

24 February 2006

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

(2 pages by email)

Dear Madam

BIOTRON COMPOUNDS ACTIVE AGAINST BIRD FLU

The Directors of Biotron Limited ('Biotron' or 'the Company') are pleased to advise that Biotron compounds have been shown to be active against the H5N1 strain of influenza A virus, commonly known as the 'bird flu'.

A number of Biotron's proprietary antiviral compounds have been tested against various strains of influenza A and B viruses by a large USA based research organisation. Several compounds had activity against various influenza A subtypes whilst one compound was shown to have good activity against a broad range of influenza A subtypes, including the H5N1 strain, as well as against influenza B. Further tests are being expedited.

The H5N1 strain of influenza A is a highly pathogenic avian influenza subtype that is becoming endemic in Asia. In recent months several human cases of the disease have occurred with a high fatality rate. Countries around the world are currently stockpiling existing flu drugs in case of a worldwide pandemic of a human form of H5N1. Influenza B is less common than type A, but also causes epidemics. The disease is milder than that produced by influenza A, but is potentially more serious in elderly patients. Current influenza drugs are ineffective against influenza B. The broad range of activity of Biotron compounds against influenza A and B suggests a new mode of action for Biotron's drugs.

In addition, Biotron has developed a high throughput assay to rapidly screen compound libraries for activity against drug-resistant strains of influenza A. This test will be a valuable tool in development of the next generation of influenza drugs.

Activity against strains of the influenza virus further demonstrates the strength and depth of Biotron's Virion antiviral drug development program. Biotron's lead anti-HIV drug BIT225 is in late stage preclinical development, with a Phase I/IIa proof-of-concept human clinical trial scheduled to be conducted this year. Biotron's anti-Hepatitis C (HCV) program has advanced to the stage that several lead candidates have been identified and are currently undergoing additional testing to select a lead compound to progress into human trials.

Biotron is currently further characterising the anti-influenza activity of its compounds, and is able to progress an influenza drug development program in parallel with its HIV and HCV programs.

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

Yours sincerely

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

Peter J. Nightingale
Company Secretary

pjn3394