

For Immediate Release

Biota announces 2005 Share Purchase Plan

Melbourne, Australia, 20 September 2005 – The directors of Biota Holdings Limited (ASX: BTA) are pleased to announce details of the 2005 Share Purchase Plan (“SPP”). This SPP will provide eligible shareholders with the opportunity to subscribe up to \$5,000 for new, fully paid, ordinary shares in the Company without brokerage costs and at a discount to the market price.

Under the SPP, eligible shareholders will be offered new shares at a discount on recent market trading immediately prior to the record date of 20 September 2005. The SPP offers shareholders the opportunity to participate in the future growth of the Company on terms typically only available to larger, institutional shareholders. The price for the shares under the 2005 SPP is A\$0.76 per fully paid share.

Biota’s prospects for building shareholder value continue to improve with the current revival in Relenza sales. In addition, we are driving all three of our current pre-clinical stage programs into human clinical trials, which are expected to deliver valuable milestones and provide a basis for attracting lucrative licensing partnerships. The funds raised in this SPP will be used to support these development programs and other operating costs.

The right to participate in the SPP is available exclusively to Australian and New Zealand shareholders who are registered as holders of fully paid ordinary shares in Biota as at 5.00 pm (AEST) on 20 September 2005. The offer is non-renounceable and will close on 26 October 2005, unless closed earlier in accordance with the SPP terms and conditions. The maximum number of total shares that can be issued under the SPP is 41,063,801.

Full plan details will be set out in the letter, which will be mailed to eligible shareholders.

Damian Lismore
Chief Financial Officer and Company Secretary
Tel: +61 3 9915 3700

2005 Share Purchase Plan

- ✓ Eligible shareholders entitled to purchase up to \$5,000 of ordinary shares
- ✓ Price will be \$0.76 per ordinary share
- ✓ No brokerage or additional transaction costs
- ✓ Offer closes 5.00 pm (AEST) on the 26th October 2005, or earlier at the discretion of the Directors

Dear Shareholder,

Biota Share Purchase Plan

As announced to the Australian Stock Exchange ("ASX") on 20 September 2005, the Board of Directors of Biota is pleased to provide eligible shareholders the opportunity to participate in the capital raising initiatives of Biota through a Share Purchase Plan ("SPP").

Last year almost 5,000 of Biota's shareholders participated in the 2004 SPP, and we again encourage all eligible shareholders to consider taking advantage of the opportunity to acquire Biota shares at a discount.

This letter sets out the purpose of the Capital Raising and how eligible shareholders can participate.

Shareholder update

We believe that Biota's prospects for building shareholder value continue to improve. The respiratory antivirals portfolio (LANI, HRV and RSV) scientifically and commercially represent our most advanced programs as we focus on achieving clinical candidates in the near term, with the subsequent opportunity of valuable licensing partnerships that yield license fees and milestone payments.

The global market for influenza treatments continues to grow, including stockpiling by Governments against pandemic flu. The aggregate global market is estimated at \$4bn over the next few years. As a result of recent orders, including the August order of 1.7m units by the German Government, Relenza™ now offers the real prospect of a substantial return of value to Biota Shareholders. It is reasonable to expect further orders to occur from other Governments.

Our claim against GSK is proceeding with the lodgement of our Particulars of Loss and Damage in July 2005. Mediation is scheduled to occur in November 2005.

Purpose of the Capital Fund Raising

To support ongoing operating costs, including moving all three of our current pre-clinical stage programs (LANI, HRV and RSV) into human clinical trials which is expected to deliver valuable milestones and provide a basis for attracting lucrative licensing partnerships.

Eligible Shareholders

All shareholders on the Share Register as at the Record Date of 20 September 2005, with registered addresses in Australia or New Zealand, are eligible to participate in the SPP. Due to Foreign Securities Laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the SPP.

Under the SPP, eligible shareholders are entitled to purchase up to A\$5,000 in additional shares at A\$0.76 per share. There are no brokerage costs to be paid by the shareholder.

Biota currently has 137.7 million shares on issue, held by approximately 15,000 shareholders. The number of shares that can be issued under this SPP will not exceed 41,063,801, but no minimum number of shares to be issued has been set. **Directors reserve the right to close the offer early.**

Yours sincerely,



Chairman
20 September 2005

How to Participate in the SPP

The offer under the SPP is non-renounceable, which means that you cannot transfer your right to purchase shares under the SPP to another person or entity.

If you are eligible to purchase shares in the SPP, you may apply for a parcel of ordinary shares priced at A\$2,000, A\$3,000, A\$4,000 or A\$5,000. The minimum application is A\$2,000 and the maximum application is A\$5,000. For example, if you apply for an A\$5,000 parcel of shares your allocation will be 6,579 shares. Your Board has rounded up share allocations to the nearest number in setting these amounts.

The maximum amount of A\$5,000 will apply even if you receive more than one offer from Biota (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts). Biota reserves the right to reject any application for shares where it believes that this rule has not been complied with.

A trustee or nominee registered as a holder of shares on account of one or more persons may make one application only. To the extent that you hold shares on behalf of another person resident outside of Australia or New Zealand, it is your responsibility to ensure that any acceptance is in compliance with all applicable foreign laws.

No brokerage or other transaction costs apply to any application under the SPP.

Issue Price of Shares

The price at which the ordinary shares will be issued under the SPP is \$0.76. This price has been set based on the recent market trading price of Biota ordinary shares prior to the record date of 20 September 2005.

The market price of Biota shares may change between the date of this offer and the date when shares are issued to you under the SPP, but this will not affect the price at which you will acquire the shares under the SPP. This means that the price at which you acquire shares under the SPP may be either higher or lower than the market price of Biota shares at the time shares are issued to you.

Maximum Raising

The Board of Directors of Biota has determined that the total number of shares to be issued under the SPP be subject to a maximum of 41,063,801 shares. Should the aggregate number of shares in applications received by Biota under the SPP exceed 41,063,801, the Board will scale back all applications (on a pro rata basis), so that the maximum is not exceeded.

The difference between the parcel you selected and the scaled back amount will be refunded to you. The refund cheque will be enclosed with a Transaction Confirmation Statement sent to you following the allotment of shares under the SPP.

For example, if you apply for an A\$5,000 parcel and applications are scaled back by 5%; your application will be scaled back to A\$4,750. In this case, the shares issued will be scaled back from 6,579 to 6,250 and you will be issued with a refund cheque of A\$250 and a Transaction Confirmation Statement.

The Board of Directors of Biota reserve the right, at their discretion, to cancel the SPP at any time up to the time of issue of new shares under the SPP, to close the offer early or to extend the closing date. If the SPP is cancelled, all application monies received from shareholders will be refunded without interest. If the applications are scaled back, excess application monies will be refunded to the shareholders without interest.

Issue of Shares

The ASX Listing Rules impose a restriction on the maximum number of shares that can be issued in any 12 month period without shareholder approval. The maximum number of shares under this SPP does not exceed 30% of Biota's issued capital, it therefore has not been necessary to seek a waiver from the ASX.

It is anticipated that the date of allotment for all shares issued under the SPP will be 2 November 2005 and you should receive formal confirmation approximately one week later as a Transaction Confirmation Statement. All shares issued under the SPP will rank equally with existing fully paid ordinary shares in Biota at the date of allotment and will carry the same voting rights and other entitlements as from the allotment dates.

Disputes

Biota may settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. The decision of Biota will be conclusive and binding on all participants and other persons to whom the decision relates.

Biota reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Biota under these terms and conditions may be exercised by the Directors or any delegate of the Directors.

Application Instructions

This offer will close at 5.00 pm (AEST) on Thursday 26 October 2005, or earlier at the discretion of the Directors.

This letter and the accompanying application form (to be completed), set out the terms and conditions of the offer under the SPP. By making an application to purchase shares under the SPP, you will have agreed to be bound by these terms and conditions and the constitution of Biota.

If you wish to apply for any shares under the SPP, you should complete the enclosed Application Form and forward it with your payment by cheque, made payable to "Biota Holdings Limited Share Purchase Plan" to our share registry (details below), so that it is received no later than the closing date, which is currently scheduled to occur at 5.00 pm (AEST) on 26 October 2005. A Reply Paid envelope is enclosed for the convenience of Australian shareholders. Eligible shareholders in New Zealand will need to affix the appropriate postage.

Alternatively, you may pay electronically via Bpay, as detailed on the Application Form. Please note for payment made via Bpay, you do not need to return the Application Form to the Share Registry.

Biota reserves the right to reject applications received after the closing date. If the exact amount of money for the parcel of shares you have selected is not tendered, Biota reserves the right to return your monies and not allot any shares to you.

Biota encourages you to read these terms and conditions carefully and in their entirety. You should seek your own financial advice in relation to this offer and your participation in the SPP. Biota makes no recommendations as to the desirability or otherwise of your participation in the SPP.

Any questions in respect of the Biota SPP should be directed to:

*ASX Perpetual Registrars Limited
GPO Box 2785
MELBOURNE VIC 3001
AUSTRALIA
T: 1300 554 474 (within Australia)
T: +61 3 9615 9999 (outside Australia)*