

23 June 2004

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

(1 page by email)

Dear Madam,

VIRION PROJECT TOXICITY RESULTS

The Directors are pleased to advise that initial toxicity testing of the Company's anti-HIV lead drug candidates has been completed.

As previously advised, the Company has expanded its original anti-Vpu compounds into more than 160 analogues. Six of the most promising lead candidates have been independently tested overseas and shown to be able to inhibit replication of HIV-1 virus.

As part of a preclinical testing program, acute toxicity studies have been undertaken in mice to determine the 'no observed adverse effect levels' (NOAEL) of the six independently tested lead drug candidates.

The NOAEL results indicate that:

- all six compounds tested were metabolised by the mice after oral dosing; and
- toxicity levels are within acceptable limits.

These results are indicative of the druggable potential of the compounds, and move the Company one step closer to selection of a lead drug candidate.

Bioavailability studies of these compounds are in progress as part of a rigorous series of preclinical tests to ensure the compounds' safety and efficacy, leading up to a Phase I/IIa clinical trial in humans. These steps all form part of an ordered drug development program to maximise returns to shareholders in the commercialisation of the Virion Project by way of collaboration with a pharmaceutical company.

As part of the Company's commercialisation activities, the Company's CEO, Dr Michelle Miller, recently attended BIO2004 in San Francisco. This is the world's largest biotechnology industry conference, attended by leaders of pharmaceutical and biotechnology companies from around the world. A high degree of interest was shown in the Company's antiviral technology, and discussions are on-going with several potential partners and collaborators.

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

Yours sincerely



Peter J. Nightingale
Company Secretary