

ASX Release

26 October 2012

Share Sale Facility

Biotech Capital Limited advises that it is implementing a share sale facility which provides eligible shareholders with the opportunity to sell their small shareholding without incurring any brokerage costs.

As part of the company entering a new phase of its development, the Board has decided to proceed with the establishment of a Share Sale Facility ("SSF") for shareholders holding an unmarketable parcel of shares. To that end, an offer will be made to dispose of holdings valued at less than \$500 through a scheme whereby holders of unmarketable parcels will be paid **\$0.031 per share (i.e. 3.1 cents per share)** free of any transaction costs - unless shareholders "opt-out" of the scheme. This price was arrived after consideration of a number of factors including the net tangible asset backing of the company, cash level, and the recent trading history on the ASX. The last traded price on the ASX on the record date was **\$0.04**, which was a cum dividend price. The bid price for the shares on the record date was **\$0.026**.

Formal documentation will be dispatched to relevant shareholders shortly. Funds are likely to be remitted on or around **14 December 2012**.

This payment of **\$0.031** per share is in addition to the **\$0.01** per share dividend declared on 16 October 2012 and payable around 12 November 2012.

The Board has entered into an agreement with Taylor Collison Limited to operate the SSF. Taylor Collison intends to place the shares acquired under the SSF with their clients. The benefits of this approach is that approximately **2,500** shareholders who would ordinarily find it very difficult and not cost effective to dispose of their holding will be given an efficient mechanism to do so if they wish. This then significantly reduces the ongoing administrative burden on the company and provides remaining shareholders the opportunity to participate in the future direction of the company.

Eligible shareholders will be sent a letter outlining the terms and conditions of the facility shortly. **It is important for eligible shareholders to note that the facility is being operated on an "opt-out" basis, and therefore any shareholder wishing to retain their shares must take action in response to the letter being sent out.**

Key dates relevant to the facility are set out below:

Record date:	25 October
Closing Date:	7 December
Expected Payment Date:	14 December

A copy of the correspondence being sent to eligible shareholders is attached to this announcement. For further information please call the Company Secretary Baden Bowen on (08) 9446 5293.



Dear Shareholder

Opportunity to Sell Small Share Holdings – Unmarketable Parcel Selling Plan

I am writing to you as a shareholder with a holding of shares in Biotech Capital Limited (**BTC**) valued at less than \$500 as at 5.00pm (WST) on 25 October 2012 (**Record Date**) (known as an **Unmarketable Parcel**).

We have received many requests from shareholders with small holdings who wish to liquidate their small parcels but who find doing so difficult and the brokerage cost prohibitively expensive. The proposed sale of your BTC shares provides you with an easy, convenient and brokerage free way to sell your shares without taking any action.

In addition, BTC has a large disproportion of holders of Unmarketable Parcels and it incurs higher administrative costs such as share registry and shareholder communications costs associated with maintaining a large number of small shareholder accounts.

For these reasons, the Directors have resolved to activate the compulsory Unmarketable Parcel share sale provisions within BTC's constitution.

NO SHAREHOLDER WHO WISHES TO RETAIN THEIR BTC SHARES IS COMPELLED TO SELL THEIR HOLDING.

Unmarketable Parcels

Based on the acquisition price of **\$0.031 (i.e. 3.1 cents)** per share, an Unmarketable Parcel is any holding of **16,129** shares or less. Our records indicate that as at the Record Date, you held an Unmarketable Parcel.

Sale of Unmarketable Parcels

Unless you tell us you wish to retain your Unmarketable Parcel, the Company intends to sell the BTC shares comprising your Unmarketable Parcel and to pay you a price per share of **\$0.031**. You will also receive the \$0.01 dividend announced on 16 October 2012.

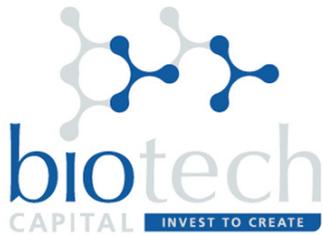
You will not pay any brokerage or other transaction costs associated with the sale.

If you wish to retain your BTC shares, you will need to complete and return the enclosed Share Retention Form.

What you need to do

If you wish to sell your BTC shares, you do not need to take any action. Your BTC shares to be sold within 1 week from the Closing Date. Proceeds of the sale of your BTC shares will be sent to you in the mail by cheque within 1 week of their sale.

***If you do NOT wish to sell you BTC shares, you need to:
complete and return the enclosed Share Retention Form to Advanced Share Registry
Services Pty Limited, 150 Stirling Highway, Nedlands WA 6009, by 5pm (WST) no later
than 7 December 2012.***



How your BTC shares will be sold

If your BTC shares are to be sold as an Unmarketable Parcel, we will arrange for those BTC shares to be sold to clients of Taylor Collison Limited, a member of the ASX. The price per BTC share you receive will be **\$0.031**. The sale will be completed after you have received the **\$0.01** cent dividend announced on 16 October 2012. The Company reserves the right to vary, delay or cancel the sale of your BTC shares and not proceed with any sale of shares at any time before your BTC shares are sold.

Important information

The Company makes no recommendation as to whether you should hold or sell your BTC shares. You should seek independent professional advice, if you can, when deciding whether or not to elect to retain your BTC shares, the taxation implications of that decision or if you have any questions on how the sale of your Unmarketable Parcel may affect you. The taxation implications for each investor may vary depending on their particular circumstances. Accordingly, it is recommended that you seek your own professional advice in relation to the taxation implications associated with us selling your BTC shares.

Further information

Please read the enclosed terms for further information. If you have any questions about the contents of this letter or general questions about the proposal, please contact the BTC Shareholder Helpline on (08) 9389 8033 or email admin@advancedshare.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Alastair Davidson', is written over a thin horizontal line.

Alastair Davidson
Chairman
26 October 2012