

For Immediate Release

Biota Commences Phase 1 Clinical Trial of Common Cold Drug Candidate

Melbourne, Australia—16 February 2006.

Biota Holdings Limited (ASX:BTA) today announced the commencement of Phase I Human safety trials of its Human Rhinovirus (HRV) drug, BTA -798 for the prevention and treatment of one of the major causes of the common cold.

HRV is the predominant cause of the common cold in children, and is frequently the cause of the common cold in adults. Whilst normally a self-limiting disease in otherwise healthy people, HRV is a major cause of hospitalisation for infants, asthma sufferers and patients with Chronic Obstructive Pulmonary Disease (COPD), where the infection causes complications or aggravation of the underlying disease.

Currently, there is no effective preventative or therapeutic treatment for HRV. If successful BTA-798 will address an important unmet medical need.

The double blind study, in which BTA 798 will be orally administered, may involve up to 48 participants and will use product produced to full Code of Good Manufacturing Practice standards. The trial is being conducted in the United Kingdom, with the acceptance of the Medical & Healthcare products Regulatory Agency (MHRA) and is expected to be completed by December 2006.

Commenting on the announcement today, Biota CEO, Peter Cook, said, "The HRV human trial is a significant step for Biota. This is the first time we have taken one of our own compounds into clinical trials in our own right. It demonstrates that we now have the skills and capacity to increase the value of our early stage research through progression to human trials.

"Biota has a proven track record in the development of respiratory anti-virals, and a strong pipeline of early stage compounds. This trial comes at a time of increasing market interest in respiratory anti-virals. We will seek to partner HRV after the successful completion of the Phase 1 trials".

A product of original research, BTA-798 was discovered and developed by Biota scientists, with the initial support of an AusIndustry Start Grant in 1998.

Today's announcement follows Biota's recent licensing and collaboration agreement with MedImmune for the development and commercialisation of Biota's drugs for the prevention and treatment of Respiratory Syncytial Virus infection.

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About Human Rhinovirus, including in Asthma & COPD

Rhinoviruses can cause up to 50% of all adult colds, and are the predominant common cold virus in children. In the United States, there are approximately 45 million bed days annually associated with the common cold. 75% of common colds suffered by children under 5 years of age in the United States are medically attended. HRV is a major cause of hospitalisation and respiratory distress in asthma and COPD sufferers.

It is estimated that Rhinovirus is associated with approximately 70% of all asthma exacerbations and more than 50% of the hospitalised cases. A recent study has estimated the economic impact of asthma in Germany to be in billions of Euros. Although the actual costs of viral exacerbations in asthma are not known, they appear to contribute significantly to the total cost of the disease as they represent some 80% of exacerbations in children and between 40% and 76% in adults.

Chronic Obstructive Pulmonary Disease (COPD) is the fourth leading cause of death in the US. An estimated 10 million adults were diagnosed with COPD in 2000, while a national health survey suggests that as many as 24 million Americans are affected. In 2000, 119,000 deaths, 726,000 hospitalisations, and 1.5 million hospital emergency department visits were caused by COPD. Studies suggest that respiratory viruses are associated with more than 35% of acute exacerbations of COPD requiring hospitalisation.

About Biota

Biota is a world-leading antiviral drug discovery company with its headquarters in Melbourne, Australia. Biota was responsible for zanamivir, the first-in-class neuraminidase inhibitor, subsequently launched by GSK as Relenza™ for the treatment and prevention of influenza. Relenza is currently being stockpiled by various governments for defence against avian (bird) flu. Recent Biota research breakthroughs have included a series of candidate drugs aimed at RSV (Respiratory Syncytial Virus, bronchiolitis), subsequently licensed to MedImmune Inc. Biota is also engaged in early stage research targeting hepatitis C virus infection. In addition, Biota has key partnerships with Sankyo; for the development of second generation flu antivirals (called LANI or Long Acting Neuraminidase Inhibitors) and with Thermo Electron; Biota developed the FLU OIA® influenza diagnostics, currently marketed in the US.

™Relenza is a registered trademark of the GlaxoSmithKline group of companies
®FLU OIA is a registered trademark of Thermo Electron Corporation

**Further information available at www.biota.com.au*

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