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Biota and Boehringer Ingelheim Complete US\$102 million Licence for HCV Program

Biota Holdings Limited (ASX:BTA) announced today that they have entered into a worldwide research collaboration and licensing agreement with Boehringer Ingelheim to develop and commercialise Biota's novel nucleoside analogues designed to treat Hepatitis C Virus (HCV) infections and potentially other diseases.

Under the terms of the agreement, Biota is eligible to receive payments up to US\$102 million based on products achieving certain clinical, regulatory and commercialisation milestones, including an initial technology access fee and research support. In addition, Biota would receive royalties on future sales of licensed products marketed by Boehringer Ingelheim. Specific terms of the agreement were not disclosed.

"Today's agreement with Boehringer Ingelheim is further validation of Biota's antiviral drug discovery capabilities and our ability to consistently deliver valuable candidates to global pharmaceutical companies" said Peter Cook, Biota's Chief Executive Officer. "We are delighted to be working with Boehringer Ingelheim, a premier pharmaceutical company, who is internationally recognised as one of the world leaders in the research and development of antiviral therapeutics." Both companies reiterated the importance of this agreement as a joint effort to come one step closer to a potential treatment for HCV infections for which there is a large unmet medical need due to the limited treatment options available.

Under the terms of the agreement, Biota is responsible for drug discovery research and Boehringer Ingelheim is responsible for worldwide development of potential compounds and their commercialisation. Biota and Boehringer Ingelheim will be equally represented on the Joint Research Committee to oversee and coordinate the activities of the program.

About Boehringer Ingelheim

The Boehringer Ingelheim group is one of the world's 20 leading pharmaceutical companies. Headquartered in Ingelheim, Germany, it operates globally with 143 affiliates in 47 countries and approximately 37,500 employees. Since it was founded in 1885, the family-owned company has been committed to researching, developing, manufacturing and marketing novel products of high therapeutic value for human and veterinary medicine.

In 2005, Boehringer Ingelheim posted net sales of €9.5 billion while spending almost one fifth of net sales in its largest business segment Prescription Medicines on research and development.

For more information please visit www.boehringer-ingelheim.com.

About Biota

Biota is a 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 Respiratory Syncytial Virus (RSV) or bronchiolitis, subsequently licensed to MedImmune Inc. Biota has Phase I clinical trials underway with Human Rhinovirus (HRV). 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 Inverness Medical (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 & FLU OIA A/B are registered trademarks of Thermo Electron Corporation.

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

About HCV

The US Centers for Disease Control and Prevention (CDC) estimates that in the United States 4.1 million (1.6%) have been infected with HCV. Of these people, 3.2 million are chronically infected, 70% of whom progress to chronic liver disease. 1-5% of infected patients die as a result of HCV infection.

In the United States, the current standard of care for treating HCV patients involves a combination of an oral form of ribavirin with various forms of interferon. Current sales of such products are in excess of US\$1bn per annum. There are a number of dose limiting side effects associated with the combined ribavirin/interferon therapy. There is a clear unmet need for HCV therapeutics that have high potency with an improved side effect profile.

Biota has discovered and is developing a novel class of antiviral nucleoside drugs which inhibit the HCV polymerase. HCV polymerase is an essential enzyme involved in the replication of the virus. Polymerase inhibitors are a successful class of drugs and numerous examples are on the market (eg HIV/AIDS and herpes drugs).

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