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23 November 2007

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000 (3 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

pjn4173

Biotron

BITNews

November 2007

Dear Fellow Shareholder

Welcome to this edition of Biotron's newsletter, *BITNews*. The last 12 months have seen major progression of Biotron's drug development programs – the successful completion of the first human trial of BIT225, the Company's lead antiviral drug, was a major milestone for Biotron. We are now finalising ethics and regulatory applications for trials of BIT225 in two patient populations – in HIV-positive and Hepatitis C virus (HCV) – positive patients. Subject to appropriate approvals, the trials are scheduled to commence in early 2008 and we anticipate having results of efficacy of BIT225 in patients in mid-2008. *BITNews* aims to keep you informed of our latest developments as we move to the next exciting phase of human trials.

Biotron is poised to achieve the outcome that we have all been working towards – demonstration that its antiviral drug development program can produce new, novel drugs which can attack virus infections in humans, resulting in significant clinical benefit to patients, and generating major financial benefits to our shareholders. This outcome has moved significantly closer with the success of the Phase I trial. The proposed trials in HIV and HCV patient populations are designed to bring tangible benefits to shareholders in the form of significantly increasing the value of Biotron in the market and to its ultimate pharmaceutical company partners.

Biotron has announced details of a Share Purchase Plan ('SPP'), providing eligible shareholders with the opportunity to subscribe for up to $4,998 worth of new shares in the Company. The aim of this issue is to raise funds to progress the proposed clinical development of BIT225 in virus-infected patients. The Directors encourage all eligible shareholders to consider taking advantage of this opportunity to participate in the capital raising initiatives of the Company without brokerage or other transaction costs and at a discount to the prevailing market share price.

Yours sincerely,

Michael J. Hoy
Chairman

Grant Success - To date, Biotron has receive over $2.3 million in funding from AusIndustry in the form of technology commercials grants under the Commercial Ready, START, and Biotechnology Innovation Fund grants for development of its antiviral drug program.

BIT Phase I Trial Success

In August 2007, Biotron announced the successful completion of its first human trial of BIT225. This clinical trial was a Phase I study in healthy volunteers. Phase I trials are designed to check the safety and tolerability of new drugs, as well as to see if the drug gets into the blood at good enough levels to treat virus infected patients. While drugs have to undergo extensive safety studies before human trials can be approved, the first human trials are major steps as they are the first true confirmation that a drug really has the potential to make it as a potential human treatment.

As a result of this Phase I trial involving 40 volunteers, Biotron now knows that BIT225 appears to be well tolerated, and data indicates that we should be able to achieve potentially therapeutic blood levels of BIT225 in virus-infected patients.

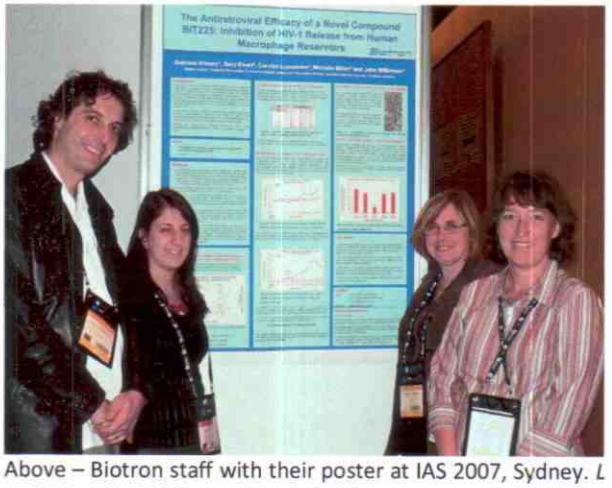
What Next for BIT225?

Now that we have completed the Phase I trial, the next step is to move into clinical trials in virus-infected patients. We are currently finalising trial designs (also known as protocols) and preparing regulatory and ethics submission documents for two further trials of BIT225 – one in HIV-infected patients and one in HCV-infected patients. These trials are each likely to involve relatively small number (24 to 30) of patients. To ensure a clear picture of the effect of BIT225 in the patients, these trials will involve patients who are not receiving other antiviral therapy. The trials will be blinded with placebo controls, with patients receiving the drug daily over 10 to 14 days. At the end of the trials, with data demonstrating efficacy of BIT225 against virus in patients, Biotron will be in a very strong negotiating position with international pharmaceutical companies.

It has been estimated that approximately 30% of HIV-positive subjects are co-infected with HCV, with up to 90% of some particular HIV-positive groups being co-infected. There are no drugs at present which target both HIV and HCV, putting BIT225 in a particularly strong competitive position. At this stage we are not testing BIT225 in co-infected patients, but this is a very attractive final market for our drug.

International Recognition for Biotron

In July 2007, Biotron scientists, led by Dr John Wilkinson (Biotron Senior Virologist) presented the latest preclinical efficacy data on BIT225 at the 2007 International AIDS Society (IAS 2007) meeting held in Sydney. This was a fantastic opportunity to showcase BIT225 to the world's leading HIV professionals. Biotron was selected out of thousands of possible presenters to give three presentations at the meeting and all generated substantial interest and discussion. Biotron's HCV program is also generating interest among the international scientific community, with the Company's Development Manager, Dr Carolyn Luscombe, recently invited to present data on BIT225 to a workshop on new HCV therapies in Boston, USA. Presenting at these conferences is an important aspect of Biotron's business development activities, and complements discussions held with business and licensing executives of the major pharmaceutical companies. Biotron attended several international pharmaceutical partnering meetings during 2007, including BIO2007 in Boston, USA.



Above – Biotron staff with their poster at IAS 2007, Sydney. *L to R: Dr John Wilkinson, Ms Gabi Khourie, Dr Michelle Miller, Dr Carolyn Luscombe.*