

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING

I have pleasure in inviting you to our 2006 Annual General Meeting.

The meeting will be held in the Arts Centre, 100 St Kilda Road, located in the ANZ Pavilion, on Wednesday 25 October 2006. The meeting will commence at 10.00am with light refreshments available afterwards.

At the meeting we will present to you Biota's results for the year ended 30 June 2006, and CEO, Peter Cook, will present a review of the Group's operations and future outlook. Please refer to the attached Notice of Meeting for a full listing of the items of business and explanatory notes.

We offer and encourage shareholders to take the opportunity to submit questions in advance of the meeting. A form is attached to this Notice of Meeting for this purpose.

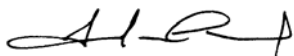
If you are unable to attend and vote at the meeting, we encourage you to still participate by lodging the proxy form included with this Notice of Meeting. The proxy form can be:

- (i) lodged online at www.linkmarketservices.com.au and select 'Proxy Voting' on the left menu;
- (ii) returned by hard copy to the Company's share registry, Link Market Services Limited, in the enclosed reply-paid envelope; or
- (iii) sent by facsimile to +61 2 9287 0309.

To be valid, your proxy must be received no later than 10.00am Monday 23 October 2006.

On behalf of the Directors of Biota, I look forward to your participation in our 2006 Annual General Meeting.

Yours sincerely



John Grant
Chairman
19 September 2006

NOTICE OF MEETING

NOTICE IS GIVEN that the Annual General Meeting of Biota Holdings Limited (the "Company") will be held on Wednesday 25 October 2006 in the ANZ Pavilion, Arts Centre, 100 St Kilda Road, Melbourne, at 10.00am.

BUSINESS OF THE MEETING

1. Financial Statements and Reports

To receive the Directors' Report, Financial Statements and Independent Audit Report for the Financial Year ended 30 June 2006.

2. Election of Directors

a. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Grant Latta, who was appointed a Director by the Board of Biota Holdings Limited since the last Annual General Meeting, in accordance with Rule 47 of the Constitution, being eligible, is elected as a Director of the Company."

b. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Paul Bell, who was appointed a Director by the Board of Biota Holdings Limited since the last Annual General Meeting, in accordance with Rule 47 of the Constitution, being eligible, is elected as a Director of the Company."

c. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Barbara Gibson, a Director retiring from office by rotation, in accordance with Rule 58.1 of the Constitution, being eligible, is re-elected as a Director of the Company."

3. Approval of options grant to Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the grant of 72,314 options under the Biota Holdings Limited Employee Option Plan, to Chief Executive Officer and Managing Director, Mr Peter Cook, in the manner set out in the explanatory notes to this Notice of Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

4. Increase in non-executive Directors' fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the maximum aggregate amount to be paid or provided as remuneration for the services of non-executive Directors under Rule 48 of the Constitution, be increased to \$600,000."

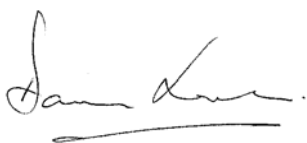
5. Adoption of Remuneration Report

To adopt the Remuneration Report for the Financial Year ended 30 June 2006.

(The vote on this item is advisory only.)

A proxy form accompanies this Notice of Annual General Meeting.

BY ORDER OF THE BOARD



Damian Lismore
Company Secretary
19 September 2006.

EXPLANATORY NOTES

Item 1: Financial Statements and Reports

There will be an opportunity for shareholders at the meeting to ask questions and comment on the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2006. No resolution will be required to be passed on this matter.

Item 2: Election of Directors

The Board of Directors of the Company currently includes five (5) non-executive Directors.

Under the Constitution, Directors appointed by the Board since the last Annual General Meeting hold office until the next Annual General Meeting. Accordingly, Mr Grant Latta and Mr Paul Bell offer themselves for election.

Not less than one third (1/3) of the other Directors are required by the Company's Constitution to retire at this meeting. Ms Barbara Gibson, being the Director longest in office since last being elected, retires and is now eligible for re-election.

Details of Directors' seeking election or re-election are set out below.

Grant F Latta, AM (Non-executive Director)

B.Bus, MBA, CPA, FAICD, FAIM, AAMI, Cert. Eng

Grant Latta joined the Board on 9 February 2006. He is an experienced company director and senior business executive with strong financial management, marketing and strategic skills which he has gained through a depth of successful domestic and international business experience in large and emerging companies.

Grant is a member of the Australian Competition Tribunal to the Federal Court. He is Chairman of Optiscan Imaging Limited, Deputy Chairman of Vision Systems Limited and a director of Ricegrowers Limited. Grant was formerly Chairman of the Grains Research and Development Corporation, Deputy Chairman of Food Science Australia, Deputy Chairman of Export Finance and Insurance Corporation and Director of Austrade.

Grant is Chairman of the Audit and Risk Committee and is a Member of the Remuneration Committee.

Paul R Bell (Non-executive Director)

BA, MA Hons

Paul Bell was appointed a Director on 8 September 2006. He has had an extensive executive career with the international pharmaceutical company Merck & Co Inc. He is a former member of Merck's Management Committee and was President of their Asia Pacific Human Health Division between 1997 and 2002.

Paul is currently a Director of Cochlear Limited, Gropep Limited and Bio-Link Partners Ltd. He is also Chairman of Westmead Millennium Institute Advisory Board, a Member of the Pharmaceutical Partnerships Program Committee and a Member of the Business Development Advisory Board of Garvan Institute of Medical Research.

Barbara J Gibson (Non-executive Director)

BSc, FTSE, MAICD

Barbara Gibson was appointed a Director in April 1996. She possesses a broad array of business management experience and an in depth knowledge of the scientific sector, particularly in the commercialisation of technologies.

Barbara was formerly the General Manager Chemicals Group of Orica Limited and a member of the Orica Group Executive. Prior to this role she was the General Manager of Advanced Sciences Group, which included the Pharmaceuticals, Diagnostics and other Healthcare businesses of Orica.

Barbara is Chairman of Warakirri Asset Management Pty Ltd and a Director of Penrice Soda Holdings Limited. She is also a member of the Australian Academy of Technological Sciences and Engineering and recipient of an Australian Centenary Medal in 2003.

Barbara is the Chairman of the Remuneration Committee and a Member of the Audit and Risk Committee.

EXPLANATORY NOTES

Item 3: Approval of grant of options to Managing Director

The Company's Remuneration Report is set out on pages 31 to 39 of the Company's 2006 Annual Report. The Remuneration Report explains the Company's policy and processes for determining the remuneration of its senior executives, including Managing Director, Mr Peter Cook. As explained in the Remuneration Report, Mr Cook receives performance linked remuneration which includes short-term and long-term components. Under the long-term component of Mr Cook's performance linked remuneration, Mr Cook may receive options over ordinary shares in Biota Holdings Limited under the Biota Employee Option Plan.

The Remuneration Committee formally establishes Key Performance Indicators (KPIs) for the Group. The Managing Director's incentives are largely based on these corporate KPIs. The value of the long term component is calculated, reviewed by the Remuneration Committee and used to secure options over unissued ordinary shares, at an issue price equal to the Company's share price on 30 June 2006 (*ie* \$1.21). Each option converts to an ordinary share, at no additional cost, with 50% exercisable on each of the first two anniversaries (*ie* 30 June 2007 and 30 June 2008).

In respect of Mr Cook's performance during the 2006 financial year, and under the long-term component of Mr Cook's performance linked remuneration, it is proposed that options of the nature described above be granted to Mr Cook.

The Board has approved the issue of 72,314 options to Mr Cook, subject to approval by shareholders at the 2006 Annual General Meeting.

Under ASX Listing Rules, approval is sought from shareholders.

Disclosure required by the ASX Listing Rules

ASX Listing Rules 10.14 and 10.15 require this Notice of Meeting to include the following information in relation to the proposed award to Mr Cook of options over ordinary shares in Biota Holdings Limited under the Biota Employee Option Plan:

- 72,314 options only are proposed to be granted to Mr Cook;
- there is no cost to Mr Cook for the grant or exercise of the options proposed to be granted to him;
- no other Directors or associates of Directors have been granted options under the Biota Employee Option Plan; and
- the options will be issued as soon as practicable after the date of the meeting.

Voting

In accordance with the ASX Listing Rules, the Company will disregard votes cast on item 3 by:

- Mr Peter Cook; and
- any of his associates,

unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY NOTES

Item 4: Increase in non-executive Directors' fees

Full details of all payments to non-executive Directors are included in Section B of the Remuneration Report in the Company's 2006 Annual Report.

The structure of fees and payments for non-executive Directors recognises the competitive pressures of the market place and the need to attract and retain appropriately experienced and qualified Board members. Fees also reflect the significantly increased workload and time commitment associated with the heightened regulatory environment and the expanded board.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically approved by shareholders. Shareholders last approved a Directors' pool limit of \$400,000 in October 1999.

When reviewing non-executive Directors' fees, the Remuneration Committee seeks independent advice or information to ensure market alignment. All fees were reviewed during the year within the overall pool limit. Each Director receives a base fee and may receive an additional fee as Chair, or as a member, of a sub-committee.

Non-executive Directors do not participate in any incentive plans or receive any separate retirement benefits however they are entitled to receive consulting fees for special projects approved by the Board.

Directors are seeking to increase the maximum aggregate amount payable to non-executive Directors to \$600,000 per annum, to retain the ability to attract and retain suitably qualified Board members.

Voting

In accordance with the ASX Listing Rules, the Company will disregard votes cast on item 4 by:

- any Director; and
- any of their associates,

unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Item 5: Adoption of Remuneration Report

The Company's Remuneration Report is set out in pages 31 to 39 of the Company's 2006 Annual Report. The Remuneration Report:

- explains the Company's policy and processes for determining the remuneration of its senior executives;
- discusses the relationship between remuneration policy and the Company's performance; and
- sets out remuneration details of each of the Directors and each of the key executives with the greatest authority for the strategic direction and management of the Company.

Shareholders will be given an opportunity to ask questions about or make comments on the Remuneration Report at the AGM.

In accordance with the *Corporations Act*, the resolution is advisory only and does not bind the Company or the Directors.

EXPLANATORY NOTES

ATTENDING THIS MEETING

Please bring your personalised proxy form with you. This will help facilitate the registration and voting process. If you have returned your proxy form, you are still welcome to attend the meeting.

PROXIES

Please note that:

1. A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
2. A proxy need not be a shareholder of the Company;
3. A shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise; and
4. To be valid the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be lodged, or received by fax, at least 48 hours prior to the meeting at the following address:

Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
AUSTRALIA

T: 1300 554 474 (within Australia)
T: +61 2 8280 7111 (outside Australia)
F: +61 2 9287 0309

VOTING ENTITLEMENT

The Company has determined, in accordance with the Corporations Act, that for the purposes of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons in the Company's Register of Members as at 7.00pm (Australia Eastern Standard Time) on 23 October 2006. Transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at this meeting.

