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

8 September 2005

The Manager - Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000 (2 pages by email)

Dear Madam,

RE: LEAD HIV DRUG SELECTED TO PROGRESS INTO HUMAN TRIALS

The Directors of Biotron Limited ('Biotron' or 'the Company') are pleased to advise that a lead compound has been selected for advancement to clinical trials.

This is a very significant milestone achievement in the Company's HIV antiviral drug development program.

Selection of a lead compound has been the culmination of many months of robust testing of several lead candidate compounds, each of which had favourable characteristics in terms of safety, bioavailability and efficacy. The selected drug, BIT225, has consistently outperformed the other candidates in these studies. The risk associated with development of any new drug has been considerably reduced for BIT225, due to the extensive preclinical testing program to which it was submitted.

The Company's anti-HIV drug is the result of several years of research in the laboratory of Professor Peter Gage at the John Curtin School of Medical Research at the Australian National University, followed by a drug design, development and optimisation program by Biotron. Biotron's researchers are at the forefront of development of a new, exciting class of antiviral drugs.

Biotron will now engage a manufacturer for scale-up and synthesis of 5 kilograms of the drug, and will commence the final safety studies in animals that are an Ethics Committee requirement for the commencement of a Phase I/IIa human clinical trial.

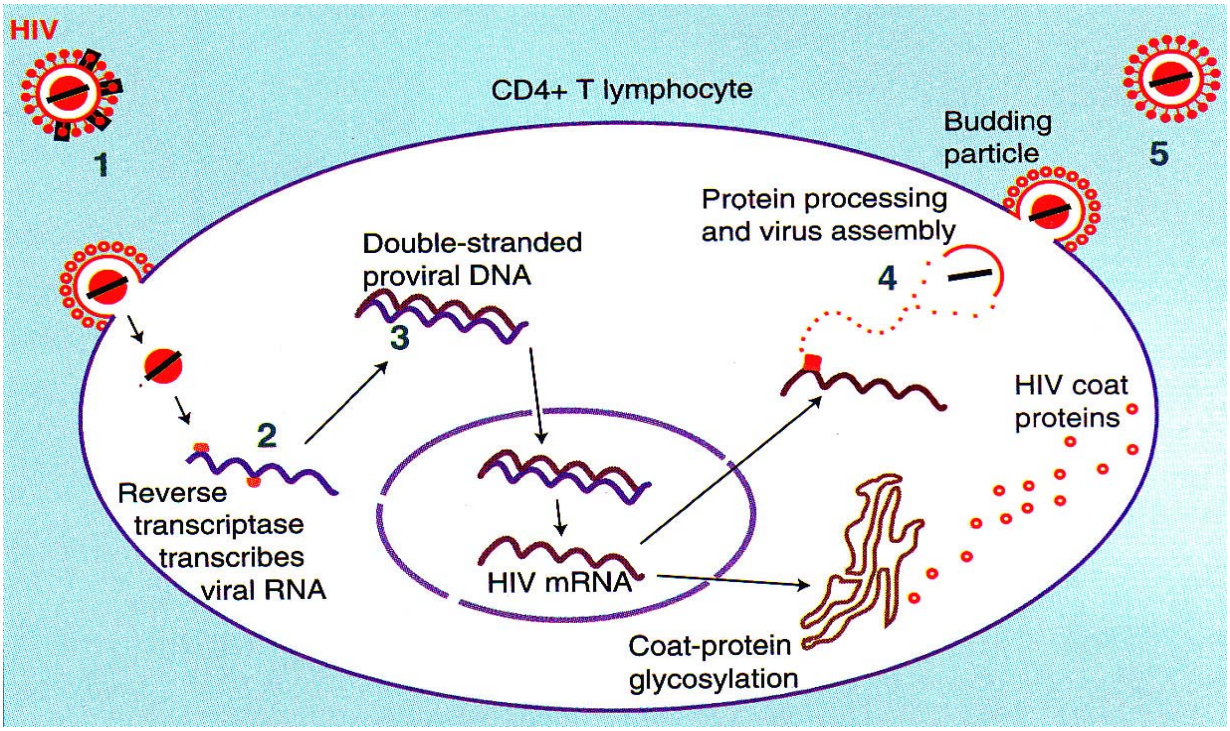
Discussions are already well progressed with a preferred compound manufacturer and with leading HIV clinicians regarding the clinical trial, which is anticipated to commence during the first half of 2006.

Biotron's anti-HIV therapy is a novel, first in class approach to the treatment of HIV.

Current anti-AIDS drug therapies primarily target the HIV-1 reverse-transcriptase and protease enzymes. To counteract the ability of the HIV-1 virus to rapidly mutate and develop resistance, patients are given a cocktail of drugs as part of a Highly Active Anti-Retroviral Therapy. Discovery and development of new anti-HIV-1 drugs that attack different parts of the virus life cycle is essential in the continuing fight against resistance.

Biotron's compounds, including BIT225, are small molecular compounds that inhibit the Vpu protein of HIV-1. Vpu plays important roles in the budding and release of newly formed viruses from infected cells, a process that is crucial for the progression of infection. Through blocking the activity of a new class of antiviral targets known as viroporins, the Company's compounds are able to inhibit viral budding and replication (ie the spread of the disease).

The following graphic shows how HIV grows within a cell, spreads from cell to cell and which parts of this cycle are targeted by existing therapies.



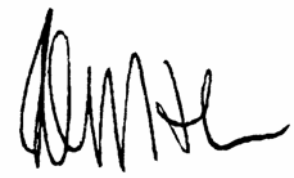
Notes:

1. HIV virus binding to a cell (antibodies to gp120 etc).
2. Reverse transcriptase(Non-nucleoside - Nevirapine etc).
3. Reverse transcriptase(Nucleoside analogues - AZT etc).
4. Virus assembly and maturation (Interferons and protease inhibitors - Indinavir etc).
5. **Virus budding (Vpu inhibitors - BIT225).**

By blocking Vpu, the Company's compounds, including BIT225, are able to inhibit viral budding and the progression of infection.

For further information please contact Dr Michelle Miller on (02) 6125 8001.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn3145