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28 October 2004

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

(1 page by email)

Dear Madam,

RE: SUCCESSFUL VIRION PROJECT TOXICITY TESTING

The Directors are pleased to advise that the next stage of toxicity testing of the Company's anti-HIV compounds has been successfully completed.

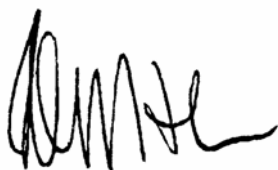
The toxicity studies, undertaken in rats, confirm and extend the results from previous toxicity studies completed by the Company. These independently conducted studies demonstrate that the Company's compounds have good oral bioavailability, indicating that they are amenable to administration in tablet form. In addition, the compounds were shown to have favourable metabolic and physicochemical properties, further supporting their potential as human drug candidates.

Pharmacokinetic and safety studies are continuing, and form part of the Company's ordered drug development program. This program includes a rigorous series of preclinical testing to ensure the compounds' safety and efficacy, leading up to a Phase I/IIa clinical trial in humans.

Proposals for the remaining preclinical studies and Phase I/IIa trial in humans have been negotiated with Australian and overseas contract research organisations and clinicians and are currently being considered by the Company.

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

Yours sincerely



Peter J. Nightingale
Company Secretary

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