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6 November 2007

The Manager - Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000 (1 page by email)

Dear Madam,

RE: Commercial Ready Grant for Clinical Development of HIV/AIDS Drug

The Directors are pleased to advise that Biotron Limited ('Biotron') has received a grant of $465,000 from the Commonwealth Government's Commercial Ready Grant Program. The grant is a partial reimbursement of expenditures incurred in the Phase I clinical development and testing of BIT225, Biotron's lead anti-HIV drug.

This latest grant is in addition to the previous grants, including a Biotechnology Innovation Fund (BIF) grant which assisted with early-stage development of new drugs for various targeted viruses, and a Start Grant which facilitated the selection and preclinical testing of BIT225. The current Commercial Ready Grant will enable Biotron to accelerate clinical testing of BIT225 in humans.

As previously announced, Biotron has recently successfully completed a Phase I clinical trial of BIT225 in humans. The data from this Phase I clinical trial indicated that BIT225 is 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.

In addition to HIV, BIT225 has shown excellent activity against Hepatitis C virus, and 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 early in 2008.

For further information, please contact Dr. Michelle Miller, CEO, on (61-2) 9247 8212.

Yours sincerely

Peter J. Nightingale
Company Secretary

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