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12 March 2025

ASX Listing Compliance

By email: listingcompliancesydney@asx.com.au

Dear Sir/Madam

Response to ASX Query Letter dated 7 March 2025

I refer to your letter dated 7 March 2025 (“ASX Query Letter”). Following are BIT’s responses to the ASX Query Letter, using the numbering and defined terms contained in that letter:

1.1 Please confirm the Appendix 4Cs referenced above have been prepared in accordance with applicable accounting standards and have given a true and fair view of BIT’s financial position and performance.

BIT confirms that the referenced Appendix 4Cs have been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A as they pertain to the Appendix 4Cs and give a true and fair view of the matters disclosed in the Appendix 4Cs.

1.2 Does BIT consider that it has made adequate and appropriate disclosures concerning its financial position prior to the release of the share purchase plan announcement? In answering this question, please specify any announcement made by BIT prior to 21 February 2025, from which a reasonable person would understand the change of BIT’s financial situation.

It is well known that BIT does not receive any operating income and for several years BIT has made a Going Concern disclosure in its Annual Report and Half Year Financial Statements declaring that the ongoing operation of the Company is dependent on raising additional funds or reducing expenditure in line with available funding.

BIT’s December 2024 Appendix 4C released on MAP on 3 February 2025 reported cash at 31 December 2024 of \$879,000, inclusive of the receipt of an annual R&D Grant of \$1,814,000, and expenditures of cash used in operating activities of \$719,000 for the December quarter and \$1,324,000 for the December half, exclusive of the R&D Grant receipt.

On 27 November 2024 the Company announced that it had appointed C14 Consulting Group (C14) to identify and achieve strategic partnerships for the Company’s portfolio of antiviral programs.

From these disclosures, it is apparent that the ongoing operation of the Company was dependent on raising additional funds or reducing expenditures and/or entering strategic partnerships for the Company’s portfolio of antiviral programs.

BIT considers that these disclosures appropriately disclose the Company’s financial position. BIT does not consider that there has been any change in its financial situation prior to 21 February 2025 that required an announcement.

1.3 Was BIT aware of any information concerning it that has not been announced to the market which could explain the change in BIT's view in respect of its financial situation?

As noted above, BIT does not consider that there has been any change in its financial situation prior to 21 February 2025 that required an announcement. There was, however, a change in BIT's circumstances.

Allowing for delays due to the Christmas/New Year period and based on feedback from C14, in early February 2025, it became apparent that there was uncertainty regarding exactly how long it would take for C14 to find a potential partner, and subsequently, for the Company to transact and bring a deal to conclusion, leading to the concern that it required at least 6 months' cash at hand to fund operations while giving C14 what was estimated to be sufficient time to find a partner.

As stated in the Company's 4 March 2025 response to ASX's Aware Letter, once the Company became aware of delays to the C14 process it verified and ensured the correctness of its internal cash flow model and considered various ways to reduce costs and raise the necessary capital to ensure operations would continue whilst C14 continued its search for a partner. Once the Company determined that the minimum capital required was \$500,000 and that the SPP was the best path to raise the necessary capital, the Company immediately made the Announcement and undertook the SPP. Prior to then this information was confidential and incomplete, and subject to a number of variables that made the information sufficiently speculative such that the information was not considered "market sensitive" as explained in ASX Guidance Note 8.

2.1 Noting the minimum subscription amount of \$500,000 was intended to provide additional capital, please explain the basis on which BIT has determined that voluntary administration or a winding up action are the only appropriate options in the event that the minimum subscription amount under the share purchase plan is not achieved.

The Directors have a statutory duty to ensure that the Company does not trade whilst insolvent. However, certain costs cannot be avoided to maintain the Company's intellectual property portfolio and continue as a public listed company.

As noted, there was uncertainty regarding exactly how long it would take for C14 to find a potential partner, and subsequently, for the Company to transact and bring a deal to conclusion. The pathway to a partnership is not a fast one, leading to the concern that it required at least 6 months' cash at hand to fund operations while giving C14 what was estimated to be sufficient time to find a partner.

BIT's Board formed the view that if BIT's shareholders were unwilling to support the endeavours to find a potential partner and fund at least \$500,000, there was a real risk that the Company, with the passage of time, would exhaust its available cash (as disclosed in the December 2024 Appendix 4C) and lead to an insolvent trading situation – which would result in administration or voluntary liquidation (as set out in the Announcement).

2.2 Please outline any alternative options considered by BIT at that time, and explain why BIT did not consider them to be appropriate to avoid voluntary administration or winding up.

Consistent with the Company's Going Concern disclosures, expenditures have been reduced to a minimum and alternative sources of equity funding (placement, rights issue, SPP) were considered. The Company concluded that an SPP was the preferred course of action to avoid voluntary administration or winding up. Subsequent to this Mahe Capital offered to partially underwrite a rights issue, albeit at a significant discount to the SPP issue price. This was subsequently accepted as announced on 28 February 2025.

2.3 Please confirm the (unaudited) cash balance of BIT as at 28 February 2025.

At 28 February 2025 BIT's unaudited cash balance was \$581,205.

2.4 Please provide pro-forma cash balances including the minimum and maximum raised under the renounceable rights issue, based on BIT's financial position as at 28 February 2025.

BIT's pro-forma balance sheets for the minimum (underwritten) and maximum amounts raised under the Entitlement Issue and based on the Company's unaudited 28 February 2025 management accounts is as follows:

		MINIMUM (UNDERWRITTEN)		FULL SUBSCRIPTION	
	UNAUDITED 28 Feb 2025 \$	RAISE \$	PROFORMA 28 Feb 2025 \$	RAISE \$	PROFORMA 28 Feb 2025 \$
CURRENT ASSETS					
Cash	581,205	591,800	1,173,005	2,488,608	3,069,813
Other assets	62,583	-	62,583	-	62,583
TOTAL CURRENT ASSETS	643,788	591,800	1,235,588	2,488,608	3,132,396
NON-CURRENT ASSETS					
Property plant and equipment	8,041	-	8,041	-	8,041
TOTAL NON-CURRENT ASSETS	8,041	-	8,041	-	8,041
TOTAL ASSETS	651,829	591,800	1,243,629	2,488,608	3,140,437
CURRENT LIABILITIES					
Trade and other payables	139,245	-	139,245	-	139,245
Employee entitlements	298,019	-	298,019	-	298,019
TOTAL CURRENT LIABILITIES	437,264	-	437,264	-	437,264
TOTAL LIABILITIES	437,264	-	437,264	-	437,264
NET ASSETS	214,565	591,800	806,365	2,488,608	2,703,173
EQUITY					
Issued capital	58,216,664	591,800	58,808,464	2,488,608	60,705,272
Accumulated losses	(58,002,099)	-	(58,002,099)	-	(58,002,099)
TOTAL EQUITY	214,565	591,800	806,365	2,488,608	2,703,173

The unaudited Statement of Financial Position of the Company and the Pro Forma Statement of Financial Position, as at 28 February 2025 has been prepared on the basis of the following assumptions:

- The rights issue was effective on 28 February 2025.
- No further Shares are issued other than under the rights issue.
- Completion of the rights issue, by way of subscription of the underwritten and full subscription amounts, and issue of 250,000,000 and 902,382,766 Shares respectively at an issue price of \$0.003 per New Share to raise \$750,000 and \$2,707,148 respectively (before costs).
- Costs of the rights issue are \$158,200 and \$218,540 respectively.

The unaudited Pro Forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company. The pro forma financial information is based upon unaudited management accounts and presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

3.1 Please explain why BIT did not lodge a cleansing notice.

This was an error based on the incorrect belief that as the SPP was, in effect, a conditional offer which would only result in the allotment of shares if the minimum subscription amount of \$500,000 was reached at which time a cleansing notice would be lodged.

3.2 What steps has BIT taken, or will take, to ensure future compliance with ASIC's Regulatory Guide 125.37?

BIT has adopted an internal policy where any issue of any securities will first require external legal advice to ensure compliance with the Corporations Act and Listing Rules.

4. Please confirm that BIT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIT with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours sincerely

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

Michelle Miller
Managing Director

pjn12553



7 March 2025

Reference: 106659

Mr Peter Nightingale
Company Secretary
Biotron Limited
Suite 3.3, 56 Delhi Rd
North Ryde NSW 2113

By Email

Dear Mr Nightingale

Biotron Limited ('BIT'): Query Letter

ASX refers to the following:

Capitalised terms used but not defined in this letter have the meaning given to them in the ASX Letter.

A. ASX's aware query letter dated 26 February 2025 (the 'ASX Letter') and BIT's response dated 4 March 2025 (the 'BIT Response') released on MAP at 9:49AM on 4 March 2025, which disclosed the following (relevantly):

- i. 3. Does BIT consider that it has remained compliant with its Revised Continuous Disclosure Policy (see paragraph B above) in respect of the Announcement? If so, please advise the basis for that view.

"The Company considered that it required at least 6 months' cash at hand to fund operations while giving C14 what was estimated to be sufficient time to find a partner."

"Based on cashflows prepared by the managing director and the company secretary it was determined a capital raising of \$500,000 would provide the minimum amount of additional capital on top of existing funds and taking into consideration cost-saving measures implemented by the Company fund operations for the expected period, i.e. approximately 6 months, to allow C14 to find a partner. If this amount could not be raised, the Company may not have sufficient runway to commercialise its assets."

- ii. 4. In light of the possible voluntary administration or winding up action foreshadowed by the BIT, please confirm whether BIT considers that it has made adequate and appropriate disclosures concerning its financial position prior to the release of the Announcement.

"Yes. BIT confirms that it considers that it has made adequate and appropriate disclosures concerning its financial."

- iii. 5. If the answer to question 4 is "yes", please advise the basis for that view, commenting specifically on whether BIT has made any announcement prior to the date of the Announcement which would allow investors to understand BIT's financial position.

"BIT's Appendix 4C, released on 24 January 2025, sets out BIT's cash position and expenditures during the quarter. The expenditures were also set out in the Report on Activities for the Quarter Ended 31 December 2024. These released financial statements clearly show BIT's financial position."

- iv. 6. Please explain the basis on which BIT has determined that voluntary administration or a winding up action are the only appropriate options in the event that the minimum subscription amount

under the share purchase plan is not achieved, commenting specifically on whether BIT has taken any steps, or propose to take any steps, to raise capital via other funding arrangements. If so, please provide details.

“BIT announced the SPP to raise sufficient capital to allow current commercialisation activities associated with monetorising unrealized value held within its intellectual property to continue through to a conclusion. Since making the Announcement, BIT received enquiries that have allowed it to enter an underwriting agreement with Mahe Capital for \$750,000 and to announce the Rights Issue. As a result, the SPP was withdrawn.”

- B. BIT’s Quarterly Activities/Appendix 4C Cash Flow Report for the quarter ended 31 December 2024, released on MAP at 9:11AM on 24 January 2025, which disclosed (relevantly) that governments grants and tax incentives of \$1,814,000 was received and the net cash from operating activities was positive for this quarter.
- C. BIT’s Quarterly Activities/Appendix 4C Cash Flow Report for the quarter ended 30 September 2024, released on MAP at 8:56AM on 30 October 2024, which disclosed the following (relevantly):
- i. *Estimated quarters of funding available: 0.47*
 - ii. *8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?*

“No. Net operating cashflows are expected to decline as the payments for research and development in the September quarter relates to expenses incurred for three clinical trials which have completed.”
 - iii. *8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

“Subsequent to the end of the September quarter, the Company received \$1.8m of R&D rebate for the Company’s 2023/2024 research and development expenditure on its antiviral drug development program.”
 - iv. *8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

“Yes, for the reasons given above.”
- D. BIT’s prospectus, released on MAP at 9:49AM on 3 March 2025 (the ‘Prospectus’), which provided a pro-forma statement of financial position including the minimum and maximum raised under the renounceable rights issue, based on BIT’s financial position as at 31 December 2024.

Request for information

Having regard to the above, ASX asks BIT to respond separately to each of the following questions:

1. Noting that:
 - BIT Response to questions 4 and 5 of the ASX Letter (see paragraph A(ii) and A(iii) above) that BIT considered it had made adequate and appropriate disclosures concerning its financial position in the Appendix 4C released on MAP on 24 January 2025. ASX notes, in the Appendix 4C, BIT confirmed the receipt of \$1,814,000 governments grants resulting positive net operating cash flows (see paragraph B above);

- BIT's statement in item 8.6.3 of the Appendix 4C released on MAP on 30 October 2024 (see paragraph C(iv) above) that it expects to be able to continue its operations and to meet its business objectives, on the basis that *"the Company received \$1.8m of R&D rebate for the Company's 2023/2024 research and development expenditure on its antiviral drug development program"*;
- BIT's compliance statement, as set out in each of the Appendix 4Cs as referred to above, stating that it has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A and gives a true and fair view of the matters disclosed; and
- Each of the BIT's Appendix 4Cs as referred to above has been authorised by the board for release to the market.

Based on the Appendix 4Cs referenced above, ASX's interpretation is that BIT was of the view on 30 October 2024 (and remained the same view until 24 January 2025) that it expects to be able to continue its operations and to meet its business objectives following receipt of \$1.8m of R&D rebate. The view appears to have changed on or prior to 21 February 2025 when BIT announced its share purchase plan, in which BIT considered an imminent voluntary administration or winding up of BIT may be triggered in the event the minimum subscription amount is not achieved.

In light of this:

- 1.1 Please confirm the Appendix 4Cs referenced above have been prepared in accordance with applicable accounting standards and have given a true and fair view of BIT's financial position and performance.
 - 1.2 Does BIT consider that it has made adequate and appropriate disclosures concerning its financial position prior to the release of the share purchase plan announcement? In answering this question, please specify any announcement made by BIT prior to 21 February 2025, from which a reasonable person would understand the change of BIT's financial situation.
 - 1.3 Was BIT aware of any information concerning it that has not been announced to the market which could explain the change in BIT's view in respect of its financial situation?
2. ASX does not consider BIT adequately answered question 6 of the ASX Letter. ASX further notes in response to question 3 of the ASX Letter (see paragraph A(i) above), the BIT Response stated that the minimum subscription amount of \$500,000 was intended to provide additional capital which, combined with existing funds and cost saving measures, are likely to be sufficient to fund operations for approximately 6 months. It does not appear to ASX that BIT would have immediate financial difficulties that may lead to voluntary administration of winding up, if the amount is not successfully raised.

In light of this:

- 2.1 Noting the minimum subscription amount of \$500,000 was intended to provide additional capital, please explain the basis on which BIT has determined that voluntary administration or a winding up action are the only appropriate options in the event that the minimum subscription amount under the share purchase plan is not achieved.
- 2.2 Please outline any alternative options considered by BIT at that time, and explain why BIT did not consider them to be appropriate to avoid voluntary administration or winding up.
- 2.3 Please confirm the (unaudited) cash balance of BIT as at 28 February 2025.
- 2.4 ASX notes the reviewed statement of financial position and pro-forma statement of financial position as at 31 December 2024 in the Prospectus (see paragraph D above). Given the BIT's view in relation to its financial position has changed, please provide pro-forma cash balances including the minimum and maximum raised under the renounceable rights issue, based on BIT's financial position as at 28 February 2025.

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3. ASX notes that the BIT Response stated in response to question 8 of the ASX Letter concerning whether BIT lodged a cleansing notice in connection with the now withdrawn share purchase plan, that it did not lodge a cleansing notice as required.

ASX does not consider BIT adequately answered question 8 of the ASX Letter.

In light of this:

- 3.1 Please explain why BIT did not lodge a cleansing notice.
- 3.2 What steps has BIT taken, or will take, to ensure future compliance with ASIC's Regulatory Guide 125.37?
4. Please confirm that BIT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEDT Wednesday, 12 March 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BIT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require BIT to request a trading halt immediately if trading in BIT's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BIT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BIT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BIT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance