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20 October 2006

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

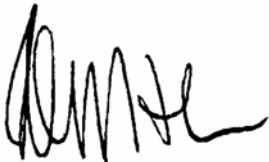
(25 pages by email)

Dear Madam,

RE: PRESENTATION TO ANNUAL GENERAL MEETING

I attach a PowerPoint presentation and explanatory notes which are to be delivered to the shareholders present at today's Annual General Meeting which to be held at 9.00 am.

Yours faithfully



Peter J. Nightingale
Company Secretary

pjn3658



Biotron

AGM

20 October 2006



BIOTRON LIMITED

- Developing new generation antiviral drugs with large, expanding world markets.
- Current major focus on drugs to treat HIV-1 and Hepatitis C virus.

HIV - HIGH GROWTH MARKET

- 39.4 million people with HIV/AIDS in 2004
- 4.9 million new cases of HIV infection in 2004 (13,500 per day)
- 3.1 million people died of HIV/AIDS-related causes in 2004 (8,500 per day)
- Global market US\$6.6 billion p.a., with US accounting for 70% of sales

NEW TREATMENTS NEEDED

- Development of resistant viral strains is a main cause of antiretroviral therapy failure
- Most patients develop resistance to existing HIV drugs
 - ~ 26% newly diagnosed patients have resistant strains of virus
 - ~ 78% of late-stage patients develop resistance to existing therapies
- FDA approved HIV therapies include 1 Entry Inhibitor, 17 Reverse Transcriptase Inhibitors and 10 Protease Inhibitors
- Unmet need for new drugs suitable for HAART* therapy that attack the virus in new ways

* Highly Active Anti-Retroviral Therapy

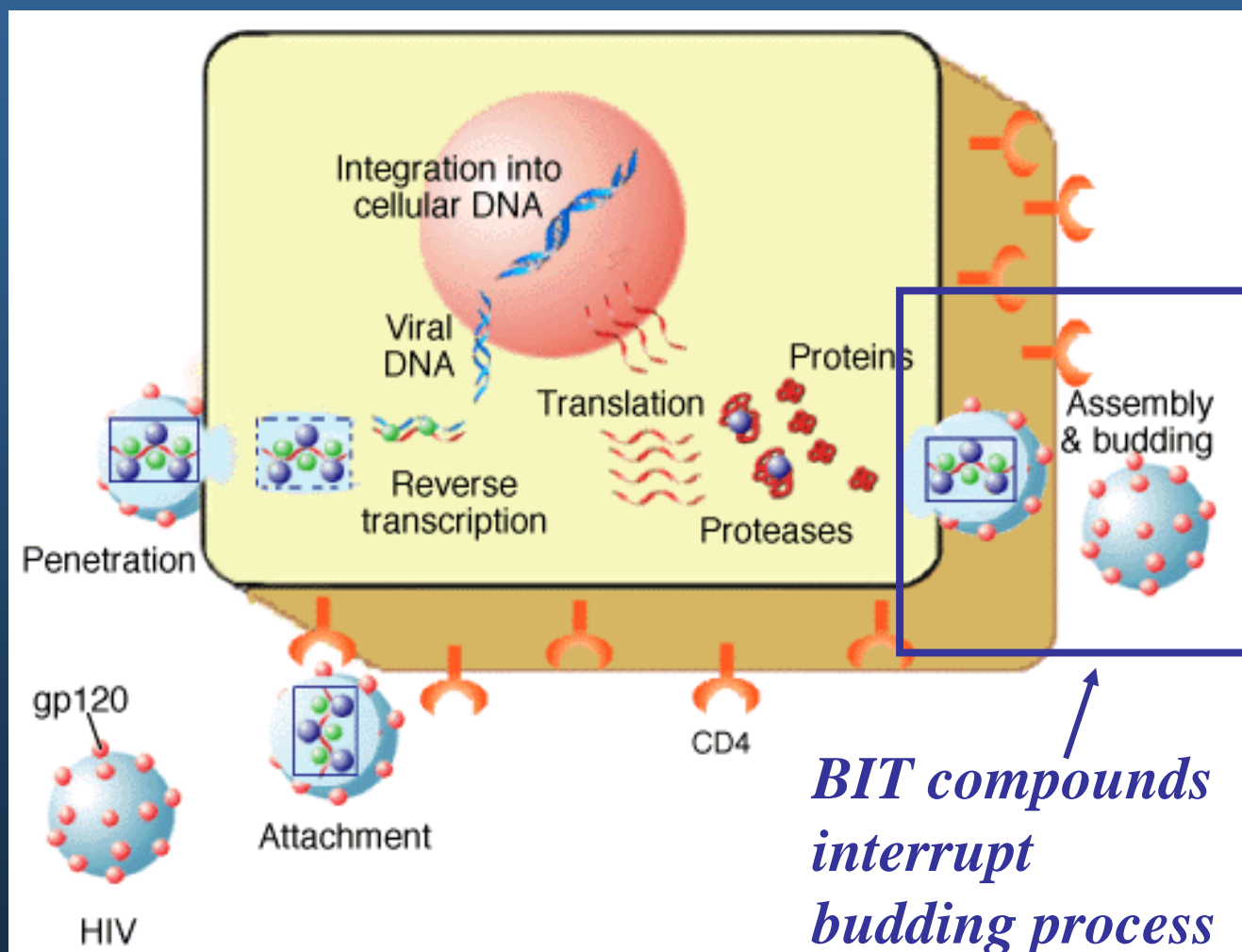
HIV DRUG DEVELOPMENT PROGRAM

- Designed and synthesised library of ~250 compounds to target Viral Protein U (Vpu)
 - >70% active against target
- Developed bacterial cell-based assay for target screening
- Selected subset for detailed studies to determine “druggability” profiles
- In late 2005 selected BIT225 as lead compound to take to the clinic

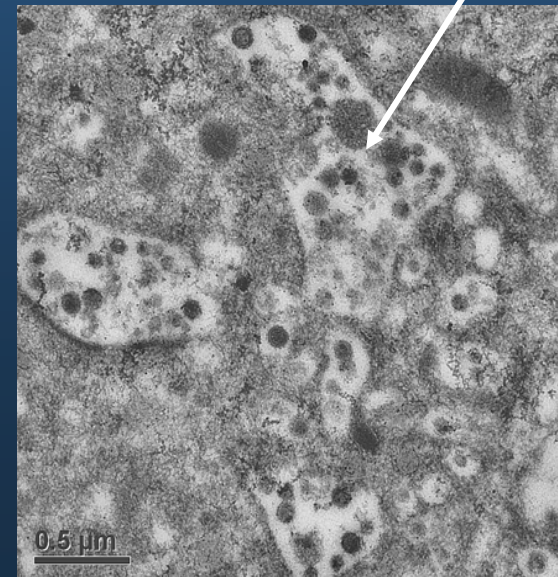
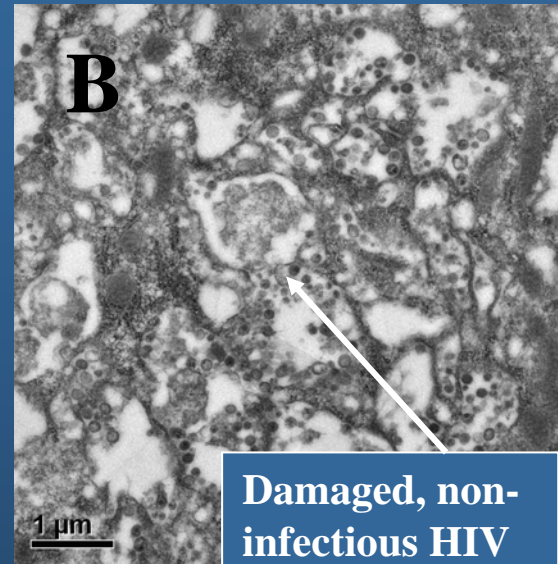
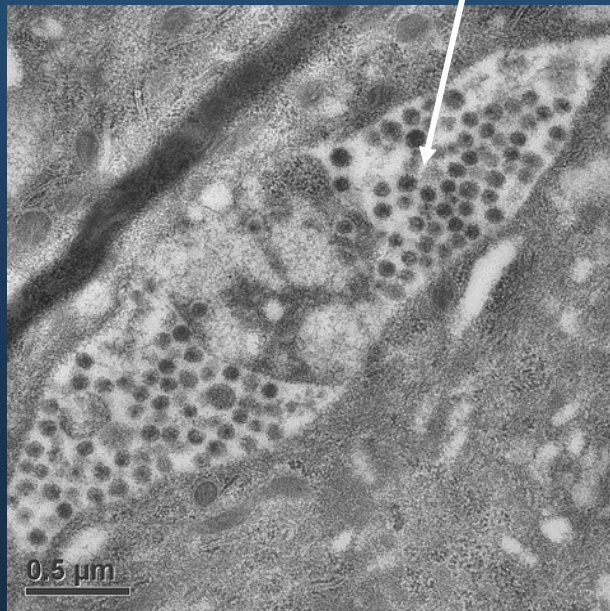
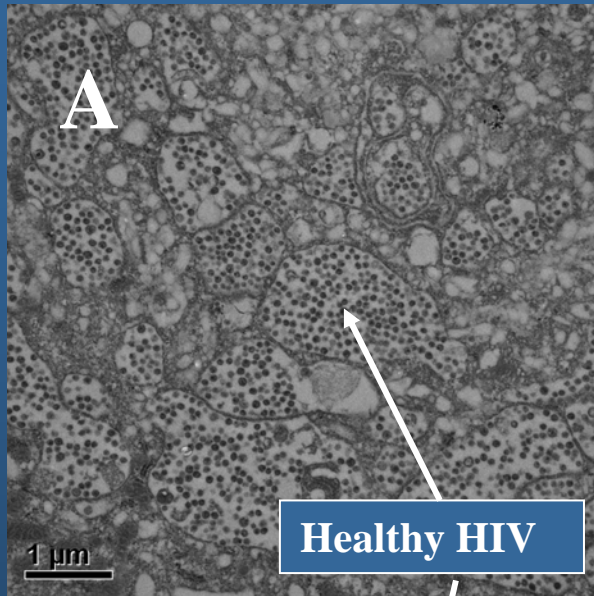
BIT 225 –A NOVEL APPROACH

- BIT-225 designed as a Viral Protein U (Vpu) inhibitor
- No existing drugs target HIV Vpu protein – novel mode of action
- Disturbs formation of new virus particles through budding process
- Reduces infectivity of virus produced by infected cells

BIT- 225 TARGETS DIFFERENT STAGE OF HIV LIFE CYCLE

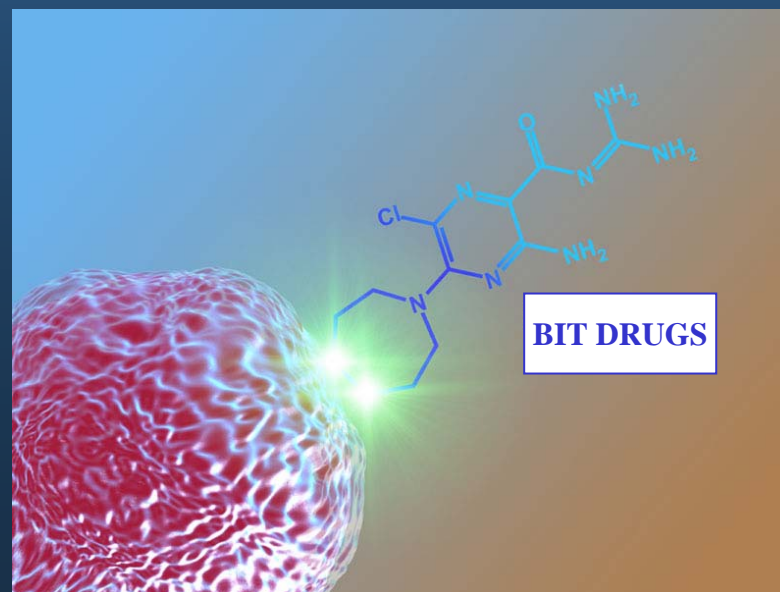
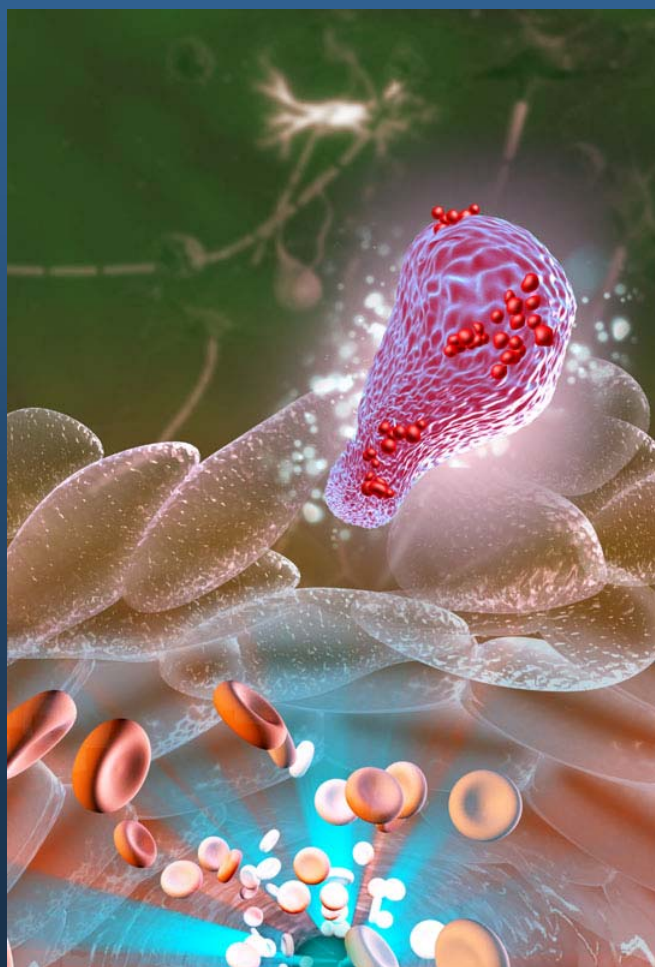


Human cells infected with HIV – Untreated (A) and Treated with BIT225 (B)



BIT- 225 ACTIVE IN VIRAL RESERVOIR CELLS

- Eradication of HIV from reservoirs is essential to prevent development of AIDS
- Current HIV drugs cannot eradicate the underlying seat of infection (termed the viral reservoir)



BIT- 225 PROFILE

- ✓ • High oral bioavailability
- ✓ • Good stability and half-life *in vivo*
- ✓ • Excellent safety profile in animals
- ✓ • Good activity against HIV *in vitro*
- ✓ • Active against resistant strains of HIV
- ✓ • Synergistic with leading current HIV therapies
- ✓ • Relatively short synthetic process for manufacture
- ✓ • Novel compound - new mechanism of action

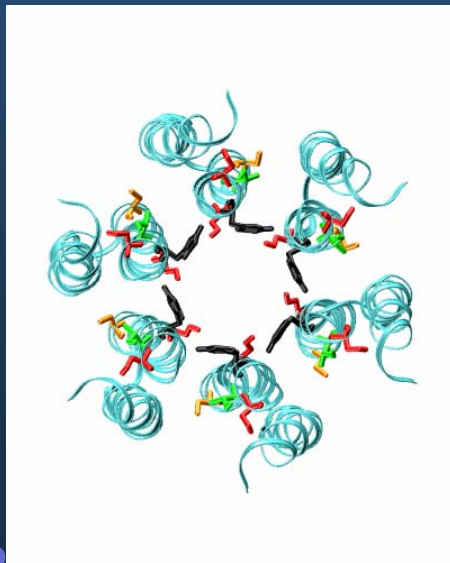
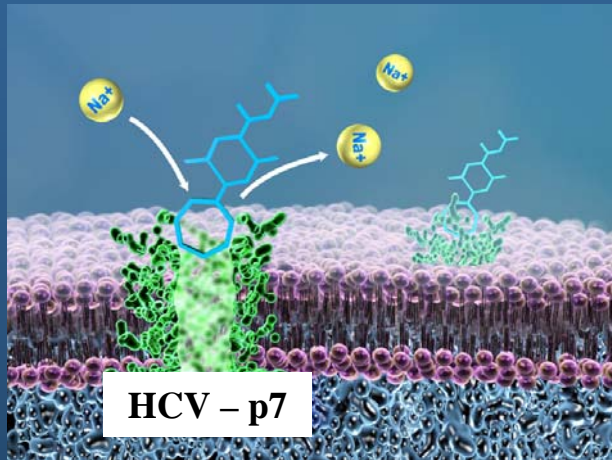
BIT- 225 RECENT PROGRESS

- Manufacture of drug complete
 - Process development and scale-up from lab scale to kilo-scale reactors
 - Delivery of ~0.5kg GLP and ~2.5kg GMP grade BIT225
- Formal preclinical safety and toxicity studies in final month
- Phase I/IIa human clinical trial
 - Identified site for human trial
 - Preparing synopsis/protocol for trial
 - Preparing Investigator's Brochure for BIT225
 - Preparing submission for ethics committee
 - Due to commence early in 2007

HEPATITIS C VIRUS (HCV) MARKET

- 4x more prevalent than HIV
- 4m patients in US (2.7m chronic infection); 170m worldwide
- Worldwide market ~US\$2.8 billion currently predicted to expand to >US\$10b
- US surgeon general considers hepatitis C is one of the most significant public health threats facing US.
- Existing therapies ineffective and toxic

BIOTRON – TARGETING HCV P7



- No existing drugs target HCV p7
- p7 target is essential for production of infectious HCV
- p7 and Vpu belong to same class of viral proteins called *viroporins*

BIOTRON'S HCV PROGRAM

- Developed proprietary assays to screen for anti-HCV activity
- Identified several lead candidates targeting HCV-p7 from Biotron compound library
- Compounds had good antiviral activity against HCV surrogate viruses
 - HCV can't grow in cell cultures so closely related viruses are used as surrogate models of infection
- **BIT225 had good antiviral activity in these assays**
- **Potential to fast-track to human trials based on preclinical data generated for HIV program**

UPDATE ON OTHER ANTIVIRAL PROGRAMS

- Influenza A
 - Good activity against several subtypes including the highly pathogenic H5N1 subtype
 - Developed rapid screen for activity against drug resistant strains of influenza
 - Progressing to testing in *in vivo* animal disease models of influenza
- Dengue virus
 - Developing *in vivo* animal disease model for further testing
 - Characterising mode of action of anti-Dengue compounds

C-TEST CANCER DIAGNOSTIC UPDATE

- Identifying new biomarkers that will allow unambiguous diagnosis of difference cancer types
- Current focus on prostate cancer and colorectal cancer
 - Identified potential biomarkers
 - Determining molecular structure
- Focused on developing simple processes to translate this into a commercial product
 - Sensitive, rapid, non-invasive assays
- Potential to expand technology to other immune-based disorders such as diabetes

ANTICIPATED MILESTONES 2006/07

BIT225 HIV Program:

- Completion of BIT225 preclinical and formulation work; regulatory/ethics approvals filed Q4 06
- Commencement of Phase I/IIa clinical trial in humans Q1 07
- Results of Phase I/IIa clinical trial Q2 07

ANTICIPATED MILESTONES 2006/07

HCV Program:

- *In vivo* efficacy data in animal model Q4 06
- Regulatory/ethics approval for Phase IIa human trial Q1 07
- Commencement of Phase IIa clinical trial for HCV Q2 07

FINANCIAL SUMMARY

- \$3.9 million cash as at 30 Sept 2006
- Raised \$4.3 million via rights issue in April 2006
- Received additional funds from AusIndustry and ACT Govt grants



Dr Michelle Miller

Chief Executive Officer

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**COMMENTARY FOR A PRESENTATION TO
THE 2006 ANNUAL GENERAL MEETING
20 OCTOBER 2006**

I am pleased to be able to present this update on the Company's activities. The last 12 months have seen major advances in progression of the Company's projects – particularly the Virion antiviral drug development program. Biotron's prime focus is on development of small molecule drugs that target HIV and Hepatitis C virus (HCV). This program has made excellent progress, to the point where we are now approaching a human clinical trial with Biotron's anti-HIV drug BIT225, and current indications are that this will be followed closely by a human trial for HCV.

Slide 2

HIV is considered to be a high growth market. In 2004 (the most recent date with compiled data) 39 million people world-wide were infected with AIDS, with 4.9 million new cases. Over 3.1 million people died of HIV/AIDS related causes that year. The global market is worth US\$6.6 billion per annum, with the USA accounting for 70% of these sales.

Slide 3

Despite the relatively large number of HIV drugs on the market, infected patients are still progressing to development of AIDS with subsequent death. Development of resistance to antiviral drugs by the HIV virus is the main cause of therapy failure. At the time of initial diagnosis 26% of patients have drug resistant virus in their body, and this increases to 78% of late-stage patients. Existing HIV drugs fall into one of three main classes – entry inhibitors, reverse transcriptase inhibitors and protease inhibitors. It is well recognised that new approaches to HIV therapy are needed to counter-act the development of drug resistance that occurs with current therapies.

Slide 4

Biotron's HIV program is developing a new class of drugs for treatment of HIV infection. The program has involved rational design and synthesis of a focused library of small molecule compounds specifically targeted to the Vpu protein of HIV. These compounds were screened for activity against the Vpu protein target through Biotron's proprietary rapid screening assay. This assay was central to the screening program. It takes up to 4 weeks to test a single drug in standard HIV assays, while Biotron's assay only takes overnight and hundreds of compounds can be screened at a time. The most active compounds were then tested for activity in HIV-infected human cells. In early 2005 a subset of the most active compounds was selected for detailed studies to determine their target potency and selectivity, and to determine if they had favourable drug-like properties. Late in 2005 BIT225 was selected as the lead compound to take through to human clinical trials, based on its activity and favourable druggability profile.

Slide 5

BIT225 represents a novel, first in class approach to the treatment of HIV. BIT225 targets the Vpu protein of HIV, a protein that plays important roles in the budding and release of newly formed viruses from infected cells. Specifically, BIT225 works by disturbing the formation of new virus particles, and reduces the infectivity of virus that is produced by HIV-infected cells.

Slide 6

BIT225 works at a different stage of the HIV life cycle compared to existing classes of HIV drugs. Existing drugs target one of three HIV proteins, as mentioned above, while BIT225 targets Vpu, a new drug target in the fight against HIV. BIT225 disrupts the budding, or the production and release of infectious virus, stage of the life cycle, which is a later stage in the virus life cycle than the other drugs. BIT225 has the potential to be used in combination with existing therapies to prevent development of drug resistance, and also has the potential to be used in patients who have failed existing therapies.

Slide 7

Electron microscopes are very powerful microscopes that have allowed us to look directly inside human cell infected with HIV. Panel A shows untreated HIV-infected cells, where uniform, healthy HIV virus particles are clearly visible inside pockets within the cells. The lower panel shows this at higher magnification. Panel B shows HIV-infected cells that have been treated with BIT225. The virus no longer has regular, uniform shape, and when this deformed virus is tested, it is not able to infect other cells.

Slide 8

Critically, BIT225 specifically targets HIV in reservoir cells, in contrast to current therapies that work by reducing the levels of HIV in the blood to undetectable levels. However, these drugs have no effect on the underlying reservoir of infected cells where the HIV hides from the immune system. Over the lifetime of a patient virus from these reservoir cells rebounds into the blood, necessitating on-going treatment with antiretroviral drugs.

Currently, no therapies are active in these latent cells and elimination of this reservoir of HIV is essential if the virus is to be completely eliminated from the body. BIT225 is specifically active in these reservoir cells and represents an opportunity to attack HIV at its source. BIT225 could be used in combination with existing antiretroviral therapies to achieve the dual effect of arresting viral replication and eliminating the viral reservoir to achieve total elimination of HIV in the body.

Slide 9

BIT225 has excellent activity and drug profiles. It has good oral bioavailability, which means it can be given in tablet form, and has shown good stability and half-life *in vivo*. It has good activity against a range of different subtypes of HIV in *in vitro* assays. Importantly, BIT225 has been shown to have good activity against strains of HIV that are resistant to other HIV drugs. Recent studies have demonstrated that BIT225 is able to improve the activity of current HIV therapies, further supporting its use with existing HIV drugs. It has a relatively short synthetic process for manufacture. And most importantly, it is a novel compounds with a new mechanism of action.

Slide 10

During 2006, BIT225 has progressed through process development and scale-up manufacture of the drug to GMP standards. Several kilograms of drug have been made, and this material has been used to complete the formal preclinical safety studies that are a prerequisite for approval for human clinical trials. This material will also be used for the clinical trial itself.

Final preclinical safety and toxicology studies are in progress with a leading European contract research organisation and are due to conclude later this month. These studies comply with international regulatory standards, and the results will form the basis of future regulatory approvals for Biotron's drug with organisations including the Therapeutic Goods Administration ('TGA') in Australia and the Food and Drug Administration ('FDA') in the USA, which control approvals for new drugs in humans. The studies have included a range of cell and animal-based studies to determine the safety profile and potential toxicities of the compound. Specific tests have monitored cardiovascular, respiratory and neurological functions. The preclinical testing program has progressed very smoothly, with good results in the various pharmacokinetic, toxicology and safety studies performed. The success of BIT225's preclinical testing program is largely due to the rigorous lead selection program that was implemented by Biotron in the selection of BIT225 as the lead candidate compound.

Biotron has identified a site for the Phase I/IIa human clinical trial, and work is underway to prepare the necessary documentation that is required for submission to appropriate hospital, ethics and regulatory authorities to support approval for commencement of the human trial. The trial is due to commence early in 2007.

Slide 11

The Virion antiviral technology has expanded to cover a wide range of economically significant viruses in addition to HIV-1. Whilst Biotron's prime focus is on its anti-HIV drug development program, development of therapeutics for viruses other than HIV continue with a focus on HCV. HCV is a very attractive target for Biotron. It is estimated that in the US alone some 4 million people have been infected with Hepatitis C, with 2.7 million suffering from chronic infection. Worldwide, 170 million people are infected. Existing drugs for HCV are ineffective and toxic, leaving an unmet need for new therapies. The worldwide market is currently almost US\$3 billion, but is estimated that this market will expand to over US\$10 billion as safe, effective therapies enter the market.

Slide 12

Biotron is developing small molecule drugs that target the p7 protein of HCV. P7 represents a new anti-HCV drug target. The protein is essential for production of infectious HCV. Both Vpu and p7 belong to the same class of protein known as viroporins, and have similar overall structures, which has facilitated the rapid development of compounds targeting p7 by Biotron.

Slide 13

Biotron has developed proprietary assays to screen compounds for activity against p7 of HCV, and has screened its compound library for activity against the p7 target. Selected compounds with good anti-p7 activity have been identified. A subset of these compounds has been tested for antiviral activity in HCV surrogate virus models. Due to the absence of an efficient cell culture (*in vitro*) system for the growth of HCV, drug discovery efforts for this virus rely on the use of surrogate virus models. These models include Bovine Virus Diarrhoea Virus (BVDV) and GB virus-B (GBV-B), which are animal viruses that are closely related to HCV and which grow readily in cell cultures. Both assays have been used by industry to identify drugs for progression into HCV clinical development programs.

Several Biotron compounds had good activity in these infectious assays. The more active compounds will now progress to *in vivo* animal models of HCV disease. One of the compounds with the best anti-HCV activity in the surrogate assays has been BIT225, which is currently in development by the Company for treatment of HIV-1. Additional studies are currently underway by Biotron to determine the suitability of BIT225 for treatment of HCV in addition to HIV. BIT225 will undergo safety studies in human volunteers early in 2007 followed by testing in HIV-positive patients, and it is anticipated that a human trial of BIT225 against HCV could be underway shortly thereafter.

Slide 14

Earlier this year a number of Biotron's proprietary antiviral compounds were tested against various strains of influenza A and B viruses. 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. 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. These compounds are progressing into *in vivo* animal models of influenza.

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.

Development of compounds for treatment of Dengue virus is also underway, with development of an animal model of disease for testing of compounds for anti-Dengue activity in progress.

Slide 15

C-Test - Cancer Diagnostic Update

There is a real need for new tests that allow unambiguous cancer diagnoses to be made at an early stage. The best tests will be simple and non-invasive assays that allow rapid and accurate diagnosis of the type of cancer and its stage. While a number of tumour markers have been identified in the past, they have generally been found to lack sensitivity and specificity for different types of cancers. To address this need, Biotron is developing sensitive, rapid, non-invasive assays to detect and diagnose specific types of cancer. Research undertaken by the C-Test project team has led to the profiling of sera from patients with different types of cancer, showing that the glycolipid expression pattern is unique between cancer types. Trials have been undertaken to demonstrate the utility of this glycomics approach for diagnosis of prostate and colorectal cancers. During the last 12 months, Biotron has continued to optimise its assay methods and identify differences in the free oligosaccharide and glycolipid expression profiles between cancer patients and normal individuals. Analysis of a larger data set is currently in progress to validate earlier results.

Biotron is currently investigating wider applications for its C-Test technology. The methodology has potential application for a wider range of diseases than cancer, including various immune based disorders such as diabetes.

Slide 16

Biotron anticipates the following milestones for the HIV Program during 2006/2007 FY:

1. Completion of preclinical work and submission of regulatory/ethics approvals by end Q4 06.
2. Commencement of Phase I/IIa human clinical trial in Q1 07.
3. Results of Phase I/IIa trial by end of Q2 07.

Slide 17

Biotron anticipates the following milestones for the HCV Program during 2006/2007 FY:

1. Efficacy data from *in vivo* animal models of HCV disease by end Q4 06.
2. Filing of regulatory/ethics approval for Phase IIa human trial for HCV in Q1 07.
3. Commencement of Phase IIa human trial for HCV in Q2 07.

Slide 18

During the year, Biotron raised \$4.3 million (net) through an underwritten rights issue. These funds will support the HIV program Phase I/IIa human trial for BIT225, advance the Company's HCV antiviral program through preclinical development towards the clinic and progress development of therapeutics for other viral diseases of interest. The Board is appreciative of the support of shareholders who participated in this recent capital raising.

The Company has sufficient cash in hand to achieve a commercial outcome for these technologies, but continually exercises rigorous cost control to ensure it has sufficient capital on hand to develop its technologies through these initial clinical trials. Cash balance at 30 September 2006 was \$3.9m.

Biotron is now positioned to complete its transition from an R&D-focused company to a true drug development company with a strong portfolio of clinical stage development programs. During 2006/07, Biotron looks forward to reaping the benefit of these key advances in Virion to maximise returns to shareholders.