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25 January 2001

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

Dear Madam

RE: BIOTRON LIMITED

I refer to articles that appear in today's editions of the Australian Financial Review and The Canberra Times alleging that Biotron Limited ('Biotron') made misleading claims in its prospectus dated 8 December 2000.

The allegation refers specifically to Biotron's statement that the Company will, through its Virion Project, be 'developing antiviral agents to control or block or otherwise affect ion channels through which some enveloped viruses (eg HIV, Ross River Fever, Barmah Forest Fever and Dengue Fever) replicate'.

The allegation is that there is no proof that Ross River Fever, Barmah Forest Fever and Dengue Fever viruses possess such ion channels.

This allegation is made without the benefit of unpublished scientific evidence that is in the Company's possession which establishes with certainty that Ross River Fever and Barmah Forest Fever viruses do use proteins to make ion channels and there is published evidence that these proteins are important for virus replication. Dengue Fever, Ross River Fever and Barmah Forest Fever viruses are all enveloped viruses that are closely related.

Accordingly, the Company categorically refutes the allegation and stands by the accuracy of the statements contained within its prospectus.

Further, the allegation is confined to these areas of research which, as reported in the Company's prospectus, have a potential market of \$100 million per annum compared with a potential market of in excess of \$9.5 billion for products derived from all of the Company's research activities.

Yours sincerely

Peter J. Nightingale
Company Secretary

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