

For Immediate Release

Melbourne, Australia — 21 July 2008

Biota and GSK conclude Litigation through Mediation

Biota Holdings Limited (ASX:BTA) today announced it had concluded its litigation against GlaxoSmithKline (GSK). The announcement followed formal mediation between by the parties ordered by the Victorian Supreme Court. The mediation provided the parties with the opportunity to resolve their differences and eliminate the uncertainty and costs associated with the legal process.

Biota and GSK have agreed to normalise their relationship to pursue the best interests of Relenza, with senior executive liaison and co-operation between the companies to be restored and strengthened. The focus will be on developing the Relenza franchise particularly in the important market of pre-pandemic influenza risk management, an area of considerable concern to both governments and business.

The agreement provides for a payment to Biota of A\$20 million, with each party bearing their own litigation costs. The payment will be made on 18 August 2008. The existing master agreement between the parties remains unchanged.

Biota's chairman, Mr John Grant, said that in striking the agreement the Biota board had taken some hard decisions. Recent advice, sought following the May postponement of the scheduled trial date, indicated a significant lengthening of overall time-scales, including of the trial itself and a consequent large escalation in costs and risks.

Mr Grant said *"That advice required us to review rigorously all aspects of the litigation in a new light including the impact of current and further possible delays and the growing scale and complexity of the litigation."*

Mr Grant added that Biota can now concentrate on investing its significant Relenza royalty stream into developing its strong discovery and clinical stage pipeline and on furthering its valuable corporate partnerships, including with GSK.

Andrew Witty, Chief Executive Officer of GlaxoSmithKline, commented, *"We are pleased to have reached a settlement that is satisfactory for both companies and brings an end to this litigation. GSK remains committed to working collaboratively with external organisations and biotech companies, such as Biota, in our ongoing efforts to bring innovative medicines and vaccines to patients."*

Biota's CEO Peter Cook welcomed the comments by Andrew Witty and looked forward to re-establishing and strengthening Biota's long-standing relationship with GSK. He added *"All our stakeholders will welcome the redirection of our full resources to our strong and rapidly advancing development pipeline."*

About Biota

Biota is a leading anti-infective drug development company based in Melbourne Australia, with key expertise in respiratory diseases, particularly influenza. Biota developed the first-in-class neuraminidase inhibitor, zanamivir, subsequently marketed by GlaxoSmithKline as Relenza.

Biota research breakthroughs have included a series of candidate drugs aimed at treatment of respiratory syncytial virus (RSV) disease, licensed to MedImmune Inc. and novel nucleoside analogues designed to treat hepatitis C virus (HCV) infections, licensed to Boehringer Ingelheim. Biota has clinical trials underway with its lead compound for human rhinovirus (HRV) infection in patients with compromised respiration or immune systems. In addition, Biota has a key partnership with Daiichi-Sankyo for the development of second generation influenza antivirals. Inverness Medical markets Biota's co-developed OIA FLU influenza diagnostics.

Relenza™ is a registered trademark of the GlaxoSmithKline group of companies.

BioStar® OIA® FLU and BioStar® OIA® FLU A/B are registered trademarks of Inverness Medical.

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

Investor / Analyst Enquiries

Biota Holdings Limited

Peter Cook

T: +61 3 9915 3720

Damian Lismore

T: +61 3 9915 3721

Media Enquiries

Tim Duncan or Nerida Mossop

Hinton & Associates

T: +61 3 9600 1979

M: +61 437 361 433