

For Immediate Release

Melbourne Australia—21 July 2006.

U.S. Government orders US\$16.8 million courses of Relenza

The United States Department of Health and Human Services (HHS) provided further information on how Relenza will be made available to the U.S. States. This information has been confirmed by GlaxoSmithKline and provides further clarity on the timing of the build up of U.S. National stockpile of 81 million courses of antiviral treatments by 31 December 2008 (refer Biota ASX release, 3 July 2006). A full copy of the HHS news release of 20 July 2006, is included below:

"HHS Assists States With Another Antiviral Drug Purchase

HHS Secretary Mike Leavitt today announced a contract award with GlaxoSmithKline (GSK) to provide zanamivir (Relenza®) to all 50 states, the District of Columbia, five U.S. territories and three Freely Associated States of the Pacific at a federally subsidized price. The contract will run for a period of two years with an initial contract award amount of \$16,833,000.

"Today's announcement is another example of how we all must share in the responsibility to prepare our nation and its communities to respond to a pandemic flu outbreak," Secretary Leavitt said. "As we emphasized at summit meetings across the country, it will take everyone working together to be ready when a pandemic flu outbreak occurs here."

Under the HHS contract, 59 jurisdictions will be able to purchase at federally negotiated price from GSK and will receive a 25 percent federal subsidy for a prescribed number of treatment courses. A complete table of projected antiviral purchases and subsidized allocations for all jurisdictions is posted online at <http://www.pandemicflu.gov/state/antivirals.html>.

The contract allows states to purchase up to 15.5 million antiviral treatment courses as part of the HHS program to assure that the country has stockpiles to cover at least 25 percent of the U.S. population. The jurisdictions' part of the overall stockpile program, as outlined in the online allocation table, totals 31 million treatment courses. In addition to these 31 million federally-subsidized, state-purchased treatment courses of antiviral drugs -- which will reside in the states -- the federal government will purchase 44 million antiviral treatment courses for state use which will be stored in the Strategic National Stockpile.

More information on pandemic preparedness including the latest HHS funding announced earlier this month for state and local pandemic influenza preparedness planning can be found online at www.pandemicflu.gov."

About Biota

Biota is a world-leading antiviral drug development company based in Melbourne, with key expertise in respiratory diseases, particularly influenza. Biota developed the first-in-class neuraminidase inhibitor drug, zanamivir, and subsequently marketed by GlaxoSmithKline (GSK) as Relenza. Relenza is currently being stockpiled by a number of national governments for defense against avian influenza. Biota receives royalties from sales of Relenza.

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.

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

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