

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

17 August 2005

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

(1 page by email)

Dear Madam,

**RE: BIOTRON COMPOUND ACTIVE AGAINST RESISTANT HIV**

The Directors are pleased to advise a significant advancement in development of Biotron Limited's ('Biotron') HIV antiviral development program.

Biotron's prime lead candidate compound has been shown to have activity against strains of HIV that are resistant to other HIV drugs. These recent studies, independently performed by Southern Research Institute of Maryland, USA, are significant as they indicate that the Company's compound has the potential to treat AIDS patients who have failed existing therapies. The development of resistant viral strains is one of the main reasons for failure of antiretroviral therapy, and occurs in up to 28% of HIV-positive patients. Biotron's anti-HIV therapy represents a first in class new approach to treatment of HIV.

As previously advised, the Company is in the final stages of a range of preclinical tests on a number of lead candidates as part of an orderly program which will result in the selection of a lead compound to progress into human clinical trials.

This work has been funded in part by a \$1.66 million Federal Government Start Grant.

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

Yours sincerely



Peter J. Nightingale  
Company Secretary

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