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For Immediate Release

Biota awarded up to US\$8.5m to develop LANI/FLUNET compounds

Melbourne Australia—8 August 2006.

Biota has been awarded the first instalment of US\$2.4m of a total amount of up to US\$8.5m by the National Institute of Allergy and Infectious Diseases, an institute of the National Institutes of Health (NIH). The award is to develop a class of long-acting neuraminidase inhibitors (LANI), called FLUNET.

The FLUNET compounds are dimeric inhibitors based on the molecular shape of zanamivir. The funding, over four years (subject to availability of NIH funds and satisfactory progress), will bring FLUNET through pre-clinical development and ready for the commencement of human clinical trials.

The FLUNET compounds provide an expansion to the LANI pipeline and also act as potential back-ups to the lead compound, CS-8958. Both FLUNET and CS-8958 are co-owned with Sankyo of Japan and belong to a second generation, or long-acting, group of neuraminidase inhibitors. LANIs offer potency and/or duration of action, which confers particular advantages for the pandemic influenza stockpiling market.

All of these compounds appear to offer the potential for a single dose for treatment or once weekly dose for prophylaxis. Pre-clinical studies have demonstrated that FLUNET has a higher potency and longer duration of action than the currently marketed influenza antivirals, Tamiflu and Relenza.

CS-8958 and FLUNET are two radically different classes of compounds and achieve their long acting potency by quite different mechanisms of action.

"This funding will allow us to have a great depth within our pre-clinical LANI development pipeline and should ensure a sequence of commercialisation opportunities well into the future. Additionally, FLUNET provides a very attractive back-up for our lead LANI compound, CS-8958" commented Peter Cook, Biota's CEO, on the announcement.

This funding is in addition to a US\$5.6m NIH grant awarded in 2004 to develop the nebulised form of CS-8958.

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, 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 has Phase I clinical trials underway with HRV (human rhinovirus) and 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 influenza antivirals (called LANI or Long Acting Neuraminidase Inhibitors) and with Thermo Electron (Inverness Medical); Biota developed the FLU OIA[®] influenza diagnostics, currently marketed in the US.

TMRelenza is a registered trademark of the GlaxoSmithKline group of companies.

[®]FLU OIA & FLU OIA A/B are registered trademarks of Thermo Electron Corporation.

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

About NIH

The National Institutes of Health (NIH), a part of the U.S. Department of Health and Human Services, is the primary U.S. Federal agency for conducting and supporting medical research.

Through its 27 Institutes and Centers, the NIH provides leadership and financial support to researchers throughout the world. The National Institute of Allergy and Infectious Diseases is a key institute within the NIH.

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