

Level 2, 66 Hunter Street  
Sydney NSW 2000  
Tel: (61-2) 9300 3344  
Fax: (61-2) 9221 6333  
E-mail: [pnightingale@biotron.com.au](mailto:pnightingale@biotron.com.au)  
Website: [www.biotron.com.au](http://www.biotron.com.au)

5 March 2009

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 24 February 2009, I attach details of the Biotron Share Purchase Plan as despatched to shareholders.

For further information, please contact Peter J. Nightingale, Company Secretary, on (61-2) 9300 3344.

Yours sincerely,



Peter J. Nightingale  
Company Secretary

pjn4697

3 March 2009

Dear Shareholder

### **Biotron Share Purchase Plan**

As announced to the Australian Securities Exchange Limited ('ASX') on 24 February 2009, Biotron Limited ('Biotron' or 'the Company') offers eligible shareholders with the opportunity to participate in a capital raising initiative of Biotron through a Share Purchase Plan ('SPP').

The Directors are pleased to advise that the SPP is being managed by Bell Potter Securities.

Your support of your Company at this time is critical to:

- Completion of the Phase Ib/IIa Hepatitis C virus ('HCV') clinical trial.
- Ensuring that commercialisation negotiations following the completion of the HCV clinical trial are undertaken with the Company in a position of financial security.

The Directors encourage all eligible shareholders to support the Company and take advantage of this opportunity to acquire Biotron shares without brokerage or other transaction costs and at a discount of approximately 15% to the weighted average share price for the five business days preceding the date that the SPP was announced.

### **Introduction**

Biotron has achieved great success in its antiviral drug development program to date, culminating in its lead investigation drug, BIT225, currently being trialed in HCV positive patients.

This human trial will provide the first evidence of the efficacy (the antiviral effectiveness) of BIT225 in HCV positive patients. The successful completion of this human trial will represent the most significant milestone achievement for the Company to date and is the result of many years of painstaking work.

The vast majority of potential drugs never reach this stage of development and the significance of BIT225 reaching this stage of development and the work completed to get BIT225 to this stage should not be underestimated.

Following a successful completion of this human trial, the Company will focus its efforts on completing a commercial deal with a pharmaceutical company to continue the development of BIT225 to a marketable drug. Discussions with a number of pharmaceutical companies have been ongoing for some time and BIT225 is well known in the drug development industry. The Directors are keen to ensure that completion of commercial deal is not hurried or compromised by the Company's short term financial constraints. The success of a commercial deal will be assisted by the support of shareholders at this critical time.

### **History**

In late 2007, the Company completed a successful Phase I, first-in-human study of BIT225 in healthy volunteers.

Following this success, the first half of 2008 was spent designing the Phase Ib/IIa trial of BIT225 in patients infected with HCV – the first study of the drug in a patient population.

In consultation with experts in the field, the trial design was finalised, and documentation prepared for obligatory ethics and regulatory submissions. Approval for commencement of the Phase Ib/IIa trial was given in August 2008. The trial, code-named BIT225-003, is a placebo-controlled, randomised study of the safety, pharmacokinetics and antiviral activity of BIT225 in patients with HCV infection designed to assess the safety and tolerability of BIT225, to assess the pharmacokinetics of BIT225 and to assess the antiviral efficacy of BIT225 in these patients.

Eighteen patients are being randomly assigned to receive one of two dose levels of BIT225 or placebo. The trial is being conducted at two trial sites, based in Sydney and Brisbane, to expedite the trial by maximising the eligible patient recruitment rate.

Patient recruitment was initially slower than expected, however, modifications to the trial which have been made with ethics and regulatory approvals have resulted in a significant improvement in patient recruitment rates. To date, a total of 6 patients have successfully completed the trial and a further 6 patients are currently in a pre-trial process and are expected to be dosed within the next two weeks, subject to passing the pre-trial eligibility criteria.

Patient recruitment for the trial is expected to be completed by the end of March 2009.

Due to the design of the trial, results are not available until the end of the study. The trial is blinded, with patients receiving one of two dose levels of BIT225 or placebo and the study will only be unblinded at the conclusion of the trial.

While data from the patients dosed to date is incomplete and unknown to the Company, there have been no reported serious adverse events and the trial continues. It is truly a case of 'no news is good news'.

### **Financial History**

The Company has been strictly managed financially, having raised a total of only \$19.1 million from shareholders and only seeking shareholder support on three occasions since its initial public offering in December 2000.

At the time of the last capital raising in late 2007, Biotron anticipated leveraging shareholder funds, as it had done so before, by accessing matching funding for the Phase Ib/IIa trial through the Federal Government's Commercial Ready grant program. Regrettably and without any indication to do so, the Federal Government cancelled the Commercial Ready grant program in the May 2008 Federal budget, right at the time that Biotron was finalising protocols. Biotron had not anticipated having to fully fund the trial, so the cancellation of the grant program has had a significant adverse impact on the financial position of the Company.

The cancellation of the Commercial Ready grant program caused the Company to hold the commencement of a second Phase Ib/IIa clinical trial for the treatment of HIV and focus the Company's financial resources on the HCV clinical trial. The HIV clinical trial, which has finalised protocols ready for submission for ethical and regulatory approvals, could be commenced quickly with sufficient financial resources.

The Company is focused on achieving a successful outcome from the HCV trial, and has been progressing discussions with potential pharmaceutical companies in anticipation of finalising a deal once the trial has been completed. The trial has been designed to benefit shareholders through significantly increasing the value of Biotron in the market and to its future pharmaceutical company partners.

It is critical that the Company be sufficiently funded to enable full analysis and review of the data, and to enable negotiation of a partnership/licensing deal with an international pharmaceutical company at the conclusion of the trial. To this end, the Directors believe it is prudent at this time to raise additional capital to ensure that maximal value can be extracted from the trial for shareholder value creation. Being in a strong financial position will put Biotron in a stronger negotiating position with potential partners. 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 completion of the Phase Ib/IIa HCV clinical trial and ensuring the Company is in a position to complete negotiation of a licensing deal.

## About BIT225

BIT225 is an investigational, orally-administered, novel antiviral compound in development by Biotron for treatment of HCV and HIV infections. It offers 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. 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. A Phase I trial in healthy volunteers was completed in late 2007 and Biotron is currently progressing protocols and other documentation through the necessary ethics and regulatory processes, with the aim of progressing BIT225 into a Phase Ib/IIa trial in HIV-positive patients. A Phase Ib/IIa trial in HCV-positive patients is currently underway at two trial sites in Australia.

## Eligible Shareholders

The right to participate in the SPP is available to holders of fully paid ordinary shares on the record date of 2 March 2009 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 \$5,000 in additional shares at \$0.08 representing a discount of approximately 15% to the weighted average share price for the five business days preceding 24 February 2009 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 \$5,000 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 \$0.08. This price has been set at a discount of approximately 15% to the weighted average market price of Biotron ordinary shares calculated over the five business days preceding 24 February 2009.

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

The maximum number of ordinary shares that may be issued under the SPP is 31,333,069 and the maximum amount that may be raised under the SPP is approximately \$2.5 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.

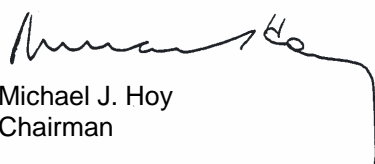
## Application Instructions

This offer will close at 5:00 pm (AEST) on 6 April 2009. 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 6 April 2009.

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) 9300 3344.

Yours sincerely



Michael J. Hoy  
Chairman

Level 2, 66 Hunter Street  
Sydney NSW 2000  
Tel: (61-2) 9300 3344  
Fax: (61-2) 9221 6333  
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: 2 March 2009

**SHARE PURCHASE PLAN APPLICATION FORM  
OFFER CLOSES 6 APRIL 2009**

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 **\$0.08 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"/>
62,500	31,250	12,500
\$5,000	\$2,500	\$1,000

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 6 April 2009**, addressed to:

Biotron Limited  
Level 2  
66 Hunter 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 2 March 2009, 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>	62,500 shares	\$5,000.00
<b>Offer B:</b>	31,250 shares	\$2,500.00
<b>Offer C:</b>	12,500 shares	\$1,000.00

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 6 April 2009. Applications received after 5.00pm (AEST) on 6 April 2009 will not be accepted.

### How was the issue price determined?

The issue price for each share under the SPP is \$0.08, which represents a discount of approximately 15% to the weighted average market price of Biotron shares for the five business days on which sales of shares occurred preceding 24 February 2009, the date the price was set.

The market price of Biotron shares may rise or fall. This means that the issue price of \$0.08 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 \$0.08.

### 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 ASX 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 31,333,069 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) 9300 3344.