Biotron Limited
A.B.N. 60 086 399 144

Level 8, 261 George Street
Sydney NSW 2000
Tel: (61-2) 9247 8212
Fax: (61-2) 9247 3932
E-mail: pnightingale@biotron.com.au
Website: www.biotron.com.au

9 May 2008

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

Dear Madam

RE: SHAREHOLDER UPDATE

In accordance with Listing Rule 3.17, I attach a copy of a document, being an update on the progress of the Company's projects, as sent to the Company's shareholders.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn4370

Biotron

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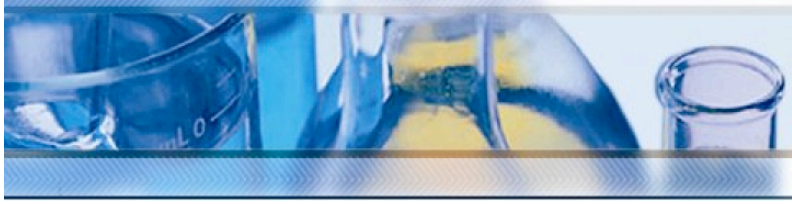

BITNews

May 2008

Dear Shareholder

Welcome to this edition of Biotron's newsletter, *BITNews*. These first few months of 2008 have seen turmoil in the stock market, and Biotron has not escaped the general downturn. The Directors believe that the current share price does not reflect the intrinsic value of the Company's technologies.

Biotron continues with a robust drug development program which shows every promise of achieving commercial success. Since completing the Phase I clinical trial in healthy volunteers in late 2007, we have been compiling the drug data packages that will support two new trials – one in HIV-positive and one in HCV-positive patients. These are highly detailed documents that are required for submission to relevant ethics and regulatory authorities. Preparation of these data packages is now complete, which is a substantial milestone for the Company.

During the first quarter of this year the Company has been in extensive consultation with international and national clinical advisors who have specific expertise in the design of trials of new drugs in patients. Biotron's lead drug, BIT225, is a new class of drug with a new mode of action. It is critical that the trials are designed correctly to ensure the required outcomes can be achieved. The data from these trials will be used to support on-going development of BIT225, and critically, will be the major item that maximises their value to a multinational pharmaceutical company. Correctly designed and implemented trials will benefit shareholders as returns to the Company from a commercial deal will be maximised.

The other key reason for ensuring the trials are correctly designed is to maximise patient recruitability. Defining inclusion and exclusion criteria for trial participants – such as stage of disease, past treatment, current co-treatment, unrelated diseases, age and gender – determine how quickly we will be able to recruit a sufficient number of patients and complete the trial. Delaying commencement of the trials while these criteria are determined is preferable to commencing poorly-designed trials with slow recruitment and significantly prolonged outcomes.

At time of writing, final versions of trial protocols have been prepared, and will shortly be submitted to ethics and regulatory authorities. We anticipate receiving approvals to commence these trials before mid-year.

In December 2007 Biotron initiated and completed a Share Purchase Plan (SPP) to raise additional capital for clinical development of its antiviral programs. The issue of 14,700,000 shares to raise $2.5 million was underwritten by Martin Place Securities Pty Limited. The Directors would like to thank all those shareholders who supported the Company by participating in this recent capital raising.

Extended Safety Doses for BIT225

Biotron recently completed an additional higher dosage of BIT225 in healthy volunteers. This was done as an extension to the Phase I trial that was completed late last year. The higher dose was given as no dose-limiting toxicities were noted during dosing at the lower levels. This higher dose of 600mg BIT225 was well tolerated and results have further strengthened the data package that will support the proposed trials in HIV-positive and HCV-positive patients.

Presentation of Phase I Study to International Experts

In December 2007 Biotron presented the results of the Phase I clinical trial of BIT225 to an international audience of clinicians, researchers, scientists and pharmaceutical company representatives from around the world assembled at the HCV DART 2007 conference in the USA.

At the conference, Biotron also presented a second paper on BIT225, with data showing that BIT225 significantly improves the activity of the current leading HCV therapies in an *in vitro* model system. Studies performed in the USA have shown BIT225 is highly synergistic in a triple combination with two of the most common HCV therapies in use today – ribavirin and interferon-α. The addition of BIT225 to ribavirin and interferon-α increased the level of inhibition of viral replication from 70% with the two other drugs to 100% when BIT225 was added to the mix. The potency of BIT225 was increased tenfold in this triple combination, compared to its activity on its own, with only one tenth the amount of BIT225 needed to achieve this excellent result in combination compared to on its own. The data indicate that BIT225 has the potential to be used in combination therapy to achieve a higher level of antiviral activity against HCV than is currently possible, while improving the potency of each of the drugs in the combination.

The two papers generated significant interest and discussion by the international antiviral drug community.

Further evidence of this interest was the invitation extended to Biotron to present at another international conference in March 2008. The 5th Anti-Infectives Partnering & Deal Making Summit, also held in the USA, was an infectious disease partnering and business development conference that gives global biotechnology and pharmaceutical companies an opportunity to network with high-level executives from top pharma and various biotech/pharmaceutical companies, as well as to explore potential collaborations, and discuss relevant anti-infective issues and deals that affect the industry. Biotron presented a paper on BIT225 to an audience of experts from leading organisations such as AstraZeneca, Boehringer Ingelheim, Eli Lilly and Company, Global Alliance for TB Drug Development, GlaxoSmithKline, Human Genome Sciences, Merck, Novartis, Wyeth and many more.

BIO2008, San Diego

In June 2008, Biotron will be attending the annual international biotechnology partnering conference, BIO2008 in San Diego. This conference provides an excellent opportunity to showcase Biotron's antiviral drug programs to an international audience, and Biotron will participate in one-on-one meetings with business executives from US and European companies. This provides an opportunity to further advance discussions with potential partners.

Thank you for your continuing support.

Sincerely,

Michelle Miller
CEO & Managing Director
Biotron Limited

Street Address: Suite 1.9, 56 Delhi Road, North Ryde NSW 2113, Australia
Postal Address: Box 31, 3 Julius Ave, North Ryde NSW 2113, Australia
☎+ 61 (0) 2 9805 0488 | 🖷 + 61 (0) 2 9805 0688 | ✉ mmiller@biotron.com.au