

15 November 2001

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

(1 page by facsimile 1 300 300 021)

Dear Madam

**RE: U.S.A. PATENT OFFICE APPROVAL
OF ION CHANNEL PLATFORM TECHNOLOGY**

The Directors are pleased to advise that Biotron Limited ('Biotron') has received advice that its patent application 'Method for determining ion channel activity of a substance' has been allowed by the U.S.A. Patent Office, thereby significantly strengthening Biotron's intellectual property position.

This patent application relates to a method for determining the ion channel activity of substances, such as peptides, polypeptides and proteins, and a method for screening potential therapeutic substances for their ability to modulate ion channel function. Ion channel research is Biotron's platform technology.

Biotron Researchers have developed a novel drug screening method for use in the identification of new ion channel inhibitors. In basic terms, the expression of certain ion channel forming proteins in bacterial cells leads to cell growth arrest due to leakage of essential metabolites from the cell. When the growth-arrested cells are exposed to chemical compounds that block the expressed ion channel, metabolite leakage is prevented and growth of the cells resumes. The method developed is inexpensive, easy to perform and is readily adaptable to screen many compounds per day.

In a particular example of its application, Biotron's Virion project has already used the patented method to identify inhibitors of the HIV-1 Vpu protein. Vpu is a protein that forms ion channels in cellular membranes. Biotron research has shown that Vpu ion channel activity is inhibited by some amiloride derivatives (Biotron drugs BIT008 and BIT009) and that these drugs also depress budding and release of virus like particles enhanced by Vpu. These results confirm the link between Vpu ion channel activity and the budding process and indicate that the amiloride derivatives might be useful new anti-HIV-1 drugs.

As well as continued efforts to develop BIT009 and analogues as anti-HIV-1 drugs, Biotron also plans to make use of the patented method in screening for other novel Vpu inhibitors. Adaptation of the method in screening for inhibitors of other ion channel proteins is also under consideration.

Yours sincerely

Peter J. Nightingale
Company Secretary

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