How was the issue price determined?

The issue price for each share under the SPP is \$0.17, which represents a discount of approximately 11% to the weighted average market price of Biotron shares for the five business days on which sales of shares occurred preceding 16 November 2007, the date the price was set.

The market price of Biotron shares may rise or fall. This means that the issue price of \$0.17 under the SPP may exceed the market price at the time of allotment of shares under the SPP. Accordingly, you should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP. Any change in the market price of Biotron shares will not affect the issue price of \$0.17.

### Why is your investment limited to \$5,000?

The SPP must comply with the Australian Securities & Investments Commission Class Order [CO 02/831] ("the Class Order"), which limits the participation of each eligible shareholder to \$5,000 worth of ordinary shares. This limit applies to all eligible shareholders even if you receive more than one offer from Biotron (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts). Biotron reserves the right to reject any application for shares where it believes that an eligible holder has not complied with this requirement.

Where a trustee or nominee is noted on the Biotron share register as holding shares on behalf of another person (beneficiary), the trustee or nominee may, in respect of each such beneficiary, apply under the SPP for shares with a subscription price of up to \$5,000. For the purposes of this acceptance, the beneficiary is deemed to be the registered holder of the relevant shares.

### Allotment of Shares

The shares will be allotted as soon as practicable after the offer closes. Shareholding statements will be issued in respect of shares allotted to you under the SPP. You should await confirmation before trading in any shares you have applied for under this offer.

Shares allotted under the SPP will rank equally in all respects with all other fully paid ordinary shares in Biotron on the date of issue.

Biotron will, promptly after allotment of shares under the SPP, make application for the shares to be listed for quotation on the official list of the Australian Securities Exchange Limited ("ASX") and all other stock exchanges on which Biotron shares are listed.

### Refunds if the SPP is oversubscribed

If the total number of shares applied for by shareholders under the SPP exceeds 21,923,069 shares, then the number of shares allotted to each accepting shareholder will be reduced on a pro-rata basis, subject to rounding the adjusted number of shares at the Company's discretion.

Application moneys to be refunded will be posted to shareholders as soon as practical after the Closing Date. Interest will not be paid on money refunded.

### Change of offer

The SPP may be modified or terminated by Biotron any time. Biotron will advise the ASX of any modification or termination.

Without limiting the above, Biotron may resolve to allot to any person fewer shares than that person applied for under the SPP if the allotment of those shares would contravene any law or Listing Rules of the ASX.

### Dispute resolution

If any dispute arises in connection with the SPP, Biotron may settle it in any manner it thinks fit. It can do that generally, or in relation to any particular participant, application or share. Biotron's decision will be final and binding.

Biotron reserves the right to waive strict compliance with any provision of the SPP's terms and conditions. The power of Biotron in these circumstances may be exercised by the Company's Directors or any delegate of the Directors in accordance with the Corporations Act 2001 and the Company's Constitution.

### How can you make further inquiries?

If you have any questions in respect of the SPP, please contact Peter J. Nightingale, Company Secretary, on (61-2) 9247 8212.