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14 March 2003

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

(4 pages by email)

Dear Madam

RE: SHAREHOLDER UPDATE

In accordance with Listing Rule 3.17, I attach a copy of a document, being an update on the progress of the Company's projects, as sent to the Company's shareholders.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn2107

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Dear Fellow Shareholder,

This letter is to provide you with an update on progress of the projects in Biotron's portfolio.

We are aware that some shareholders are concerned that the Company is not regularly making announcements about research breakthroughs, however, scientific research is not so predictable. This does not indicate any significant flaws in the Company's projects. In fact, Biotron's research has significantly advanced its projects and I welcome this opportunity to advise you of progress by our researchers.

As stated in the Financial Report for the year ended 30 June 2002 and in the more recent Half Year Report to 31 December 2002, Biotron is deliberately focusing its efforts on commercial development of the Company's Tier 1 Projects. These two projects, C-Test and Virion, have enormous commercial potential, addressing unmet medical needs with huge potential markets and have strong competitive positions. These projects are the most advanced within the Company, and have the potential to generate returns in a shorter time frame.

Biotron's model is to take projects such as C-Test and Virion through proof-of-concept studies into preclinical and early-stage clinical development. The Company then aims to form partnerships and alliances with international pharmaceutical or biotechnology companies for further late-stage clinical development and marketing of products. Income received from such alliances will be committed to further the commercial development of existing and new Tier 2 Projects.

The Company is committed to increasing shareholder value through the establishment of partnerships for the clinical development of the C-Test and Virion projects. Central to this is the expansion and strengthening of Biotron's intellectual property portfolio. Strong, defensible, international patents are essential to attract partners and to ensure a competitive advantage for our products in the marketplace.

Update of Progress on Tier 1 Projects

C-Test

As you are aware, we are developing two independent assays for early detection and diagnosis of cancer. CT-1 is an assay for detection of any early-stage cancer, based on a single, specific molecule or biomarker. This biomarker is usually present in the serum of healthy individuals, but disappears when cancer is present. CT-2 is designed to diagnose the type of cancer, based on the pattern of expression levels of a series of different biomarkers present in the serum, using the very sensitive technique of mass spectrometry.

CT-1

For CT-1 to be a commercially valuable test, patients' serum needs to be prepared rapidly and cost-effectively for mass spectrometer screening. The method of purification of the CT-1 biomarker that we developed during initial work-up was acceptable for the commencement of the trial. However, the practicality of screening a large number of samples for the trial caused us to redirect the initial research efforts to developing a cheaper and faster method of purifying serum samples prior to analysis by mass spectrometry. To achieve this, we needed to know more about the chemical nature and structure of the CT-1 biomarker. Most of the work on the CT-1 Project during the last 12 months has been focused on determining the exact structure of this molecule. The collaborative agreement with Waters Australia assisted us in our endeavours and we have now identified the chemical components of the molecule and we are currently determining how these chemical components are joined together. We will use this information to refine the assay for analysing patient samples, significantly reducing the time and cost of the clinical trial.

Identification of the structure of the CT-1 molecule was a difficult scientific challenge, but we anticipate that processing of patient samples for the trial using the modified method will commence by the middle of 2003. When results, to the high scientific standard demanded by Biotron, are finalised, shareholders will be appropriately informed.

We have also been looking at the biological activity of the CT-1 biomarker, to see what its role is in protecting the body from cancer. Information from these studies could enable Biotron to pursue therapeutic opportunities based on this molecule as a target as well as open up additional diagnostic opportunities.

CT-2

In mid-2002 Biotron initiated a clinical trial of CT-2 at St Vincent's Clinic, Sydney, for the diagnosis of prostate cancer. It was initially planned that the trial would be completed within 6 months. Results to date have been encouraging, although further results are needed in order to reach an appropriate scientific conclusion. The Company is now aiming to stratify cancer patients into early and late stage disease based on serum expression patterns and intends to extend the trial to around the middle of 2003 by which time we anticipate that results will be in a form suitable for announcement.

Biotron is also currently developing sophisticated methods for mathematical analysis of the data generated by the trial, which will significantly strengthen the Company's competitive and intellectual property position. A second CT-2 trial for colorectal cancer diagnosis has recently commenced with clinicians from the Sydney Colorectal Associates at the Prince of Wales and St George Hospitals, Sydney. Analysis of these samples has commenced in Biotron's laboratories, and will continue through to the second half of 2003.

Additional trials are planned for the second half of 2003 for other specific cancer types. The aim is to develop specific, highly sensitive tests that distinguish each of the four major cancer types and enables rapid, non-invasive diagnosis of each of these cancers. We are seeking to move these tests into the marketplace as rapidly as possible, and to this end we are in discussions with potential partners who can facilitate this process.

Virion

The Virion Project is developing novel anti-HIV therapeutic agents that attack a new target, virus ion channels, to prevent spread of virus from infected cells. We have shown that several related compounds significantly inhibit Vpu ion channel activity, and these compounds inhibit HIV replication in primary human monocyte-macrophage cultures. They are effective at very low concentrations, with no sign of toxicity at the low, effective concentrations. Additional preclinical studies, including testing the lead compound BIT009 against a range of clinical isolates of HIV-1, are currently underway at the Burnet Institute, Melbourne.

The results to date, although incomplete, have been particularly encouraging and have given the Company the confidence to expand this research to designing, synthesising and testing additional novel analogues of BIT009, with the aim of identifying the best candidate to move forward into clinical trials. A decision regarding which compound will move into clinical studies will be made by the middle of 2003. This decision will be based on which compound best combines high anti-HIV activity with low toxicity and appropriate pharmacological profiles.

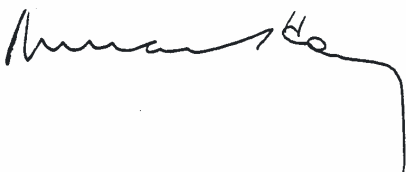
The Company has developed a valuable high-throughput screen to optimise the scale and efficiency of the anti-HIV-1 drug assay to detect other drugs that depress the budding process. We have now developed three proprietary anti-HIV-1 assays which are currently being using these to identify the best candidate for clinical studies. These assays will be valuable additions in attracting partnerships for clinical development of the anti-HIV compounds.

Biotron is in active discussions with potential partners for this technology.

Summary

Biotron's cash position is sound. As at 31 December 2002, the Company had in excess of \$6.6 million in funds, sufficient to fund research at current cash burn rates for more than two years. Biotron's projects are on-track with regard to technical and commercial milestones and the Company remains well placed to develop these projects to maximise returns to shareholders. As previously stated, we are focused on setting up partnerships and alliances with strategically aligned international biotechnology and pharmaceutical companies. To achieve this end, Biotron's Managing Director, Dr Michelle Miller, is spending considerable time this year in the USA, Europe and Asia, meeting with potential partners.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael J. Hoy', with a long horizontal line extending to the right and a vertical line dropping down at the end.

Michael J. Hoy
Chairman