Biotron Limited
A.B.N. 60 086 399 144

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13 September 2007

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

(45 pages by email)

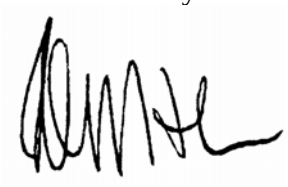
Dear Madam

RE: ANNUAL REPORT

In accordance with Listing Rule 4.7, I attach the Company's Annual Report for the year ended 30 June 2007.

I also attach a copy of the Company's Notice of Annual General Meeting to be held on 5 October 2007.

Yours sincerely

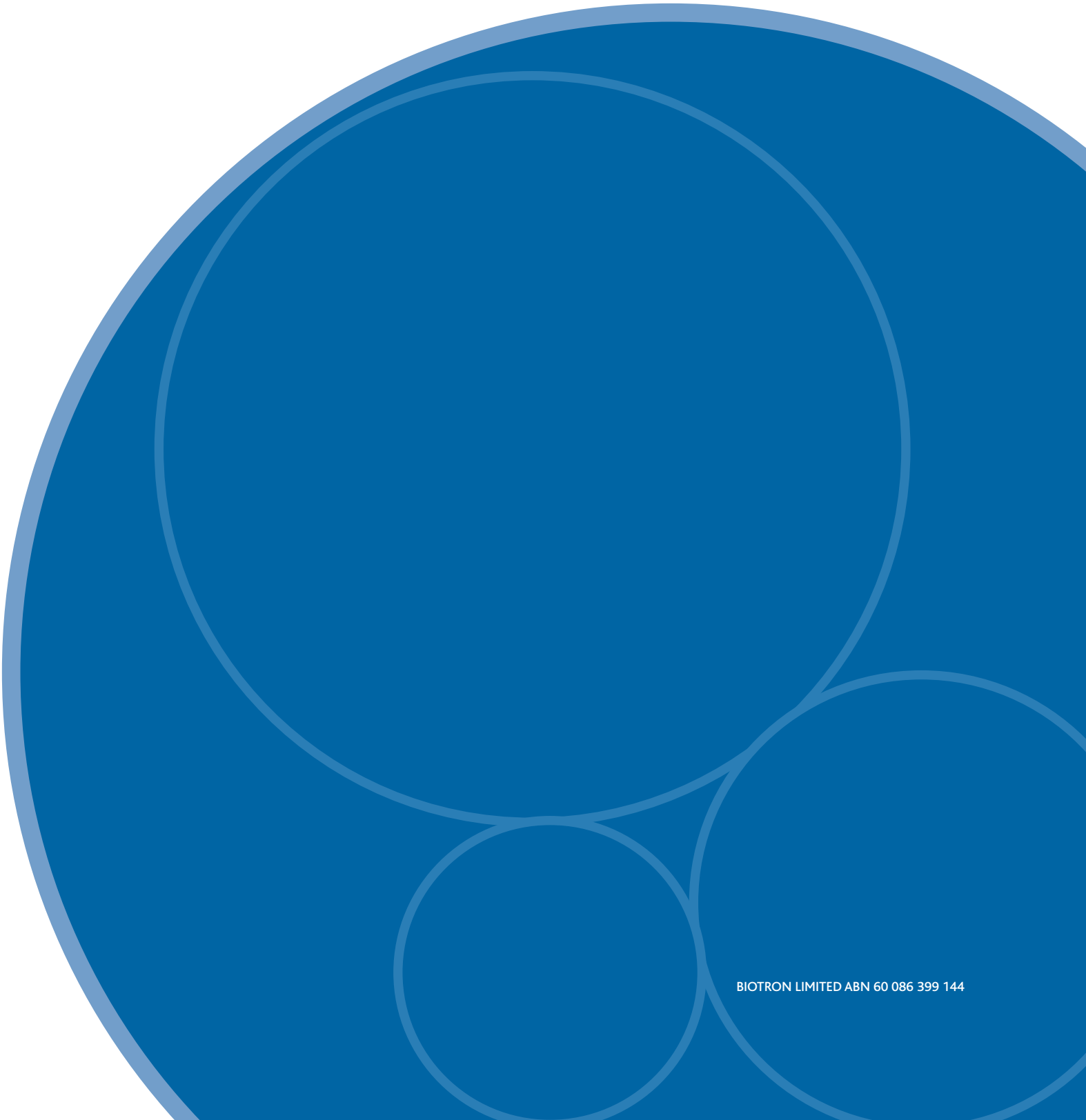


Peter J. Nightingale
Company Secretary

pjn4038

Biotron

ANNUAL REPORT | 2007



BIOTRON LIMITED ABN 60 086 399 144

Contents

Chairman's Report

I am pleased to present Biotron Limited's Annual Report for 12 months to 30 June 2007. The last twelve months has seen the maturing of Biotron from a research-based company to an antiviral drug development company with an exciting portfolio of clinical development programs. Biotron's HIV and Hepatitis C virus (HCV) programs are truly world-class, with a new first-in-class drug, BIT225, offering the potential to significantly advance treatments of both these debilitating infections.

Over the last year we have successfully progressed the Company's lead antiviral drug, BIT225, into a Phase I human clinical trial, after completing a comprehensive program of preclinical safety studies at the start of 2007. Since the end of the financial year, Biotron has announced the successful completion of this human trial, which met all the Company's expectations in terms of safety and blood drug levels.

Completion of this human trial is a major milestone for the Company, and we are now focused on progressing BIT225 into Phase Ib/IIa clinical trials in both HIV and HCV infected subjects. The recently completed Phase I clinical trial in healthy volunteers will support the trials in these two patient populations, which significantly reduces the costs and timelines of Biotron's clinical development program. Trial designs and regulatory and ethics submissions are in preparation for two trials, one in HIV and one in HCV populations and, subject to regulatory and ethics approvals, we anticipate commencement of these trials before the end of 2007.

BIT225 specifically targets HIV in the viral reservoirs – immune cells where the virus hides for long periods when the patient otherwise seems to be carrying negligible viral loads. Existing HIV drugs have no effect on the underlying viral reservoir, which contributes to production of drug-resistant virus and long-term disease.

The finding, during the last twelve months, that BIT225 has excellent antiviral activity in various in vitro surrogate models of HCV infection, has enabled Biotron to accelerate its clinical development program for HCV. Recently we have found that BIT225 is highly synergistic with the two leading HCV therapies. This is a major finding as it further supports rapid progression of BIT225 into trials in HCV positive patients.

The Company's Board remains mindful of the need to realise the value of its wider antiviral drug portfolio. Biotron recently announced that a number of its compounds have shown high levels of potency and specificity activity against Hepatitis B virus (HBV). While the Company's HIV and HCV programs remain the major focus of development activities, this finding further deepens and strengthens Biotron's antiviral portfolio.

To reflect Biotron's transition to an antiviral drug development company, in December 2006 the Company renegotiated its agreement with the Australian National University (ANU), resulting in significant benefit to the Company in the form of a significant cash settlement and transfer of ownership of key Virion patents. The ANU will retain ownership of early-stage research projects outside of Biotron's key area of interest, with Biotron receiving a percentage of future royalties from the commercialisation by the ANU of certain of these projects. This new arrangement benefits Biotron as it allows the Company to focus on commercial development of its antiviral portfolio while benefiting from future developments of other projects with no additional funding obligations.

On behalf of the shareholders and Directors, I would like to thank the dedicated team of Biotron staff for their continued efforts during the year. The last year was an eventful one and we all look forward to 2008 with confidence.

Yours sincerely

Michael J. Hoy

Chairman

Operating and **Financial Review**

OVERVIEW

The last twelve months has seen major advances in Biotron's antiviral drug development program, with significant value-adding milestones achieved in the clinical development program for the Company's lead antiviral drug BIT225. Significant events achieved during the last year include:

- Initiation of a Phase I human clinical trial of BIT225 following ethics and regulatory approvals, following successful completion of a formal preclinical safety program for BIT225 to GLP standards with a leading European contract research organisation and manufacture of kilo-scale quantities of the drug to GMP standards.
- Successful completion of the Phase I human clinical trial of BIT225, achieving good plasma levels of the drug with no dose-limiting toxicities.
- Demonstration of activity of Biotron compounds, including BIT225, in surrogate models of hepatitis C virus (HCV). BIT225 also shown to be highly synergistic with the two leading HCV therapies in one of these assays.
- Select compounds in Biotron's compound library shown to have high levels of potency and specificity activity against Hepatitis B virus (HBV), further expanding Biotron's antiviral portfolio.
- Presentation of preclinical efficacy of BIT225 at a number of international HIV and HCV conferences in the USA, Mexico and Australia.
- Agreement with the Australian National University (ANU) generated a benefit to the Company in the form a significant cash settlement and transfer of ownership of key Virion patents.

Human Trial Update for BIT225

Over the last year Biotron successfully progressed the Company's lead antiviral drug, BIT225, into a Phase I human clinical trial, after completing a comprehensive program of preclinical safety studies at the start of 2007. Since the end of the financial year, Biotron has announced the successful completion of this human trial, which met all the Company's expectations in terms of safety and blood drug levels.

Completion of this human trial was a major milestone for the Company. The success of this human trial, designed to determine the safety and pharmacokinetics of BIT225 in healthy volunteers, reflects the extensive preparation put into the preclinical selection and testing of the drug during the lead optimization and selection phase of development. During this first human trial no dose-limiting toxicities were observed, nor were there any serious adverse events. Importantly, good blood plasma levels of BIT225 were achieved, reaching potentially therapeutic levels of the drug.

The data from this Phase I trial support progressing to clinical testing of BIT225 in patient populations. Initially BIT225 was in development solely as a new therapeutic for HIV. However, during the last twelve months BIT225 has demonstrated excellent antiviral activity in various *in vitro* surrogate models of HCV infection, and recently the Company reported that BIT225 is highly synergistic with the two leading HCV therapies. These are major findings and they have enabled Biotron to accelerate its clinical development program of BIT226 into clinical trials in HCV-positive patients.

Biotron is now focused on progressing BIT225 into two Phase Ib/IIa clinical trials – one in HIV-positive and one in HCV-positive patients. The data from the completed Phase I clinical trial in healthy volunteers will be used to support both of these trials in patient populations, which significantly reduces the costs and timelines of Biotron's clinical development program. Trial designs and regulatory and ethics submissions are in preparation for the two trials, and subject to regulatory and ethics approvals, these trials should commence before the end of 2007. The Company is finalising sites for these trials, taking into account the availability of relevant patient populations and potential trial participant numbers. It is anticipated that both the HIV and the HCV studies will be performed in patients not currently on antiviral drugs, and that each study will involve dosing with BIT225 over a period of 7 – 14 days. The trials are expected to be completed within 4 – 6 months of their commencement. These proposed Phase Ib/IIa trials will determine dosing schedules for full Phase II trials, and may give an indication of efficacy against HIV and HCV in humans. The data from these trials will be used to progress BIT225 to full Phase II efficacy studies and to seek fast-track approval through the US Food and Drug Administration (FDA).

Background on BIT225

Biotron's BIT225 specifically targets HIV in the viral reservoirs – immune cells where the virus hides for long periods when the patient otherwise seems to be carrying negligible viral loads. Existing HIV drugs have no effect on the underlying reservoir, which contributes to production of drug-resistant virus and long-term disease. BIT225 prevents these HIV-infected cells, called macrophages, from producing virus.

Existing anti-HIV drugs target virus in the T cells, which circulate in the blood and are involved in keeping the body healthy and disease-free. HIV binds to specific receptors on the surface of these cells, enter and sabotage the cells to make more virus. In the process the infected cells die, leading to reduced levels of T cells which make

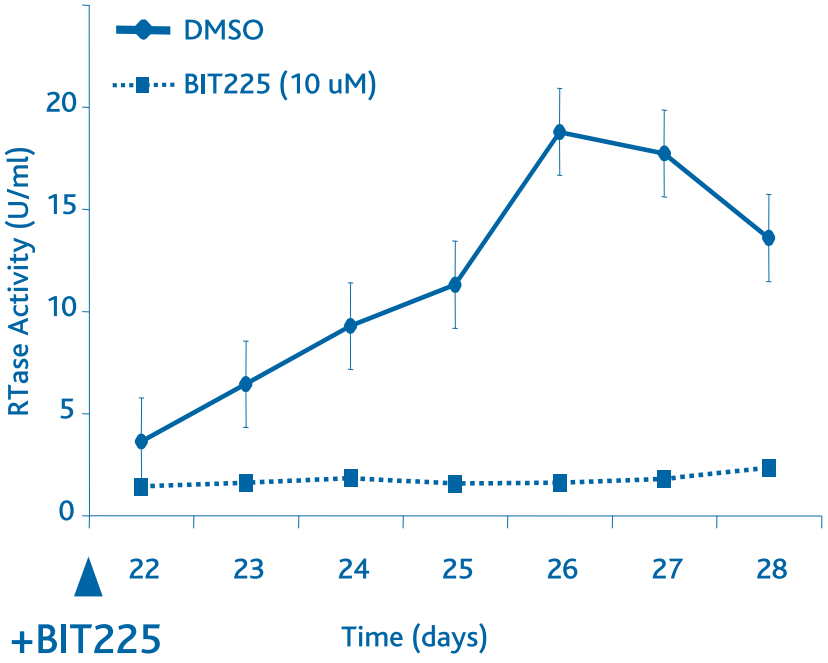


Figure 1. BIT225 prevents HIV production (measured by RT-ase activity) by chronically-infected human macrophages in contrast to non-drug (DMSO) control.

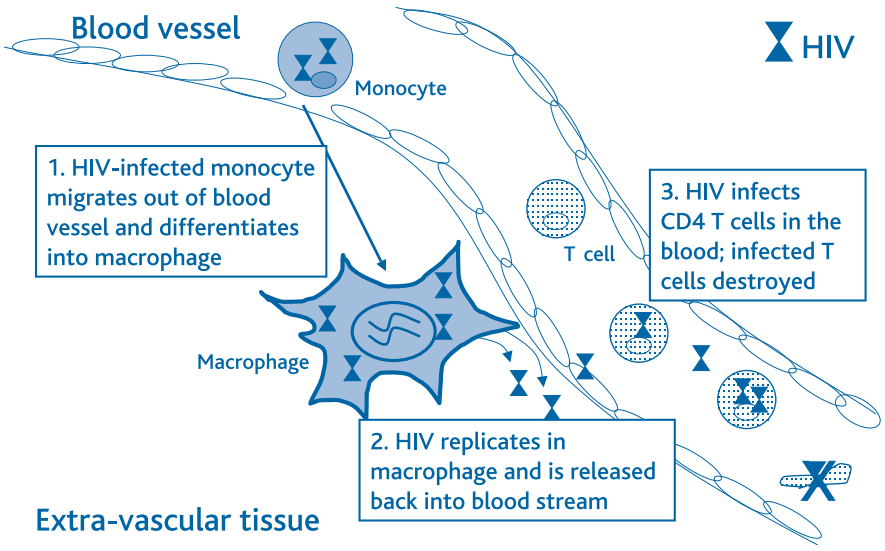


Figure 2. Transmission cycle of HIV from monocyte-derived macrophages to T cells. BIT225 blocks this process of infection.

the host susceptible to life-threatening diseases. Existing drugs work by stopping entry of HIV into T cells as well as inhibiting replication of virus in those cells. A second cell type also becomes infected with HIV – the monocyte, which passes through the wall of blood vessels and lodges in different organs of the body, including liver, lung, brain and gut, where it differentiates into a macrophage and lives for many months or years, producing virus which is released into the blood stream and infects the T cells. Existing drugs have minimal effect on HIV in macrophage cells. Eventually the virus mutates and becomes resistant to existing drugs, resulting in massive destruction of the T cell population which leads to life-threatening disease and death. It is therefore critical that the infection in macrophages be controlled if not eradicated if HIV is to be kept in check or cured.

During the last 12 months Biotron scientists have demonstrated in cell cultures of human cells infected with HIV that BIT225 is able to stop transmission of virus from infected macrophages to uninfected T cells. This is an exciting finding and suggests that BIT225 may be able to stop the on-going cycle of infection and re-infection in the body.

BIT225 also represents a first-in-class drug for treatment of HCV, targeting the p7 protein of HCV. HCV causes inflammation of the liver, which may lead to fibrosis and cirrhosis, liver cancer and, ultimately, liver failure. Existing drugs for HCV have limited effectiveness and toxicity issues, leaving a significant need for new therapies. It is estimated that in the USA alone, some 4 million people have been infected with Hepatitis C with 2.7 million suffering from chronic infection. Worldwide, 170 million people are infected. The worldwide market is currently almost US$3.0 billion, but is estimated that this market will expand to over US$10.0 billion as safe, effective therapies enter the market.

Antiviral Activity of RBV and BIT-225 in MDBK Cells with BVDV NADL (10 IU/mL rlFNa-2b)

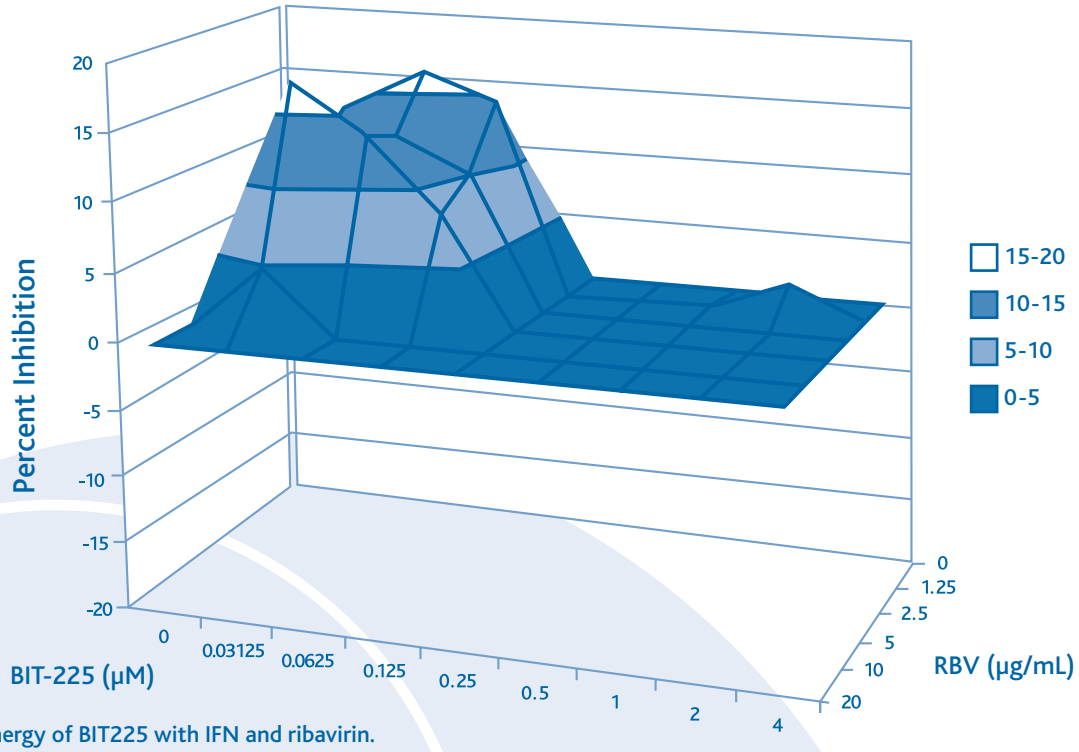


Figure 3. Synergy of BIT225 with IFN and ribavirin.
The raised area above the plane indicates that drugs are synergistic.

Biotron recently tested BIT225 in combination with two of the most common HCV therapies in use today - ribavirin and interferon-alpha (IFN), using the widely accepted surrogate model of HCV, bovine viral diarrhea virus (BVDV). BVDV is closely related to HCV and is an *in vitro* predictor of the efficacy of anti-HCV drugs in humans. During the second half of 2006 Biotron reported that BIT225 is a potent inhibitor of activity in this HCV surrogate model system. BIT225 was highly synergistic with the addition of BIT225 to ribavirin and IFN, increasing the level of inhibition of viral replication from 70% with the two other drugs to 100%. The potency of BIT225 was increased 10-fold in this triple combination, compared to its activity on its own.

These results are significant as they indicate that BIT225 has the potential to be used in combination therapy to achieve a higher level of antiviral activity against HCV than is currently possible, while improving the potency of each of the drugs in the combination.

Both of the existing approved drugs for HCV are less than ideal, with IFN alone or combination with ribavirin demonstrating limited effectiveness. Use of these drugs is often limited by frequent side effects, injectable administration and poor patient tolerance and adherence. BIT225 has the potential to significantly increase the antiviral efficacy of these drugs while reducing the amounts of drugs required. BIT225 has a different mode of action to ribavirin and IFN, which may have the added advantage of reducing development of resistance by HCV to these drugs.

Update on other antiviral programs

While Biotron remains focused on clinical development of BIT225 for treatment of HIV and HCV, the Company continues to progress development of its other antiviral programs, which are at an earlier stage of development. As the HIV and HCV programs further develop, these other programs will progress in their turn to clinical development, creating a valuable pipeline of clinical stage products targeting diseases with very large markets and unmet medical need.

Biotron recently announced that a number of compounds from its proprietary compound library had show high levels of antiviral activity against Hepatitis B virus. According to the World Health Organisation (WHO), 350-400 million people are

Stage of Development

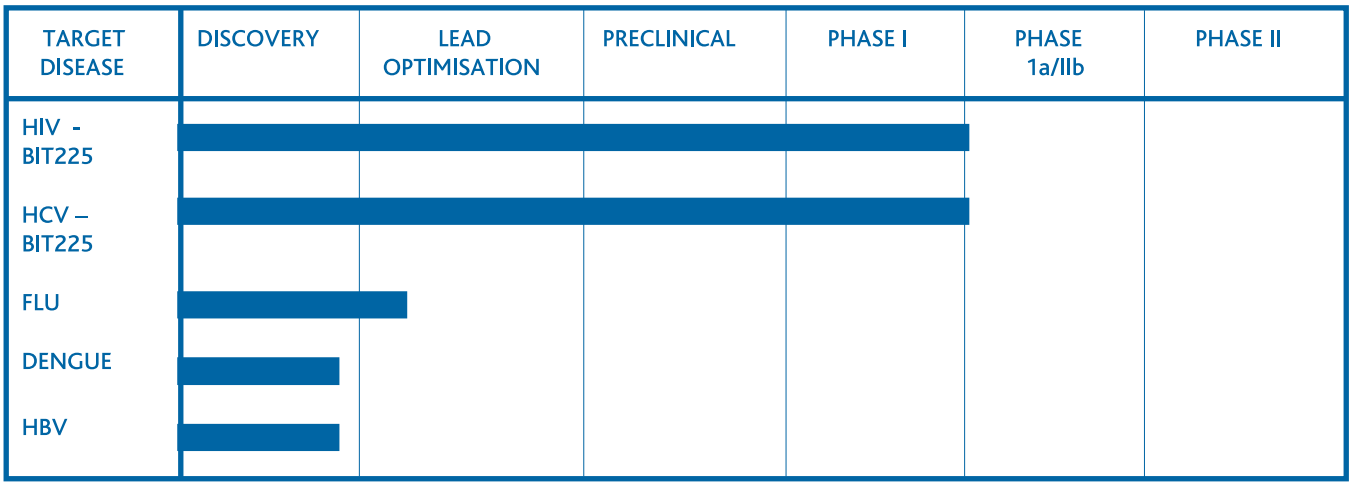


Figure 4. Biotron's antiviral projects by stage of development.
The HIV and HCV projects are expected to progress through Phase IA/IIB and into Phase II over the next 12 months.

chronically infected with HBV. Chronic Hepatitis B (CHB) is a serious global health problem, with infection progressing to liver cirrhosis and hepatocellular carcinoma, resulting in up to 1.2 million deaths worldwide each year. Up to 80% of the world's primary liver cancer, which is currently the fifth most frequent cancer worldwide, is attributable to chronic CHB.

This latest activity data against HBV demonstrates the depth of Biotron's antiviral portfolio. The Company has an impressive portfolio of clinical and preclinical antiviral programs developing drugs targeting HIV, Hepatitis C virus (HCV), Dengue virus and Influenza virus.

During the last twelve months, Biotron has continued discussions with international pharmaceutical companies. Biotron's aim is to secure a suitable partner to progress its antiviral programs through late-stage clinical development and marketing but remains flexible with its strategies. Whilst keen to partner the programs, Biotron can significantly increase the value of the technology by undertaking clinical trials through to Phase II before forming alliances. This will translate into much higher returns to the Company in the form of upfront payments as well as increased milestone and royalty payments in the future.

The level of interest by the international community in Biotron's antiviral programs has been reflected by acceptance of several paper for presentation at prestigious international conferences over the last year. In October 2006 Biotron was invited to participate in a prestigious invitation-only Hepatitis C virus conference in Boston, USA. Biotron scientists presented data on the preclinical efficacy of BIT225 at the bi-annual HIV DART meeting in Cancun, Mexico in December 2006 and again at the 2007 International AIDS Society (IAS) meeting on HIV Pathogenesis, Treatment and Prevention in Sydney in July 2007.

In December 2006 the Company renegotiated its agreement with the Australian National University (ANU), resulting in a benefit to the Company in the form of a significant cash settlement and transfer of ownership of key Virion patents. Under the terms of this new agreement, the ANU will retain ownership of early-stage research projects outside of Biotron's key area of interest, with Biotron receiving a percentage of future royalties from the commercialisation by the ANU of certain of these research projects. This new arrangement benefits Biotron as it allows the Company to focus on commercial development of its antiviral portfolio while benefiting from future developments of other projects with no additional funding obligations.

OPERATING AND FINANCIAL REVIEW

The agreement with the ANU reflects Biotron's transition to an antiviral drug development company. Biotron has an extensive antiviral drug development portfolio of products, and is committed to development of this asset to financially benefit shareholders. The Company can achieve this aim by focusing on the projects that are most assured of a strong commercial outcome. During the renegotiation of the agreement with the ANU the Company undertook an extensive review of its existing patent portfolio. Certain patents that are not relevant to its antiviral program and that have limited commercial potential were offered back to the University. This has reduced the size of Biotron's patent portfolio, which will result in significant cost savings. The Company remains committed to building a strong, defensible wall of patents around its antiviral drug platform and to this end has filed additional patent applications during the year.

Biotron is currently undertaking a commercial and strategic review of the C-Test cancer diagnostic project. C-Test is not related to the Virion antiviral projects and at present is receiving minimal resources. While good progress has been made on using C-Test's glycomics approach for diagnosis of prostate and colorectal cancers, the Company believes that shareholders' interests are best served through commercial development of its antiviral projects.

Patent Update

As discussed above, Biotron has undertaken an extensive review of its patent portfolio, and has offered a number of patents relating to non-commercial, early stage projects back to the ANU.

The Company is now focused on progressing existing and future patents relating to its antiviral programs through international patents. Biotron recognises that the key to establishment of partnerships is the expansion and continued strengthening of Biotron's intellectual property (IP) portfolio. Strong, defensible, international patents are essential to attract partners and to ensure a competitive advantage for our products in the marketplace. Biotron continues to build a strong defensible wall of patents around the Company's intellectual property to maximise the value of the technology and to ensure Biotron's competitive position.

During the past year, Biotron has filed additional patents relating to its antiviral portfolio of projects, and progressed existing patents through the international PCT system into national jurisdictions.

A summary of Biotron's patent portfolio is set out in the table below.

TITLE	STATUS
PCT/AU99/00872 A method of modulating ion channel functional activity	Granted in Australia, New Zealand and China. Under examination elsewhere.
PCT/AU97/00638 A method of determining ion channel activity of a substance	Granted in Australia and USA. Under examination elsewhere.
PCT/AU2004/000866 Antiviral compounds and methods	Entered into PCT in all jurisdictions.
PCT/AU2006/000800 Antiviral compounds and methods	Entered into PCT in all jurisdictions
Hepatitis C antiviral compositions and methods	Provisional patent application filed August 2007

Statement of CorporateGovernance

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Stock Exchange ('ASX') Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors

The board of directors is responsible for the overall corporate governance of the Company including its strategic direction, setting remuneration, establishing goals for management and monitoring the achievement of these goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The composition of the board has been determined on the basis of providing the Company with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level. The names and further information regarding the skills, experience, qualifications and relevant expertise of the directors are set out in the Directors' Report. The board is composed of a minimum of three directors.

The composition of the board is monitored constantly to ensure that it provides the Company with the appropriate levels of both expertise and experience. The board comprises a majority of independent, non-executive directors including the Chairperson. The independence of directors is based on their capacity to put the best interests of the Company and its shareholders ahead of all other interests.

When a board vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, the board identifies a panel of candidates with appropriate expertise and experience. A selection procedure is then completed and the board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Directors, other than the Managing Director, are subject to re-election by the shareholders at least every three years.

Having regard to the current membership of the board and the size, organisational complexity and scope of operations of the entity, a Nomination Committee, a Remuneration Committee and an Audit Committee have not been established.

Each director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, but such approval is not unreasonably withheld. A copy of the advice received by the director is made available to all other members of the board.

In the event that a potential conflict of interest may arise, involved directors must withdraw from all deliberations concerning the matter.

Remuneration

The remuneration of the directors is determined by the board as a whole, with the director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon.

For details on the amount of remuneration for each director, refer to the Key Management Personnel note to the financial statements and the Remuneration Report in the Directors' Report.

Internal Controls

The board of directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the Company seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the Company.

The full board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management. Selected internal control mechanisms employed to support the business include:

- Investment appraisal – the Company has documented guidelines for capital expenditure and investment appraisals. These include annual budgets, expenditure review procedures and appropriate levels of authority.
- Business planning, budgeting and reporting – a comprehensive business planning process includes evaluation of strategies, objectives, and risks resulting in an annual budget approved by the board. Monthly actual performance is reported against budget and revised forecasts for the year are prepared regularly.
- Quality and integrity of employees – there are clearly defined accountabilities, performance measures, and reinforcement of values and ethics by management.

The CEO and CFO state in writing to the board that the Company's financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

External Auditors

Board nominees review the performance of the external auditors and meet with them during the half yearly review and annual

audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and the level of proposed audit fees.

KPMG, the Company's auditors, were appointed on 20 November 2001.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the Company. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

Directors, officers and employees are permitted to trade in the Company's securities only in accordance with the provisions of the Corporations Act and ASX Listing Rules. The directors are under an obligation to report any dealings by them in the Company's securities.

The Role of Shareholders

The board ensures that the shareholders are informed of all major developments affecting the Company by the following means:

- Distribution of the annual report to all shareholders which contains relevant information about the operations of the Company during the year in addition to disclosures required by the Corporations Act 2001.
- Lodgement of quarterly reports with the ASX which show summarised financial information for the quarter. Copies of these reports are available to shareholders on request.
- Lodgement of the half yearly report with the ASX which contains summarised and audit reviewed financial information. Copies of half yearly financial statements prepared in accordance with the Corporations Act are available to any shareholder on request.
- Lodgement of the annual report with the ASX which contains full audited financial information prepared in accordance with the Corporations Act. The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document).
- Announcements to the ASX concerning any significant development in the Company's operations, financing and administration. All announcements are immediately available to the general public.
- Disclosure of all major announcements to the ASX on the Company's website.
- The Annual General Meeting is the main opportunity for the shareholders to hear the Managing Director and Chairman provide updates on the Company's performance, ask questions of the board and to express views and vote on various matters of business on the agenda.

The shareholders are responsible for voting on the appointment of directors.

Risk Management

Each director reviews the business risks affecting his particular area of expertise annually and reports to the board. The board then determines the appropriate actions to eliminate or minimise the identified business risks. The full board oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. The internal control system covers financial, operational and compliance risks.

Recommendations made by external auditors and other external advisers are investigated by the board and, where necessary, appropriate action is taken to ensure that the Company has the internal control environment to manage the key risks identified. Ways of enhancing existing risk management strategies, including segregation of duties, employment and training of suitably qualified and experienced personnel are investigated by the board.

Performance

Given the size and nature of the Company and the number of key executives, the board has adopted an informal and continuous performance evaluation process of its key executives.

Directors' Report

The directors present their report together with the financial report of Biotron Limited ('the Company') for the year ended 30 June 2007 and the auditor's report thereon.

Directors

The names and particulars of the directors of the Company at any time during or since the end of the financial year are:

Mr Michael J. Hoy
Independent and Non-Executive Chairman

Mr Hoy has more than 30 years' corporate experience in Australia, the United Kingdom, USA and Asia. He is Chairman of CityPrint Holdings Pty Limited, a director of Eiffel Technologies Limited and a former director of John Fairfax Holdings Limited and FXF Trust.

He has been a director since 7 February 2000 and Chairman since 16 March 2000.

Dr Michelle Miller, BSc, MSc, PhD, GCertAppFin (Finsia)
Managing Director

Dr Miller has worked for over 20 years in the bioscience industry, with extensive experience in managing commercial bioscience research. She completed her PhD in the Faculty of Medicine at Sydney University investigating molecular models of cancer development. Her experience includes a number of years at Johnson and Johnson developing anti-HIV gene therapeutics through preclinical research to clinical trials. She has experience in early-stage start-ups from time spent as Investment Manager with a specialist bioscience venture capital fund.

She was appointed as Managing Director on 21 June 2002.

Dr Michael S. Hirshorn, MBA, MB, BS
Independent and Non-Executive Director

Dr Hirshorn has over 20 years' experience in the commercialisation of Australian Technology, particularly in the medical device industry, and extensive experience in collaboration with Australian research institutes.

He played a major role in all commercial aspects of Cochlear Limited's development, was a founding director of Resmed Inc., and Chief Executive Marketing for Polartechnics Limited.

He has served on numerous government advisory committees, including the Start IT and T Committee, the Start Grants Biological Sciences Committee of the Department of Industry, Science and Resources and is currently an Investment Manager with a venture capital firm, Nanyang Ventures.

Dr Hirshorn was appointed as a director on 16 March 2000.

Mr Bruce Hundertmark
Independent and Non-Executive Director

Mr Hundertmark is an independent businessman and company director with a wide range of experience in high technology based company start-up operations and promoting the formation of venture capital companies, including News Datacom Limited in Israel and PT Indo Bio Products in Indonesia.

He is a director of Eiffel Technologies Limited and has been a director of News International PLC, Prudential Cornhill Insurance Limited and was Managing Director of IMFC Limited, a merchant bank.

Mr Hundertmark was appointed as a director on 16 March 2000.

Mr Peter G. Scott
Non-Executive Director

Mr Scott is a founding director of Biotron Limited with more than 30 years of commercial and entrepreneurial experience in Australia.

He is a director of Scott's Acorn Pty Ltd and was formerly Chairman and Managing Director of Scottcom Pty Ltd and Managing Director of ICAM Pty Ltd, audio visual and multimedia companies.

Mr Scott has been a director since 23 February 1999.

Peter J. Nightingale
Company Secretary

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for the past 20 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L. and ETT Limited. Mr Nightingale is currently a director or company secretary of Bolnisi Gold NL, Cockatoo Coal Limited, IMD Group Limited, Planet Gas Limited and Palmarejo Silver and Gold Corporation.

Directors' Meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the Company, while they were a director, during the year are:

	No. of Meetings Held	No. of Meetings Attended
Michael J. Hoy	6	6
Michelle Miller	6	6
Michael S. Hirshorn	6	5
Bruce Hundertmark	6	5
Peter G. Scott	6	6

Directors' Interests

At the date of this report, the beneficial interests of each director of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

	Fully Paid Ordinary Shares	Options	Option Terms (Exercise Price and Term)
Michael J. Hoy	1,316,314	500,000	$0.35 at any time up to 30 September 2010
Michelle Miller		500,000	$0.35 at any time up to 30 September 2010
		500,000	$0.40 at any time from 30 September 2006 up to 30 September 2010
		500,000	$0.45 at any time from 30 September 2006 up to 30 September 2010
Michael S. Hirshorn	-	200,000	$0.35 at any time up to 30 September 2010
Bruce Hundertmark	-	200,000	$0.35 at any time up to 30 September 2010
Peter G. Scott	8,895,014	-	-

Option holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each specified director, including their personally-related entities, is as follows

	Held at 1 July 2006	Granted as Remuneration	Expired	Held at 30 June 2007	Vested and Exercisable at 30 June 2007
Michael J. Hoy	500,000	-	-	500,000	500,000
Michelle Miller	2,750,000	-	1,250,000	1,500,000	1,500,000
Michael S. Hirshorn	200,000	-	-	200,000	200,000
Bruce Hundertmark	200,000	-	-	200,000	200,000
Peter G. Scott	-	-	-	-	-

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each specified director, including their personally-related entities, is as follows

	Held at 1 July 2006	Purchased	Received on Exercise of Options	Sales	Held at 30 June 2007
Michael J. Hoy	1,316,314	-	-	-	1,316,314
Michelle Miller	-	-	-	-	-
Michael S. Hirshorn	-	-	-	-	-
Bruce Hundertmark	-	-	-	-	-
Peter G. Scott	8,895,014	-	-	-	8,895,014

Remuneration Report

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided through the Company's Incentive Option Plan which acts to align the directors and senior executives' actions with the interests of the shareholders. The remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

No directors or senior executives receive performance related remuneration. No bonuses were paid during the year.

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director and senior executive of the Company are:

	Year	Primary Salary and Fees $	Post-Employment Superannuation Benefits $	Equity Compensation Value of Options $	Total $	Options as a % of Remuneration
Directors						
Non-executive						
Michael J. Hoy (Chairman)	**2007**	**60,000**	**5,400**	**-**	**65,400**	**-**
	2006	60,000	5,400	24,016	89,416	27%
Michael S. Hirshorn	**2007**	**30,000**	**2,700**	**-**	**32,700**	**-**
	2006	30,000	2,700	9,606	42,306	23%
Bruce Hundertmark	**2007**	**30,000**	**2,700**	**-**	**32,700**	**-**
	2006	30,000	2,700	9,606	42,306	23%
Peter G. Scott	**2007**	**5,000**	**27,700**	**-**	**32,700**	**-**
	2006	5,000	27,700	-	32,700	-
Executive						
Michelle Miller (Managing Director)	**2007**	**200,000**	**33,385**	**15,068**	**248,453**	**6%**
	2006	155,000	25,873	46,361	227,234	20%
Total, all specified directors	**2007**	**325,000**	**71,885**	**15,068**	**411,953**	**4%**
	2006	280,000	64,373	89,589	433,962	20%
Executives						
Peter J. Nightingale (Company Secretary)	**2007**	**60,848**	**-**	**-**	**60,848**	**-**
	2006	60,000	-	9,606	69,606	14%
Total, all specified directors and executives	**2007**	**385,848**	**71,885**	**15,068**	**472,801**	**3%**
	2006	345,000	64,373	99,195	503,568	19%

DIRECTORS' REPORT

Options

At the date of this report, unissued ordinary shares of the Company under option are:

Number of Options	Exercise Price	Expiry Date
4,850,000	$0.35	30 September 2010
750,000	$0.40	30 September 2010
500,000	$0.45	30 September 2010

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Principal Activities

The principal activities of the Company during the financial year were the funding and management of intermediate and early applied biotechnology research and development projects.

Financial Result and Review of Operations

The operating loss of the Company for the financial year after income tax was $3,234,004 (2006 - $2,198,973).

A review of the Company's operations for the year is set out in the Operating and Financial Review.

Impact of Legislation and Other External Requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the entity.

Dividends

The directors recommend that no dividend be paid by the Company. No dividend has been paid or declared since the end of the previous financial year.

State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Environmental Regulation

The Company's operations are not subject to significant environmental regulations under Commonwealth or State legislation in relation to its research projects.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Likely Developments

During the year ended 30 June 2007, the Company continued to fund and manage its research and development projects. The success of these research projects, which cannot be assessed on the same fundamentals as trading and manufacturing enterprises, will determine future likely developments.

In the opinion of the directors, it would prejudice the interests of the Company to provide additional information, except as reported in this Annual Report, relating to likely developments in the operations of the Company.

Indemnification of Officers and Auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Non-audit Services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is included in the directors' report.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	2007 $	2006 $
Statutory audit		
Auditors of the Company		
- audit and review of financial reports (KPMG Australia)	**25,783**	17,782
Services other than statutory audit		
- Grant audit (KPMG Australia)	**1,000**	4,750

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out below and forms part of the directors' report for the year ended 30 June 2007.

This report has been signed in accordance with a resolution of the directors and dated 28 August 2007:

Michael J. Hoy
Chairman

Michelle Miller
Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Biotron Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

28 August 2007

S.J. Board

Income Statement FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 $	2006 $
Other income	2	402,457	794,862
Administration and consultants' expenses		(373,287)	(311,452)
Depreciation		(51,492)	(83,040)
Employee and director expenses		(455,440)	(514,001)
Direct research and development expenses		(2,412,418)	(1,875,449)
Rent and outgoings expenses		(44,320)	(44,649)
Legal expenses		(73,939)	(16,584)
Refund of grant		(127,177)	-
Other expenses from ordinary activities		(254,351)	(248,559)
Operating loss before financing income	3	(3,389,967)	(2,298,872)
Interest income		155,963	99,899
Net financing income		155,963	99,899
Loss before tax		(3,234,004)	(2,198,973)
Income tax expense	5	-	-
Loss for the year		(3,234,004)	(2,198,973)
Basic loss per share attributable to ordinary equity shareholders	4	(3.60) cents	(3.00) cents
Diluted loss per share attributable to ordinary equity shareholders	4	(3.60) cents	(3.00) cents

Statement of Recognised **Income and Expense**

FOR THE YEAR ENDED 30 JUNE 2007

	2007 $	2006 $
Loss for the year	**(3,234,004)**	(2,198,973)
Total recognised income and expense for the year	**(3,234,004)**	(2,198,973)

Other movements in equity arising from transactions with owners as owners are set out in note 12.

Balance Sheet AS AT 30 JUNE 2007

	Notes	2007 $	2006 $
Current assets			
Cash and cash equivalents		1,378,722	4,623,586
Trade and other receivables	6	41,051	4,824
Inventories	7	-	21,538
Other	8	6,000	19,040
Total current assets		1,425,773	4,668,988
Non-current assets			
Property, plant and equipment	9	93,265	142,565
Other	8	-	2,403
Total non-current assets		93,265	144,968
Total assets		1,519,038	4,813,956
Current liabilities			
Trade and other payables	10	117,618	270,788
Employee entitlements	11	45,405	47,320
Total current liabilities		163,023	318,108
Total liabilities		163,023	318,108
Net assets		1,356,015	4,495,848
Equity			
Issued capital	12	16,865,134	16,865,134
Reserves	13	296,497	251,076
Accumulated losses	14	(15,805,616)	(12,620,362)
Total equity		1,356,015	4,495,848

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 $	2006 $
Cash flows from operating activities			
Cash receipts in the course of operations		-	874,347
Payments for research and development		(2,629,535)	(2,044,239)
Cash payments in the course of operations		(1,167,288)	(712,608)
Cash generated from operations		(3,796,823)	(1,882,500)
Interest received		151,694	95,076
Net cash from operating activities	15	(3,645,129)	(1,787,424)
Cash flows from investing activities			
Proceeds on sale of intellectual property		402,457	-
Payments for plant and equipment		(2,192)	(1,212)
Net cash from investing activities		400,265	(1,212)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,299,426
Net cash from financing activities		-	4,299,426
Net increase/(decrease) in cash and cash equivalents held		(3,244,864)	2,510,790
Cash and cash equivalents at the beginning of the financial year		4,623,586	2,112,796
Cash and cash equivalents at the end of the financial year	15	1,378,722	4,623,586

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia.

Basis of preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Company also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 28 August 2007.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note:

- Note 1 – Going concern

Going Concern

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The ongoing operation of the Company is dependent on:

- The Company raising additional fund from shareholders; and/or
- The Company reducing expenditure in line with available funding.

The directors have prepared cash flow projections that support the ability of the Company to continue as a going concern. These cash flow projections assume the Company obtaining additional funding from shareholders. If such funding is not achieved, the Company can reduce expenditures significantly.

In the event that the Company does not obtain additional funding and /or reduce expenditure in line with available funding, it will be unable to continue its operations as a going concern and therefore may not be able to realises its assets and extinguish its liabilities in the ordinary courses of operations and at the amounts stated in the financial statements.

Significant Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the Company financial report and have been applied consistently.

The entity has elected to early adopt the following accounting standards and amendments:

- AASB 101 Presentation of Financial Statements (October 2006)
- 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 Financial Instruments: Disclosures (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Company's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings Per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB 7.

AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the financial report.

- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company as the standard is only concerned with disclosures.
- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 117 Leases, AASB 118 Revenue, AASB 120 Accounting for Government Grants and Disclosures of Government Assistance, AASB 121 The Effects of Changes in Foreign Exchange Rates, AASB 127 Consolidated and Separate Financial Statement, AASB 131 Interest in Joint Ventures, and AASB 139 Financial Instruments: Recognition and Measurement. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as Interpretation 12 Service Concession Arrangements.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.
- Interpretation 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. Interpretation 10 will become mandatory for the Company's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Company first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e. 1 July 2004 and 1 July 2005, respectively). The potential impact on the Company financial report has not yet been determined.
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the Company financial report has not yet been determined.
- AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128] is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the Company financial report has not yet been determined.
- AASB 123 Borrowing Costs (revised March 2007) requires the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. All other borrowing costs are immediately recognised as expenses. AASB 123 is applicable for annual reporting periods beginning on or after 1 January 2009. The potential impact on the Company financial report has not yet been determined.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Inventory

Inventory is carried at the lower of cost and net realisable value.

Property, plat and equipment

Property plant and equipment are stated at their historical cost less accumulated depreciation and impairment loss. Depreciation is recognised in profit or loss using the reducing balance method from the date of acquisition at rates between 13% and 40% per annum.

Research and development

Grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as revenue when there is reasonable assurance it will be received.

Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Trade and other payables

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

Employee entitlements

Wages, salaries, annual leave and sick leave

Liabilities for employee entitlements for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wages and salary rates that the company expect to pay as to reporting date including related on-cost, such as workers compensation insurance and superannuation.

Taxation

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are temporary differences and are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Revenue recognition

Finance income

Interest revenue is recognised as it accrues using the effective interest rate method.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Incentive option plan

The Incentive Option Plan allows the Company's employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued shares in the Company. The fair value of options granted is measured at grant date and spread as an expense over the period during which the employees or directors become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment

The carrying amounts of the Company's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	2007 $	2006 $
2. OTHER INCOME		
Research and development grants	-	794,862
Sale of Intellectual property	402,457	-
Total	402,457	794,862
3. LOSS FROM OPERATING ACTIVITIES		
Loss from ordinary activities has been arrived at after charging the following items:		
Auditors' remuneration paid to KPMG		
- Audit and review of financial reports	25,783	17,782
- Other audit services	1,000	4,750
Depreciation		
- Office equipment	4,586	6,212
- Plant and equipment	46,906	76,828
Direct research and development expenditure		
expensed as incurred	2,412,418	1,875,449
Provision for employee entitlements	(1,915)	15,882

4. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2007 was based on the loss attributable to ordinary shareholders of $3,234,004 (2006 - $2,198,973 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2007 of 89,743,565 (2006 - 73,242,769), calculated as follows:

	2007 $	2006 $
Net loss for the year	3,234,004	2,198,973
	2007 Number	2006 Number
Issued ordinary shares at 1 July	89,743,565	69,800,550
Effect of shares issued on 28 April 2006	-	3,442,219
Weighted average number of ordinary shares	89,743,565	73,242,769

Options disclosed in the Issued Capital note below are potential ordinary shares, but are not included in the calculation of diluted loss per share as they are not dilutive.

	2007 $	2006 $
5. INCOME TAX EXPENSE		
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax - continuing operations	(3,234,004)	(2,198,973)
Income tax using the domestic corporation tax rate of 30%	(970,201)	(659,692)
Increase in income tax expense due to:		
- Non-deductible expenses	501	1,093
- Unrecognised temporary differences	(22,962)	-
- Effect of tax losses not recognised	992,662	658,599
Income tax expense current and deferred	-	-
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences (net)	105,203	106,218
Tax losses	5,200,350	4,203,171
Net	5,305,553	4,309,389

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the group can utilise the benefits of the deferred tax asset.

	2007 $	2006 $
6. RECEIVABLES		
Current		
Other debtors	4,270	4,824
GST receivable	36,781	-
Total	41,051	4,824
7. INVENTORIES		
Stores - at cost	-	21,538
8. OTHER		
Current prepayments	6,000	19,040
Non-current prepayments	-	2,403
9. PLANT AND EQUIPMENT		
Office equipment - at cost	95,177	92,985
Accumulated depreciation	(85,021)	(80,435)
	10,156	12,550
Plant and equipment - at cost	892,480	892,480
Accumulated depreciation	(809,371)	(762,465)
	83,109	130,015
Total plant and equipment - net book value	93,265	142,565
Reconciliations		
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
Office equipment		
Balance at 1 July	12,550	17,550
Additions	2,192	1,212
Depreciation	(4,586)	(6,212)
Carrying amount at the end of the financial year	10,156	12,550
Plant and equipment		
Balance at 1 July	130,015	206,843
Depreciation	(46,906)	(76,828)
Carrying amount at the end of the financial year	83,109	130,015

	2007 $	2006 $
10. PAYABLES		
Current		
Other creditors and accruals	117,618	270,788
11. EMPLOYEE ENTITLEMENTS		
Current		
Employee annual leave provision	45,405	47,320
	2007 Number	2006 Number
Number of employees at the end of the financial year	8	8
12. ISSUED CAPITAL		
Issued and paid up capital		
89,743,565 (2006 - 89,743,565) fully paid ordinary shares	16,865,134	16,865,134

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

The following options were on issue at 30 June 2007, each exercisable to acquire one fully paid ordinary share:

During the year ended 30 June 2007:

- 1,250,000 options were issued, each exercisable at 35 cents to acquire one fully paid ordinary share at any time up to 30 September 2010.
- 250,000 options were issued, each exercisable at 40 cents to acquire one fully paid ordinary share at any time up to 30 September 2010.

These options were issued as part of the Biotron employee incentive option plan.

The fair value of the options at grant date was determined based on the Black-Scholes formula. The model inputs were the Company's share price of $0.22 at the grant date, a volatility factor of 50% based on historic share price performance and a risk free interest rate of 5.55% based on the 10 year government bond rate.

	2007 $	2006 $
13. RESERVES		
Equity compensation		
Balance at the beginning of the financial year	**251,076**	110,850
Issue of options	**94,171**	202,326
Transfer to accumulated losses on lapse of options	**(48,750)**	(62,100)
Balance at the end of the financial year	**296,497**	251,076
This reserve represents the fair value, at the date of issue, of options issued as compensation.		
14. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	**12,620,361**	10,483,488
Transfer from reserve	**(48,750)**	(62,100)
Net loss attributable to members of the Company	**3,234,004**	2,198,973
Accumulated losses at the end of the financial year	**15,805,615**	12,620,361
15. STATEMENT OF CASH FLOWS		
Reconciliation of cash flows from operating activities		
Loss for the period	**(3,234,004)**	(2,198,973)
Non-cash items		
Depreciation of plant and equipment	**51,492**	83,040
Provisions	**(1,915)**	15,882
Equity compensation	**109,239**	99,195
Gains on sale of intellectual property	**(402,457)**	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(36,228)**	40,906
Decrease in inventories	**21,538**	2,936
Decrease in prepayments	**376**	17,243
Increase/(decrease) in payables	**(153,170)**	152,347
Net cash used in operating activities	**(3,645,129)**	(1,787,424)
Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and cash on deposit net of bank overdrafts and excluding security deposits. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents in the statement of cash flows	**1,378,722**	4,623,586

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Company at any time during the reporting period:

Non-executive directors	Executive director
Michael J. Hoy (Chairman)	Michelle Miller (Managing Director)
Michael S. Hirshorn	
Bruce Hundertmark	**Executive**
Peter G. Scott	Peter J. Nightingale (Company Secretary)

The following table provides the details of all key management personnel of the Company for the entire reporting period.

	Year	Primary Salary and Fees $	Post- Employment Superannuation Benefits $	Equity Compensation Value of Options $	Total $
Directors					
Non-executive					
Michael J. Hoy (Chairman)	2007	**60,000**	**5,400**	**-**	**65,400**
	2006	60,000	5,400	24,016	89,416
Michael S. Hirshorn	2007	**30,000**	**2,700**	**-**	**32,700**
	2006	30,000	2,700	9,606	42,306
Bruce Hundertmark	2007	**30,000**	**2,700**	**-**	**32,700**
	2006	30,000	2,700	9,606	42,306
Peter G. Scott	2007	**5,000**	**27,700**	**-**	**32,700**
	2006	5,000	27,700	-	32,700
Executive					
Michelle Miller (Managing Director)	2007	**200,000**	**33,385**	**15,068**	**248,453**
	2006	155,000	25,873	46,361	227,234
Total, all specified directors	2007	**325,000**	**71,885**	**15,068**	**411,953**
	2006	280,000	64,373	89,589	433,962
Executives					
Peter J. Nightingale (Company Secretary)	2007	**60,848**	**-**	**-**	**60,848**
	2006	60,000	-	9,606	69,606
Total, all specified directors and executives	2007	**385,848**	**71,885**	**15,068**	**472,801**
	2006	340,000	64,373	99,195	503,568

16. KEY MANAGEMENT PERSONNEL (Con't)

Options and rights over equity instruments granted as remuneration

Details of relevant interests of key management personnel of the Company and their related entities in shares and options of the Company at year end are as follows:

Fully paid ordinary shareholdings and transactions - 2007

	Held at 1 July 2006	Purchased	Received on exercise of options	Sales	Held at 30 June 2007
Directors					
Michael J. Hoy	1,316,314	-	-	-	1,316,314
Michelle Miller	-	-	-	-	-
Michael S. Hirshorn	-	-	-	-	-
Bruce Hundertmark	-	-	-	-	-
Peter G. Scott	8,895,014	-	-	-	8,895,014
Executives					
Peter J. Nightingale	1,610,497	-	-	-	1,610,497

Fully paid ordinary shareholdings and transactions - 2006

	Held at 1 July 2005	Purchased	Received on exercise of options	Sales	Held at 30 June 2006
Directors					
Michael J. Hoy	1,023,800	292,514	-	-	1,316,314
Michelle Miller	-	-	-	-	-
Michael S. Hirshorn	-	-	-	-	-
Bruce Hundertmark	-	-	-	-	-
Peter G. Scott	8,573,800	321,214	-	-	8,895,014
Executives					
Peter J. Nightingale	1,000,000	610,497	-	-	1,610,497

Option holdings - 2007

	Held at 1 July 2006	Granted as remuneration	Expired	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Directors					
Michael J. Hoy	500,000	-	-	500,000	500,000
Michelle Miller	2,750,000	-	1,250,000	1,500,000	1,500,000
Michael S. Hirshorn	200,000	-		200,000	200,000
Bruce Hundertmark	200,000	-	-	200,000	200,000
Peter G. Scott	-	-	-	-	-
Executives					
Peter J. Nightingale	200,000	-	-	200,000	200,000

Option holdings - 2006

	Held at 1 July 2006	Granted as remuneration	Expired	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Directors					
Michael J. Hoy	500,000	500,000	(500,000)	500,000	500,000
Michelle Miller	1,250,000	1,500,000	-	2,750,000	1,750,000
Michael S. Hirshorn	200,000	200,000	(200,000)	200,000	200,000
Bruce Hundertmark	200,000	200,000	(200,000)	200,000	200,000
Peter G. Scott	-	-	-	-	-
Executives					
Peter J. Nightingale	-	200,000	-	200,000	200,000

During the year ended 30 June 2007, Michael J. Hoy had an interest in an entity, CityPrint Pty Limited, which provided printing services to the Company. Payments to CityPrint Pty Limited, which were in the ordinary course of business and on normal terms and conditions, amounted to $23,480 (2006 - $29,909). Outstanding amounts at 30 June 2007 total nil (2006 - nil).

During the year ended 30 June 2007, Peter J. Nightingale had an interest in an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to Mining Services Trust during the year, which were in the ordinary course of business and on normal terms and conditions, amounted to $124,178 (2006 - $120,000). Outstanding amounts at 30 June 2007 total nil (2006 - nil).

During the year ended 30 June 2007, Peter J. Nightingale, had an interest in an entity, Rosignol Consultants Pty Limited, which rendered financial and administrative services to the Company. Fees paid to Rosignol Consultants Pty Limited during the year, which were in the ordinary course of business and on normal commercial terms and conditions, amounted to $60,848 (2006 - $69,606). Outstanding amounts at 30 June 2007 total $5,000 (2006 - $5,000).

17. EMPLOYEE AND DIRECTOR INCENTIVE OPTION PLAN

At 30 June 2007, the Company had 8 employees (2006 – 8). All other personnel are contracted by the Company on a consultancy basis.

The Company has an Incentive Option Plan to provide eligible persons, being employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 10% of the Company's issued share capital and the exercise price of options will be the greater of the market value of the Company's shares as at the date of grant of the option or such amount as the Plan Committee determines. Options have no voting or dividend rights.

In the event that the employment or office of the optionholder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

During the year ended 30 June 2007, 1,500,000 options were granted to employees. No ordinary shares have been issued as a result of the exercise of any option granted pursuant to the Incentive Option Plan.

The fair value of the options at grant date, $94,171, was determined based on Black-Scholes formula. The model inputs were the Company's share price of $0.22 at the grant date, a volatility factor of 50% based on historic share price performance and a risk free interest rate of 5.55% based on the 10 year government bond rate.

These options are not listed and accordingly have no market value at year end. The market value of the ordinary shares under option at 30 June 2007 was $0.250 (2006 - $0.195) each. The amount recognised in the financial statements in relation options issued during the financial year was $109,239 (2006 - $99,195). Options issued are summarised below:

Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Options		
				30 June 2006 On Issue	30 June 2007 On Issue	30 June 2007 Vested
14/10/05	14/10/05	30/09/10	$0.35	1,600,000	1,600,000	1,600,000
14/10/05	30/09/06	30/09/10	$0.40	500,000	500,000	500,000
14/10/05	30/09/07	30/09/10	$0.45	500,000	500,000	500,000
23/11/06	23/11/06	30/09/10	$0.35	-	1,250,000	1,250,000
23/11/06	23/11/06	30/09/10	$0.40	-	250,000	250,000

18. FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

The Company's exposure to interest rate risk and repricing periods are the effective weighted average interest rate for classes of financial assets and financial liabilities as follows:

	Note	Effective interest rate %	Floating interest rate 6 months or less $	Non-interest bearing $	Total $
2007					
Financial assets					
Cash assets		2.40	-	-	1,378,722
Receivables	6	-	-	41,051	41,051
Financial liabilities					
Payables and employee benefits	10, 11	-	-	163,023	163,023
2006					
Financial assets					
Cash assets		3.39	4,623,586	-	4,623,586
Receivables	6	-	-	4,824	4,824
Financial liabilities					
Payables and employee benefits	10, 11	-	-	318,108	318,108

Credit risk exposure

The credit risk exposure on financial assets of the Company which have been recognised in the balance sheet is the carrying amount, net of any impairment loss.

Credit risk on cash assets is minimised by dealing with Australian regulated banks.

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair values given the variable interest rates and/or short term to maturity.

19. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

Directors' **Declaration**

In the opinion of the directors of Biotron Limited:

1. a) the financial statements and notes thereto, set out on pages 15 to 31, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   b) the financial report also complies with International Financial Reporting Standards; and

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2007.

This report has been signed in accordance with a resolution of the directors and is dated 28 August 2007:

Michael J. Hoy
Chairman

Michelle Miller
Managing Director

Independent Audit Report

TO THE MEMBERS OF BIOTRON LIMITED

Report on the financial report

We have audited the accompanying financial report of Biotron Limited (the Company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 19 and the directors' declaration.

Directors' responsibility for the financial report

The directors of Biotron Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australia Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of Biotron Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG
28 August 2007

S.J. Board
Partner

Additional Stock Exchange Information

Home Exchange

The Company is listed on the Australian Stock Exchange Limited. The home exchange is Sydney.

Use of Cash and Assets

Since the Company's listing on the Australian Stock Exchange, the Company has used its cash and assets in a way consistent with its stated business objectives.

Class of Shares and Voting Rights

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

The rights attaching to shares in the Company are set out in the Company's Constitution. The following is a summary of the principal rights of the holders of shares in the Company.

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 registered in the shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by at least 5 shareholders entitled to vote on the resolution or shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

Substantial Shareholders

As at the date of the Directors' Report, the Register of Substantial Shareholders showed the following:

Australian National University 4,573,733 fully paid ordinary shares

Distribution of Equity Securityholders

As at 31 July 2007, the distribution of each class of equity was as follows:

Range	Fully Paid Ordinary Shares	14 January 2007 $0.60 Options	14 January 2007 $0.75 Options	14 January 2007 $1.00 Options	30 September 2010 $0.35 Options
1- 1,000	49	-	-	-	
1,001 - 5,000	465	-	-	-	
5,001 - 10,000	339	-	-	-	
10,001 - 100,000	534	-	-	-	
100,001 and over	109	1	1	1	6
	1,496	1	1	1	6

At 31 July 2007, 172 shareholders held less than a marketable parcel of 2,174 shares.

ADDITIONAL STOCK EXCHANGE INFORMATION

Twenty Largest Quoted Shareholders

At 31 July 2007 the twenty largest fully paid ordinary shareholders held 48.27% of fully paid ordinary as follows:

	Name	Fully Paid Ordinary Shares	%
1	Dr Angela Fay Dulhunty	7,475,862	8.33
2	Scott's A V Pty Ltd	6,207,485	6.92
3	Rigi Investments Pty Ltd	4,380,145	4.88
4	Australian National University	3,378,658	3.76
5	CBDF Pty Ltd	2,845,854	3.17
6	Angela Dulhunty	2,400,000	2.67
7	Philip and Marylyn Board	1,799,950	2.01
8	ANZ Nominees Limited Cash Income A/c	1,625,511	1.81
9	Chris and Bhama Parish	1,600,000	1.78
10	Gail Scott	1,439,843	1.60
11	Carrington Services Pty Ltd	1,400,000	1.56
12	Michael John Hoy	1,316,314	1.47
13	Peter Scott	1,247,868	1.39
14	Merrill Lynch (Australia) Nominees Pty Ltd Berndale A/c	1,186,159	1.32
15	Peter James Nightingale	1,175,714	1.31
16	Darley Pty Ltd	1,000,000	1.11
17	Linkenholt Pty Ltd	1,000,000	1.11
18	Shano Developments Pty Ltd	950,000	1.06
19	Christopher David Hammer	949,036	1.06
20	Dr Angela Fay Dulhunty Burbong Super Fund	862,069	0.96

There are no current on-market buy-backs.

Corporate **Directory**

Directors:

Mr Michael J. Hoy (Chairman)

Dr Michelle Miller (Managing Director)

Dr Michael S. Hirshorn

Mr Bruce Hundertmark

Mr Peter G. Scott

Company Secretary:

Mr Peter J. Nightingale

Registered Office:

Level 8, 261 George Street
SYDNEY NSW 2000

Phone: 61-2 9247 8212
Fax: 61-2 9247 3932
E-mail: enquiries@biotron.com.au
Homepage: www.biotron.com.au

Share Registrar:

Computershare Investor Services Pty Limited
PO Box 523
BRISBANE QLD 4001

Phone: 61-7 3237 2100
Fax: 61-7 3229 9860

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Home Exchange:

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000

Biotron Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Biotron

Biotron | Level 8 • 261 Geroge Street • Sydney NSW 2000 • Australia

Biotron Limited
A.B.N. 60 086 399 144

Level 8, 261 George Street
Sydney NSW 2000
Tel: (61-2) 9247 8212
Fax: (61-2) 9247 3932
E-mail: pnightingale@biotron.com.au
Website: www.biotron.com.au

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 5, 207 Kent Street, Sydney, NSW, 2000 on 5 October 2007 at 11.00 am.

AGENDA

ORDINARY BUSINESS

To receive and consider the Company's annual financial report, the directors' report and the auditors' report for the year ended 30 June 2007.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

Resolution 1. 'That the Remuneration Report for the year ended 30 June 2007 be and is hereby adopted.'

Resolution 2. 'That Mr Bruce Hundertmark be and is hereby re-elected as a Director.'

Resolution 3. 'That Mr Peter G. Scott be and is hereby re-elected as a Director.'

To transact any other business that may be brought forward in accordance with the Company's Constitution.

By order of the Board

Peter J. Nightingale
Company Secretary

3 September 2007

pjn3998

Biotron Limited
A.B.N. 60 086 399 144

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Sydney NSW 2000
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Website: www.biotron.com.au

EXPLANATORY MEMORANDUM

This is the Explanatory Memorandum Notice referred to in the Notice of Annual General Meeting of Biotron Limited to be convened at Level 5, 207 Kent Street, Sydney, NSW, 2000 on 5 October 2007 at 11.00 am.

Resolution 1 Adoption of the Remuneration Report

The Remuneration Report, which can be found as part of the Directors' Report in the Company's 2007 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to key management personnel, Directors and senior executives.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind Directors.

Resolution 2 Re-election of Bruce Hundertmark as a Director

In accordance with Article 58 of the Company's Constitution and the Corporations Law, Bruce Hundertmark retires as a Director by rotation and, being eligible, offers himself for re-election.

Resolution 3 Re-election of Peter G. Scott as a Director

In accordance with Article 58 of the Company's Constitution and the Corporations Law, Peter G. Scott retires as a Director by rotation and, being eligible, offers himself for re-election.

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FORM OF PROXY

I/we . . . . . .

of . . . . . .

being a member/members of Biotron Limited HEREBY APPOINT

. . . . . .

or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Members of the Company to be held at 11.00 am on 5 October 2007 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate boxes below:

RESOLUTION	**FOR**	**AGAINST**	**ABSTAIN**
1. Adoption of the Remuneration Report	☐	☐	☐
2. Re-election of Bruce Hundertmark as a Director	☐	☐	☐
3. Re-election of Peter G. Scott as a Director	☐	☐	☐

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain.

If you do not wish to direct your Proxy how to vote, please place a mark in the box: ☐
By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote undirected proxies in favour of each item.

Dated this . . . . . day of 2007

Signatures of Member(s) . . . . . .

THE COMMON SEAL of . . . . . A.C.N. . . . . .

was hereunto affixed in accordance with

its Constitution in the presence of: . . . . . .

Director Secretary

PROXY INSTRUCTIONS

1. A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
2. Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. Companies must sign under seal.
5. All joint holders must sign.
6. All executors of deceased estates must sign.
7. The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the Australian Stock Exchange Limited at 7.00 pm Sydney time on 3 October 2007 are taken, for the purposes of the Annual General Meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.
8. Proxy forms must be received at the Company's registered office, Level 8, 261 George Street, Sydney, NSW, 2000, or by facsimile on (61-2) 9247 3932, not less than 48 hours before the time appointed for holding the meeting.

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