



ABN 60 086 399 144

PROSPECTUS

For the renounceable pro-rata rights issue of approximately 50,732,654 New Shares, on the basis of 2 New Shares for every 9 Shares held at an issue price of 8 cents per New Share, to raise up to approximately \$4,058,612 and 1 New Option for every New Share subscribed for under the Prospectus

Offer closes at 5:00pm (Sydney time) on 31 October 2014

The Offer is fully underwritten by Patersons Securities Limited

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Shares and New Options offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 15 October 2014 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "the Company", "we", "our" and "us" refer to Biotron Limited. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares and the New Options will be made to the ASX within 7 days after the date of this Prospectus.

The Company is an ASX listed company whose securities are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

Restrictions on distribution

The Offer is made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at www.biotron.com.au. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

Rights trading

Your Rights may have value. If you decide not to exercise all or part of your Rights you should consider whether to sell your Rights. It is important that you either accept or sell your Rights in accordance with the instructions in Section 4 of this Prospectus.

Individual applicants are responsible for determining their allocations of Rights and Shares before trading in them. Eligible Shareholders who trade in Rights or Shares before receiving confirmation of their allocation do so at their own risk.

The Rights of Shareholders with registered addresses outside Australia and New Zealand will be sold, as explained in Section 4.4.

Shareholders who take no action in respect of their Rights will receive no benefits. An Entitlement and Acceptance Form is enclosed with this Prospectus.

CORPORATE DIRECTORY

DIRECTORS

Mr Michael J. Hoy (Non-Executive Chairman)
Dr Michelle Miller (Managing Director)
Dr Susan M. Pond (Non-Executive Director)
Mr Robert B. Thomas (Non-Executive Director)
Dr Denis N. Wade (Non-Executive Director)

COMPANY SECRETARY

Mr Peter J. Nightingale

REGISTERED OFFICE

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SHARE REGISTRY

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TABLE OF CONTENTS

1.	INVESTMENT OVERVIEW	1
2.	REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY	7
2.1	Background	7
2.2	Use of Funds	9
2.3	Effect on share capital and cash reserves	11
2.4	Effect on capital structure	11
2.5	Pro forma Statement of financial position	12
3.	RISK FACTORS	13
3.1	Introduction	13
3.2	Specific Risks	13
3.3	General Risks	15
4.	DETAILS OF THE OFFER	17
4.1	The Offer	17
4.2	What Eligible Shareholders may do	18
4.3	Payment	20
4.4	Excluded Shareholders	20
4.5	Shortfall	21
4.6	Alloment and quotation	22
4.7	Underwriting and sub-underwriting arrangements	22
5.	ADDITIONAL INFORMATION	25
5.1	Rights attaching to New Shares	29
5.2	Terms of New Options	29
5.3	Transaction specific Prospectus and continuous disclosure obligations	29
5.4	Market price of Shares	29
5.5	Board and Management	29
5.6	Directors' Interests	29
5.7	Interests of experts and advisers	31
5.8	Expenses of the Offer	31
5.9	Consents	31
5.10	Privacy Disclosure	32
6.	DIRECTORS' AUTHORISATION AND CONSENT	33
7.	GLOSSARY	34

1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	<p>The Company is offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata renounceable rights issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for 2 New Shares for every 9 Shares held on the Record Date. Each Eligible Shareholder will also receive 1 New Option for New Share subscribed for under the Prospectus for no additional consideration.</p> <p>Application will be made to the ASX for quotation of the New Shares and the New Options.</p>	Section 2.1
What is the Issue Price for the New Shares?	The Issue Price is 8 cents per New Share.	Section 2.1
What are the terms of the New Options?	The New Options have an exercise price of 12 cents and an expiry date of 30 September 2016. The full terms of the New Options are set out in Section 5.2 of this Prospectus.	Section 5.2
Who is an Eligible Shareholder?	The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 4.1(a)
What are the key highlights of an investment in the Company?	<ul style="list-style-type: none"> The Company is a mid-stage clinical development company, with advanced drug programs for HIV and Hepatitis C virus ('HCV'). The Company's lead drug, BIT225, has shown encouraging efficacy results in HIV, HCV and HIV/HCV co-infected patients with 7 clinical trials completed to date. Specifically: <ul style="list-style-type: none"> 100% of HCV genotype 1 patients receiving 28 days of BIT225 (400 mg BID) in combination with 48 weeks of interferon/ribavirin ('IFN/RBV') were cleared of HCV; BIT225 was able to reduce virus levels in reservoir-seeding cells isolated from HIV-infected patients treated 10 days of BIT225 (300 mg BID) as a monotherapy; and All HIV/HCV genotype 3 co-infected patients completing 28 days of BIT225 (300 mg BID) in combination with 48 weeks IFN/RBV were HCV virus-free 12 weeks post-treatment (SVR12). 	

Question	Response	Where to find more information
	<ul style="list-style-type: none"> • The markets for HIV and HCV are multi-billion dollar markets that are expected to continue to grow. • The Offer seeks to raise funds to primarily fund the focused, stepwise progression of BIT225, supporting clinical and supporting activities to generate data for partnering discussions and commercialisation activities. • The Company's objective is to progress its HIV and HCV programs, with specific focus on ensuring the programs comply with USA Food and Drug Administration ('FDA') regulatory guidelines, to position BIT225 within the HCV and HIV drug landscapes. • The Company will also add to its executive team as it moves to commercialisation of the Company's anti-viral drug development programs. <p>This is a selective overview of the highlights and should be read in conjunction with the key risks below, the information in this Prospectus and other public announcements and reports by the Company.</p>	
<p>What are the key risks of a further investment in the Company?</p>	<p>The Rights Issue should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other public announcements and reports by the Company. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> • Research and development risk. The development of new drugs to treat serious diseases is an inherently risky process. There is no guarantee that the Company's research and development projects will be successful or receive regulatory approvals or prove to be commercially successful. Not all drug candidates will reach market. Drug candidates may fail the clinical development process through lack of efficacy or safety. Other risks inherent in the development of a product to a marketable stage include the uncertainty of patent protection, including whether patent applications and issued patents will offer adequate protection. There is also risk associated with obtaining the necessary drug regulatory authority approvals and there may be difficulties caused by rapid advancements in competing and other technologies. The Company is reliant on the success of its research and development projects. Investment in research and development companies cannot be assessed on the same fundamentals as 	

Question	Response	Where to find more information
	<p>companies with established businesses or cashflows. Investment in these areas must be regarded as highly speculative.</p> <ul style="list-style-type: none"> • Funding. The Company does not have associated revenues, hence is reliant on obtaining funding from shareholders or other parties. If such funding is not available, the Company would need to significantly reduce expenditures. If the Company were not able to obtain additional funding it may not be able to continue its operations as a going concern and may not be able to realise its assets and extinguish its liabilities. • Reliance on key personnel. The Company's success largely depends on the core competencies of its Directors, management and third party consultants. • This Prospectus may contain forward-looking statements regarding the potential of the Company's programs and the development and therapeutic potential of its research and development projects. Any statement describing a goal, expectation, intention of belief of the Company is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing and commercialising drugs that are safe and effective for used as human therapeutics and the financing of such activities. 	
How many New Securities will be issued?	The maximum number of New Securities that will be issued under the Offer is 50,732,654 New Shares and 50,732,654 New Options.	Section 2.1
What is the amount that will be raised under the Offer?	<p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$4,058,612 before costs of the Rights Issue.</p> <p>Minimum Subscription under the Rights Issue is \$4,058,612, representing the Underwritten Amount.</p>	Section 2.1
What are the Underwriting arrangements?	<p>Patersons Securities Limited is the Underwriter to the Offer to the Underwritten Amount of \$4,058,612.</p> <p>The Underwriter is not a related party and has no current relevant interest in Shares.</p> <p>The Underwriter must apply for the Shortfall Shares up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will</p>	Section 4.7

Question	Response	Where to find more information
	not, by its sub-underwriting, increase its relevant interest in Shares to 20% or more.	
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds:</p> <ul style="list-style-type: none"> • To fund specific activities associated with filing Investigational New Drug ('IND') applications with the USA FDA for BIT225. • To support studies that will assist with positioning BIT225 in the commercial HIV and HCV landscapes. • To provide general working capital. • To pay the costs of the Rights Issue process including the underwriting fee. <p>A budget of how we intend to use the funds at Full Subscription is set out in Section 2.2 of this Prospectus. As with any budget, new circumstances may change the way we apply the funds.</p>	Section 2.2
What is the effect of the Offer on share capital and cash reserves?	<p>The effect of the Offer on share capital and cash reserves is to:</p> <ul style="list-style-type: none"> • Increase the number of Shares and Options on issue. • Increase our cash reserves by up to approximately \$4,058,612 before costs of the Rights Issue. 	Section 2.3
What are the alternatives for Eligible Shareholders?	<p>The Offer is renounceable so that you are able to trade your Rights.</p> <p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • Take up all of your Rights. • Apply for Shortfall Securities. • Sell all of your Rights on ASX. • Take up part of your Rights and sell the balance of your Rights on ASX. • Take up part of your Rights and allow the balance of your Rights to lapse. • Deal with part or all of your Rights other than on ASX. • Allow all or part of your Rights to lapse. 	Section 4.2

How will Shortfall be allocated?	<p>Any Entitlement not accepted will form the Shortfall.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the discretion of the Underwriter in consultation with the Directors.</p>	Sections 4.5 and 4.7												
What will happen to Excluded Shareholders Rights?	<p>The Company has appointed the Underwriter as nominee to sell the Excluded Shareholders' Rights. If, in the Underwriter's reasonable opinion, there is a market, or viable market, for the Excluded Shareholders' Rights and a surplus of sale proceeds over expenses will be obtained, the Underwriter will sell the Excluded Shareholders' Rights, and direct the proceeds of the sale net of expenses (in Australian dollars) to the Company. The Company will then distribute the proceeds to each of the Excluded Shareholders in proportion to their shareholdings.</p>	Section 4.4												
What is the effect of the Offer on control of the Company?	<p>The Offer is 2 New Shares for every 9 Shares held by Eligible Shareholders and the maximum dilution of Shares at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 18.18% of its existing shareholding.</p> <p>In the event the Underwriter is required to subscribe for all of the Shortfall Securities up to the Underwritten Amount, the relevant interest of the Underwriter will be 18.18%. Additionally, no sub-underwriter will, by its sub-underwriting, increase its relevant interest in Shares to 20% or more.</p> <p>By reason of the above, the Offer will not result in any party gaining control of the Company.</p>	Section 4.7(d)												
What are the key dates of the Offer?	<table><tr><td>Prospectus lodged with ASIC and ASX</td><td>15 October 2014</td></tr><tr><td>Appendix 3B lodged with ASX</td><td>15 October 2014</td></tr><tr><td>Notice sent to Shareholders</td><td>16 October 2014</td></tr><tr><td>"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)</td><td>17 October 2014</td></tr><tr><td>Rights trading commences</td><td>17 October 2014</td></tr><tr><td>Record Date (to determine eligibility of Shareholders to participate in the Offer)</td><td>21 October 2014</td></tr></table>	Prospectus lodged with ASIC and ASX	15 October 2014	Appendix 3B lodged with ASX	15 October 2014	Notice sent to Shareholders	16 October 2014	"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)	17 October 2014	Rights trading commences	17 October 2014	Record Date (to determine eligibility of Shareholders to participate in the Offer)	21 October 2014	
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Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	22 October 2014
Last day for Rights trading	24 October 2014
Securities quoted on a deferred settlement basis	27 October 2014
Closing Date	31 October 2014
ASX notified of under-subscriptions	6 November 2014
Issue date	10 November 2014
Deferred settlement trading ends	10 November 2014
New Securities commence normal trading on ASX	11 November 2014

Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.

2. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

2.1 Background

The Company was listed on ASX in 2001, and has been focused on developing Hepatitis C virus (HCV), HIV and other anti-viral treatments with an ultimate objective of a commercialisation transaction with a pharmaceutical company.

The purpose of the Offer is to raise funds to enable the Company to undertake certain activities to add value to the Company's existing HCV and HIV clinical programs while working towards a commercial outcome for shareholders. To date, focus has been on a planned, step-wise progression of the clinical development of the Company's lead antiviral drug, BIT225, which has shown encouraging efficacy against both HCV and HIV.

Clinical trial results to date

As summarised below, significant progress has been made by the Company to date with clinical programs, which include clinical trials in HIV, HCV and HIV/HCV co-infected populations.

BIT225 is in mid-stage clinical development with 7 clinical trials completed to date and one trial currently in progress. Encouraging efficacy results against both HCV and HIV in clinical studies completed to date, include:

- 100% of HCV genotype 1 patients receiving 400mg of BIT225 plus interferon and ribavirin (IFN/RBV) were HCV virus free at 48 weeks (trial BIT225-005), compared to 75% of controls who received IFN/RBV alone.
- 100% of HCV genotype 3 and HIV co-infected patients completing dosing with 300mg of BIT225 plus 48 weeks of IFN/RBV were HCV virus free 12 weeks after completing treatment (SVR12) (trial BIT225-006).
- BIT225 accelerated viral load reductions in HCV genotype 3 patients (trial BIT225-006).
- BIT225 shown to have HCV pan-genotype activity (i.e. activity against the 6 major strains of HCV) in *in vitro* laboratory studies
- BIT225 shown to target HIV in monocyte reservoir cells, reducing virus production from these long-lived viral pools that are not cleared with current anti-HIV drugs (trial BIT225-004).
- BIT225 shown to reverse HIV-induced impairment of the immune system (trial BIT225-004).

Intellectual property portfolio

The Company's intellectual property portfolio comprises 5 patent families covering patents over composition and use of its lead drug BIT225 and other compounds. Patents have been granted or are under examination in all major jurisdictions including the USA, Australia, Canada, China, Japan and designated European countries.

HCV and HIV drug markets

The worldwide anti-HCV drug market is large, being forecast to grow from the current US\$4.7 billion to US\$19 billion by end of the decade.

HIV drug sales in the major markets, which include the USA, Europe and Japan, were US\$11.9 billion in 2013. Due to growth in the HIV drug market, stimulated by new drug launches and increasing prevalence of HIV, this market is projected to reach US\$16.8 billion by 2020.

BIT225 unique mode of action against both HCV and HIV

BIT225 has a unique mode of action compared to other antiviral drugs in development. It works by targeting the assembly of virus particles and has dual activity against both HIV and HCV. Chronic viral diseases such as HCV and HIV need to be treated with two or more different classes of drugs in combination to stop the virus mutating and becoming resistant to treatment.

HCV

The Company aims to position BIT225 to maximise its chances of being licensed for use in combination with other anti-HCV drugs. To this end, a series of clinical trials have been undertaken in different HCV patient populations, designed to determine BIT225's anti-HCV activity profile. As demonstrated by the above summary of results of clinical trials, BIT225 has shown encouraging activity against HCV.

BIT225 is being positioned to fill treatment gaps that are being left by other new HCV drug classes, in particular in HCV genotype 3 and HIV/HCV co-infected patients. In trials to date, BIT225 has been used in combination with existing drugs IFN/RBV, which are anticipated to be replaced with new, safer HCV drugs used in combination. To be considered for inclusion in future HCV drug combinations treatment regimes, BIT225 will need to be tested in patients in combination with other new HCV drugs.

HIV

Despite advances in HIV treatments, significant hurdles remain. The incidence of infections is on the rise, with rates in Australia at a 20-year high. New diagnoses were up over 10% in the last 12 months and there are estimated to be up to 10,000 Australians who do not know that they are HIV positive. In the USA, over 1.1 million people are living with HIV infection, with almost 1 in 6 unaware of their infection.

Reservoirs of HIV exist in patients despite treatment with current anti-HIV drugs. Biotron's BIT225 has shown that it can target HIV in one of the main reservoirs, with the potential to reduce viral burdens in patients, and reverse HIV-induced impairment of the immune system. BIT225 is able to cross the blood-brain barrier, and may have an impact on HIV-associated dementia.

HCV and HIV commercialisation steps

Data from BIT225 clinical trials have been encouraging for both HCV and HIV, and the Company proposes to continue to progress these programs through to a commercial outcome. A key milestone on this commercialisation pathway is the filing of IND applications with the USA FDA. IND filings are necessary to undertake clinical trials in the USA and are key steps on the process towards final drug approvals.

To add value to the Company's existing HCV and HIV clinical programs while working towards a commercial outcome for shareholders, funds from this capital raising will be used as detailed in Section 2.2 of this Prospectus with the objective of filing IND applications for BIT225 in HIV and HCV indications with the USA FDA.

In parallel with undertaking preparatory activities associated with the IND filings, the Company plans to progress discussions with potential partners, as well as with agencies with the aim of obtaining non-equity funding for the proposed IND trials.

Rights Issue

We are making this Offer which consists of a pro-rata renounceable rights issue of approximately 50,732,654 New Shares to Eligible Shareholders. The Offer is made on the basis of 2 New Shares for every 9 Shares held by Eligible Shareholders on the Record Date at an issue price of 8 cents per New Share and 1 New Option for every New Share subscribed for under the Prospectus for no additional consideration ('**Rights Issue**'). On this basis, the Rights Issue will seek to raise up to approximately \$4,058,612, before costs of the Rights Issue.

The Offer is renounceable, so that Eligible Shareholders who do not wish to take up some or all of their Entitlement may be able to sell or otherwise transfer all or part of their Entitlement through the financial market operated by ASX or by way of an off-market transfer. Refer to Section 4.2 of this Prospectus for more information.

As at the date of this Prospectus, we have 228,296,944 Shares and 5,000,000 options, held by the Managing Director, on issue. The Managing Director has advised that these options, which have exercise prices of 22 cents and 25 cents, will not be exercised prior to the Record Date.

2.2 Use of Funds

We are seeking to raise a total of up to approximately \$4,058,612 from this Rights Issue. Based on the Company's 30 June 2014 audited statement of financial position, presented below is how the Company intends to use its cash reserves and the proceeds of the Offer at Full Subscription:

Funds Available	Full Subscription
Cash on hand as at 30 June 2014	\$1,764,181
Funds raised under the Offer	4,058,612
Total funds available	\$5,822,793
Use of Funds	
Complete the current Phase 2 trial that is in progress (BIT225-008 - HCV genotypes 1 and 3 trial for 3 months dosing with BIT225 in combination with IFN/RBV)	\$1,700,000
Studies to complete IND filings with the USA FDA:	
(a) Drug-drug interaction studies with new DAAs to be used with BIT225 in the IND trial	1,100,000
(b) Modelling pharmacokinetic data from previous trials to determine optimal BIT225 dose and frequency in the IND trial	120,000
(c) Additional <i>in vitro</i> laboratory studies of BIT225's antiviral activity, including studies with other DAA drugs	400,000
Commercialisation negotiation legal fees, travel and personnel costs	250,000
General working capital ^{1,2}	1,899,276
Estimated costs of the Rights Issue including fees to the Underwriter ³	353,517
Total Use of Funds	\$5,822,793

Notes:

1. The table excludes any amount for an R&D Tax Incentive rebate, amounting to 45% of eligible expenditure on research and development, which we anticipate will be received following completion of the 2013/14 tax return. In the event that an R&D Tax Incentive rebate is received, we will allocate those additional funds to general working capital.
2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
3. The items of expenses are set out in Section 5.8.
4. The table is a statement of our proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

5. Other studies to successfully have IND trials approved by the USA FDA may become necessary and the funding to undertake an IND trial, if an IND trial is undertaken by the Company, will require additional future funding. The Company intends to consider, without limitation, an equity facility as a source of those additional future funds.

2.3 Effect on share capital and cash reserves

The principal effects of the Rights Issue on the share capital and cash reserves of the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 2.4 of this Prospectus); and
- (b) increase cash reserves at Full Subscription by approximately \$4,058,612, before taking into account the costs of the Rights Issue (see Section 2.5 of this Prospectus).

A pro forma statement of financial position, disclosing further information about the effect of the Rights Issue on the Company, is provided in Section 2.5 of this Prospectus.

2.4 Effect on capital structure

On the basis that no existing options will be exercised before the Record Date, the effect of the Offer on the Company's issued share capital as at the date of this Prospectus will be as follows:

Shares	Full Subscription
Existing Shares	228,296,944
New Shares issued under Rights Issue	50,732,654
Total Shares on issue after completion of the Rights Issue	279,029,598
Options	Full Subscription
Existing unquoted options expiring 30 October 2015 (2,000,000 with an exercise price of 22 cents and 3,000,000 with an exercise price of 25 cents) ¹	5,000,000
New Options issued under Rights Issue expiring 30 September 2016 with an exercise price 12 cents ²	50,732,654
Total Options on issue after completion of the Rights Issue	55,732,654

Notes:

1. This Rights Issue will have the effect of adjusting the exercise price of the existing options in accordance with the ASX Listing Rule 6.22.2 adjustment formula.
2. Application will be made to the ASX for quotation of the New Options.

2.5 Pro forma Statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma statement of financial position has been prepared based on the audited statement of financial position as at 30 June 2014. The pro forma statement of financial position shows the effect of the Rights Issue as if it had been made on 30 June 2014 at Full Subscription based on the following assumptions:

- (a) The issue of 50,732,654 New Shares under the Offer at an issue price of 8 cents each to raise \$4,058,612 and the issue of 50,732,654 New Options for no additional consideration; and
- (b) Estimated costs of the Rights issue of \$353,517.

	30 June 2014 (Audited) \$	Pro forma Adjustments \$	30 June 2014 Pro forma \$
Current Assets			
Cash and cash equivalents	1,764,181	3,705,095	5,469,276
Other assets	35,033	-	35,033
Total Current Assets	<u>1,799,214</u>	<u>3,705,095</u>	<u>5,504,309</u>
Non-Current Assets			
Property, plant and equipment	64,726	-	64,726
Total Non-Current Assets	<u>64,726</u>	<u>-</u>	<u>64,726</u>
Total Assets	<u>1,863,940</u>	<u>3,705,095</u>	<u>5,569,035</u>
Current Liabilities			
Trade and Other Payables	295,327	-	295,327
Employee entitlements	179,317	-	179,317
Total Liabilities	<u>474,644</u>	<u>-</u>	<u>474,644</u>
Net Assets	<u>1,389,296</u>	<u>3,705,095</u>	<u>5,094,391</u>
Equity			
Issued Capital	32,548,656	1,827,987	34,376,643
Reserves	522,000	1,877,108	2,399,108
Accumulated Losses	(31,681,360)	-	(31,681,360)
Total Equity	<u>1,389,296</u>	<u>3,705,095</u>	<u>5,094,391</u>

3. RISK FACTORS

3.1 Introduction

An investment in the Shares offered under this Prospectus is highly speculative as the Company's business is research and development of HCV, HIV and other anti-viral treatments with an ultimate objective of a commercialisation transaction with a pharmaceutical company.

You should carefully consider the risk factors described below, the information contained in other sections of this Prospectus and all other relevant material including our public announcements and reports.

The risk factors described below should not to be taken as being exhaustive of the risks faced by the Company or an investment in the Company. The risk factors described below, and others not specifically referred to below, may, in the future, affect the financial performance of the Company and the value of an investment in the Company.

No representation is made that further research and development or commercialisation will be successful or that market growth and penetration by the Company will be realised.

Intending investors should read this Prospectus in its entirety before any decision is made to invest in the Company.

3.2 Specific Risks

Research and development

Biotechnology, scientific research, medical product development and the commercialisation of the results of that work is, by its nature, a high risk undertaking.

There is no guarantee that the Company's research and development projects will be successful or receive regulatory approvals or prove to be commercially successful. Not all drug candidates will reach market. Drug candidates may fail the clinical development process through lack of efficacy or safety. Other risks inherent in the development of a product to a marketable stage include the uncertainty of patent protection, including whether patent applications and issued patents will offer adequate protection. There is also risk associated with obtaining the necessary drug regulatory authority approvals and there may be difficulties caused by rapid advancements in competing and other technologies. The Company is reliant on the success of its research and development projects. Investment in research and development companies cannot be assessed on the same fundamentals as trading and manufacturing companies.

Projects can be delayed, suspended or unsuccessful at any stage, or the research may become unviable for a number of unexpected reasons. The Company is developing therapeutic drugs (drugs for human consumption) which must undergo vigorous testing to satisfy regulatory authorities which endeavour to ensure that they have no long term detrimental effects on humans. A product may be delayed, or prove to be unsuitable, at any time in these trials. A product may fail to gain authority approval or the cost of overcoming a problem may preclude resumption of product development. The Company may also face liability where a product, if approved, does not achieve the expected performance or safety standards. There may be different requirements from authorities in different countries and these may delay or even preclude the marketing of a product in certain countries.

The testing, marketing and sale of new technology based products entails an inherent risk of product liability, and there can be no assurance that product liability claims will not be asserted against the Company.

Commercialisation

The Company's ultimate objective is a commercialisation transaction with a pharmaceutical company. There can be no assurance that the Company will be able to successfully negotiate and execute a commercialisation transaction with a pharmaceutical company.

There are competing drug discovery and development programs in the disease areas being researched by the Company. There can be no assurance that other parties will not develop, or achieve commercialisation of products or intellectual property that compete with or supersede the Company's potential products or intellectual property.

The Company's competitors in Australia and abroad are numerous and include, among others, major multinational companies. There can be no assurance that the Company's competitors will not succeed in developing technologies and products that are more effective than any which are being developed by the Company.

Patents

The Company's success will depend, in part, on its ability to obtain adequate and valid patent protection, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company's rights. No guarantee can be given that such protection will be successfully and validly obtained by the Company and, if such patents are not granted, it may be possible for a third party to imitate or otherwise obtain and use the Company's products without authorisation or to develop and use similar technology independently.

While we believe appropriate steps have been taken to protect the Company's proprietary technology, the law may not adequately protect it in all places or enable the Company's rights to be enforced with any adequacy. There can be no assurance that the measures that have been taken have been, or will be, adequate to protect the Company's proprietary technology.

The Company will pursue vigorously both its existing and all future patent applications. No guarantee can be given that patent applications will be successful and nor does the grant of a patent guarantee that the patent concerned is valid or that the patented technology does not infringe the rights of others.

The enforceability of a patent is dependent on a number of factors which may vary between jurisdictions. These factors include the validity of the patent and the scope of protection it provides. The validity of a patent depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of the prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best method of working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. The scope of rights provided by a patent can also differ between jurisdictions. There can be no assurance even if the Company succeeds in obtaining the grant of patents, that others will not seek to imitate the Company's products and, in doing so, attempt to design their products in such a way as to circumvent the Company's patent rights. Additionally, the ability of the legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

Future capital needs and additional funding

The Company will have sufficient working capital for the Company's objectives stated in this Prospectus, following the close of the Offer. However, the Company does not have associated revenues, hence is reliant on obtaining funding from shareholders or other parties. If such funding is not available, the Company would need to significantly reduce expenditures. If the Company were not able to obtain additional funding it may not be able to continue its operations as a going concern and may not be able to realise its assets and extinguish its liabilities.

If the Company is required, or chooses, to advance the Company's projects beyond the completion of those stated objectives (for example, if the Company undertakes the IND trial if it is approved by the USA FDA), the Company will require additional funding to progress its projects beyond the work programs identified in this Prospectus. There is no assurance that the Company will be able to access this funding on favourable terms or at all.

Reliance on key personnel and consultants

The Company's success largely depends on the core competencies of its Directors, management and third party consultants and their familiarisation with, and ability to operate in, the biotechnology industry. The financial performance of the Company and the value of an investment in the Company partly depend on the ability of the Company to retain these key personnel and consultants to perform research, development commercialisation work.

Sovereign risk

The Company is currently completing a Phase 2 trial (BIT225-008 - HCV genotypes 1 and 3 trial for 3 months dosing with BIT225 in combination with IFN/RBV) in Thailand. The political conditions in Thailand are generally stable, however, changes in political unrest, labour unrest, control of fiscal regulations and regulatory regimes and other sovereign risks could adversely affect the completion of this trial, the step-wise progression of the clinical development of the Company's lead antiviral drug, BIT225 and the successful completion of the Company's objectives stated in this Prospectus, thereby having a negative effect on the financial performance of the Company and the value of an investment in the Company.

Insurance

The Company, where economically feasible, insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance, if obtained, may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a negative effect on the financial performance of the Company and the value of an investment in the Company.

3.3 General Risks

Share market

There are general risks associated with any investment in the share market. The value of the Company's Shares listed on the ASX will be subject to varied and often unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Currency

A significant proportion of the Company's research and development expenses are incurred in US dollars and a commercialisation transaction with a pharmaceutical company, if any, will likely be denominated in US dollars. In addition, from time to time, the Company incurs other operating expenses in other currencies, including the Euro, Thai baht and other currencies. Thus, the Company's costs, potential future revenues, assets and liabilities are subject to fluctuations beyond the Company's control in the Australian dollar foreign currency exchange rates which may have a negative, or positive, effect on the financial performance of the Company and the value of an investment in the Company.

Economic conditions

Changes in both the world and domestic economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative changes

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in either Australia or countries in which the Company operates, or may in the future operate, may adversely affect the financial performance of the Company.

4. DETAILS OF THE OFFER

4.1 The Offer

(a) Overview

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 5.00pm Sydney time, 21 October 2014.

As an Eligible Shareholder you are entitled to subscribe for 2 New Shares for every 9 Shares held on the Record Date at an Issue Price of 8 cents per New Share. You will also receive 1 New Option for every New Share subscribed for under the Prospectus for no additional consideration.

When calculating your Rights, we will round up fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm Sydney time on 31 October 2014).

The Offer is renounceable. This means that you may sell your Rights.

(b) Minimum Subscription

Minimum Subscription under the Rights Issue is \$4,058,612 representing the Underwritten Amount.

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application moneys.

(c) Offer is underwritten

The Offer is underwritten by the Underwriter to the Underwritten Amount. The Underwriter is not a related party or shareholder in the Company. Further information about the underwriting is set out in Section 4.7 of this Prospectus.

(d) Rights attaching to New Shares and terms of New Options

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 5.1 and 5.2 of this Prospectus.

(e) **Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares and New Options.

4.2 **What Eligible Shareholders may do**

(a) **Alternatives**

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement or Rights) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Rights, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Rights (refer Section 4.2(b));
- take up all of your Rights and apply for Shortfall Securities (refer Section 4.2(c));
- sell all of your Rights on the ASX (refer Section 4.2(d));
- take up part of your Rights and sell the balance on the ASX (refer Section 4.2(e));
- take up part of your Rights and allow the balance to lapse (refer Section 4.2(f));
- deal with part or all of your Rights other than on the ASX (refer Section 4.2(g)); or
- allow all or part of your Rights to lapse (refer Section 4.2(h)).

(b) **Taking up all of your Rights**

If you wish to take up all of your Rights, complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form.

You should then forward your completed Entitlement and Acceptance Form together with your application moneys in accordance with Section 4.3 of this Prospectus to reach the Company's Share Registry no later than 5.00pm (Sydney time) on the Closing Date. No Entitlement and Acceptance Forms or application moneys will be accepted after 5:00pm (Sydney time) on the Closing Date.

(c) Taking up all your Rights and applying for Shortfall Securities

Eligible Shareholders may, in addition to taking up all their Rights, apply for Shortfall Securities as described in Section 4.5 of this Prospectus.

A single payment should be used for the application moneys for your Rights and the number of Shortfall Shares you wish to apply for as stated on the Entitlement and Acceptance Form.

(d) Selling all of your Rights on the ASX

If you wish to sell all of your Rights on the ASX, provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX and provide details as requested which appear on the back of the accompanying Entitlement and Acceptance Form. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

(e) Taking up part of your Rights and selling the balance on the ASX

If you wish to take up only part of your Rights, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 4.2(b) of this Prospectus. You may then provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX and provide details as requested which appear on the back of the accompanying Entitlement and Acceptance Form.

(f) Taking up part of your Rights and allowing the balance to lapse

If you wish to take up part of your Rights and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with Section 4.2(b) of this Prospectus. If you take no further action, the balance of your Rights will lapse and you will have forfeited any potential benefit to be gained from selling/trading your Rights.

(g) Dealing with part or all of your Rights other than on the ASX

You may transfer part or all of your Rights to another person other than on the ASX. If the purchaser is an Excluded Shareholder or would be an Excluded Shareholder if the purchaser was the registered holder of Shares, they will not be eligible to take up the Rights.

If you wish to transfer all of your Rights to another person other than on the ASX, forward a completed standard renunciation and acceptance form (obtainable from the Company's Share Registry) and the applicable transferee's payment for the New Shares and New Options they wish to subscribe for to the Company's Share Registry by 5.00pm (Sydney time) on the Closing Date.

If you wish to transfer part of your Rights to another person other than on the ASX only, but also want to take up some or all of the balance of your Rights, you will need to take the steps described above in relation to the Rights you wish to transfer and complete the accompanying Entitlement and Acceptance Form in respect of the Rights you wish to take up. You will need to lodge the form in accordance with the procedure in Section 4.2(b) of this Prospectus.

If the Share Registry receives both a completed renunciation and acceptance form and a completed Entitlement and Acceptance Form in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

(h) **Allow all or part of your Rights to lapse**

If you take no action, your Rights will lapse and you will have forfeited any potential benefit to be gained from selling/trading your Rights. Rights are renounceable, which enable Eligible Shareholders who do not wish to accept some or all of their Rights, to sell or trade all or part of their Rights on the ASX.

4.3 **Payment**

The price for New Shares is payable in full on application by a payment of 8 cents per Share. The Entitlement and Acceptance Form must be accompanied by payment of the Application Moneys.

Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**Biotron Limited**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued. You should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s). If the amount of your cheque(s) is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared moneys will pay for or your application may be rejected.

If you pay by BPAY®, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY®. Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY®. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than 5.00pm (Sydney time) on the Closing Date. We do not accept any responsibility for incorrectly completed BPAY® payments.

4.4 **Excluded Shareholders**

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia or New Zealand) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended, and Shares will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Company has appointed the Underwriter as nominee ("**Nominee**") to sell the Rights to which Excluded Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Rights will be sold and the manner of any such sale. The Company will pay the Nominee a fee of \$7,500 plus a brokerage fee of 1% on the execution of the sale of any Rights.

Any interest earned on the proceeds of the sale of these Rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Excluded Shareholders as described below.

The net proceeds of any sale of these Rights will then be forwarded by the Company as soon as practicable to the Excluded Shareholders, in proportion to their share of such Rights (after deducting brokerage commission and other expenses).

In the event of a sale of the Rights, Excluded Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Nominee will not be required to sell Excluded Shareholders' Entitlements at a particular price.

Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.5 Shortfall

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities. The Offer to issue Shortfall Securities is a separate offer under this Prospectus.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Rights Issue.

Eligible Shareholders may apply for any Shortfall Securities by completing the relevant section in the Entitlement and Acceptance Form and sending it to the Company's share registry together with payment by cheque or BPAY® in the amount of Shortfall applied for.

An application for Shortfall Securities accompanied by payment of the Application Money does not guarantee any allotment of any Shortfall Securities. The Shortfall will be placed at the discretion of the Directors in consultation with the Underwriter. All Application Moneys in relation to Shortfall Securities which are not allocated will be returned without interest.

The Underwriter is obliged to take up and subscribe for Shortfall Securities up to the Underwritten Amount.

The Shortfall Securities may be placed at the discretion of the Directors, in consultation with the Underwriter, within 3 months of the Closing Date.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

4.6 Allotment and quotation

(a) Allotment of New Shares and New Options

The New Shares and New Options issued pursuant to the Rights Issue will be allotted in accordance with the timetable set out in Section 1 of this Prospectus. We will allot the New Shares and New Options on the basis of your Rights.

Pending the allotment and issue of New Shares and New Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

(b) Quotation by ASX

We intend to apply to ASX for quotation of the New Shares and the New Options within 7 days of the date of this Prospectus. If the ASX accepts our application, quotation of the New Shares and New Options will commence after the issue of the New Shares and New Options.

If any New Shares and New Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those New Shares and New Options and the Application Money in respect of those New Shares and New Options will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) Holding statements

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of New Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

4.7 Underwriting and sub-underwriting arrangements

(a) The Underwriter

The Underwriter is appointed under the Underwriting Agreement to underwrite the Rights Issue up to the Underwritten Amount. The Underwriter is not a related party and has no current relevant interest in Shares.

In the event of a Shortfall, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

(b) Underwriting Agreement

The Underwriting Agreement was negotiated on an arm's length basis. The parties to the agreement are the Company and the Underwriter.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares within 5 business days of receiving notice from us as to the number of Shortfall Shares. The maximum number of Shortfall Securities that the Underwriter is required to subscribe for is 50,732,654 New Shares and associated New Options representing the Underwritten Amount.

We must on the Issue Date pay the Underwriter an underwriting fee of 5% of the Underwritten Amount, a management fee of 1% of the Underwritten Amount and a corporate fee of \$60,000, being a total of \$303,517. We are also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Offer in accordance with all relevant regulatory requirements and we have given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

As is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall Securities. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the All Ordinaries Index falls to a level that is 10% or more than the level at the close of business on the business day prior to the date of this Prospectus, the volume weighted average price of the Shares of the Company during any consecutive 5 trading days upon which Shares trade is less than the Offer price of 8 cents and where an adverse change occurs in respect of the Company or its assets which has a material adverse effect. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

(c) Sub-Underwriting

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.

No related parties are sub-underwriting the Offer.

The Underwriter is responsible for fees payable to sub-underwriters.

(d) Effect on control

The Offer is 2 New Shares for every 9 Shares held by Eligible Shareholders and the maximum dilution at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 18.18% of its existing shareholding.

The Underwriter currently has no relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares up to the Underwritten Amount (maximum of 50,732,654 New Shares as at the date of this Prospectus). In the event that the Underwriter is required to subscribe for all of the Shortfall Securities up to the Underwritten Amount, the relevant interest of the Underwriter will be 18.18%. Additionally, no sub-underwriter will, by its sub-underwriting, increase its relevant interest in Shares to 20% or more.

By reason of the above, the Offer will not result in any party gaining control of the Company.

5. ADDITIONAL INFORMATION

5.1 Rights attaching to New Shares

There is only one class of Share in the Company, fully paid ordinary shares.

The rights attaching to Shares in the Company are:

- (a) set out in the constitution of the Company, a copy of which is available to inspect during business hours at the Registered Office of the Company; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's Share Register.

A poll may be demanded by:

- (a) the chairperson of the meeting;
- (b) by any 5 Shareholders present in person or by proxy, attorney or representative; or

by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of the Shares of all those Shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors. Dividends declared will be payable on the Shares in proportion to the amount for the time being paid or credited as paid in respect of each Share.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares unless a proper instrument of transfer is delivered to the Company, other than a proper ASTC transfer.

Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Election of Directors

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (rounded down to the nearest whole number) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the Managing Director.

Rights on winding up

Subject to any restricted securities, if the Company is wound up the liquidator may, with the sanction of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Alteration of constitution

The constitution of the Company can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

Future increases in capital

The allotment or issue of any Shares of the Company is under the control of the Directors who may, subject to the Corporations Act and the Listing Rules, allot or otherwise dispose of them on such conditions as they see fit.

Variation of rights

The rights and privileges attaching to Shares can be altered by special resolution of the Shareholders. A special resolution is a resolution passed by a majority of not less than 75% of those present and voting.

Predominance of Listing Rules

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

5.2 Terms of New Options

The terms of the issue of the New Options are:

- (a) Each New Option entitles the holder to one Share in the capital of the Company.
- (b) The New Options may be exercised at any time prior to 5.00pm (Sydney time) on 30 September 2016.
- (c) The exercise price of the New Options is 12 cents each.
- (d) Application will be made for the New Options to be quoted and they will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options to be exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share. The Company will process all relevant documents received at the end of every calendar month.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holders will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

5.3 Transaction specific Prospectus and continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act and therefore is subject to regular reporting and disclosure obligations. Under those obligations, the Company is required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, the Company must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 28 August 2014. Since then, we have made the following announcement to ASX.

Date	Description of Announcement
10 October 2014	BIT225 trial results show effective cure of Hepatitis C.
14 October 2014	Annual Report and Notice of AGM.
15 October 2014	Entitlement Issue Prospectus and Investor Presentation.

5.4 **Market price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest closing market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last closing market price on the day on which Shares traded prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	19.5 cents	10 October 2014
Lowest	9.2 cents	30 September 2014
Latest	15.0 cents	10 October 2014

5.5 **Board and Management**

The Board consists of:

- (a) Mr Michael J. Hoy (Independent Non-Executive Chairman)
- (b) Dr Michelle Miller (Managing Director)
- (c) Dr Susan M. Pond (Independent Non-Executive Director)
- (d) Mr Robert B. Thomas (Independent Non-Executive Director)
- (e) Dr Denis N. Wade (Independent Non-Executive Director)

5.6 **Directors' Interests**

(a) **Interests of Directors**

Other than as disclosed in Section 5.6(b) of this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) **Interests in securities as at the date of this Prospectus**

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue. The table below does not include the New Shares and New Options that the Directors may subscribe for under the Offer.

Director	Number of Shares currently held	Number of options currently held
Michael J. Hoy	3,154,322	0
Michelle Miller	0	5,000,000 ¹
Susan M. Pond	250,000	0
Robert B. Thomas	5,566,666	0
Denis N. Wade	1,232,894	0

Notes:

1. The terms of the 5,000,000 options held by Dr Michelle Miller are detailed in Section 2.4 of this Prospectus.

5.7 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Minter Ellison has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$30,000 (excluding GST) for these services. In the past two years, Minter Ellison has or will be paid fees (excluding GST) of approximately \$10,000 by the Company for other services.

Patersons Securities Limited is the Underwriter in relation to the Rights Issue and will receive an underwriting fee of 5% of the Underwritten Amount, a management fee of 1% of the Underwritten Amount and a corporate fee of \$60,000, being a total of \$303,517. Patersons Securities Limited will also act as nominee to sell the Rights of Excluded Shareholders on the terms set out in Section 4.4. In the past two years, Patersons Securities Limited has not been paid any fees by the Company.

5.8 Expenses of the Offer

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$353,517. These estimated expenses include fees to be paid to the Underwriter, legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Rights Issue.

5.9 Consents

The following parties has given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Minter Ellison has consented as being named as the Company's solicitors.

Patersons Securities Limited has consented to being named as the Underwriter to the Offer and the inclusion in the Prospectus of all statements referring to it.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any part of this Prospectus other than a reference to their names and a statement included in the Prospectus with the consent of any relevant party as specified in this Section; and
- have not caused or authorised the issue of this Prospectus.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

5.10 Privacy Disclosure

The Company collects information about each Applicant on the Entitlement and Acceptance Form for the purposes of processing the Application and administering the Applicant's security holding in the Company. The Company must maintain a public register. Information contained in the Company's register is also used for corporate communications and compliance by the Company with legal and regulatory requirements.

6. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 15 October 2014

A handwritten signature in black ink, appearing to read 'M Miller', with a small mark above the first 'M'.

Signed for and on behalf of Biotron Limited
By Dr Michelle Miller
Managing Director

7. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who submits and Entitlement and Acceptance Form.
Application	An application for New Shares and New Options under the Rights Issue.
Application Money	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
Board	The Board of Directors.
Closing Date	The time and date at which the Offer expires, being 5.00pm (Sydney time), 31 October 2014, subject to the Company varying this date in accordance with the Listing Rules.
Company or Biotron	Biotron Limited (ABN 60 086 399 144).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (<i>Cth</i>)
Director	A director of the Company for the time being.
Eligible Shareholders	Shareholders with a registered address in Australia or New Zealand at the Record Date.
Entitlement	The entitlement to subscribe for New Shares and New Options under the Rights Issue.
Entitlement and Acceptance Form	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
FDA	The USA Food and Drug Administration.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$4,058,612 assuming no existing options are exercised.
HCV	Hepatitis C virus.
HIV	Human immunodeficiency virus.
IFN/RBV	Interferon/Ribavirin, being a standard of care treatment for HCV.

IND	Investigational new drug application to the USA Food and Drug Administration.
Issue Date	The date that all New Shares and New Options have been issued.
Issue Price	8 cents per New Share, being the price payable to subscribe for each New Share.
Listing Rules	The official listing rules of ASX.
Minimum Subscription	The minimum amount to be raised under the Offer being the sum of \$4,058,612.
New Options	The Options offered under the Rights Issue exercisable at 12 cents on or before 30 September 2016 on terms set out in Section 5.2 of this Prospectus.
New Securities	The New Shares and New Options.
New Shares	The Shares offered under the Rights Issue.
Offer	The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.
Official List	The official list of the ASX.
Option	An option to acquire a Share.
Prospectus	This prospectus dated 15 October 2014.
Record Date	The time and date for determining a Shareholder's entitlement to participate in the Rights Issue, being 5.00pm (Sydney time), 21 October 2014.
Rights	The right to subscribe for New Shares and New Options under this Prospectus.
Rights Issue	The pro-rata renounceable offer to Eligible Shareholders of 2 New Shares for every 9 Shares held by Eligible Shareholders on the Record Date with 1 New Option for every New Share subscribed for.
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	Registered holder of Shares.
Shortfall	Securities not applied for under the Offer before the Closing Date.
Shortfall Securities	New Securities constituting the Shortfall.
Underwriter	Patersons Securities Limited (ACN 008 896 311) (AFSL 239052).
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter dated 15 October 2014.
Underwritten Amount	\$4,058,612.
\$	Australian dollars unless otherwise stated.

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