

Biota Holdings Limited

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Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING

I have pleasure in inviting you to our 2008 Annual General Meeting.

The meeting will be held at the Novotel on Collins, 270 Collins Street, Melbourne, located in the Vienna-Cantala Room on Level 6, on Wednesday 29 October 2008. 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 2008, 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 'Investor' from the top menu, validate your holding details, then select 'Proxy Voting' on the right menu and follow the instructions to lodge your proxy;
- (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 27 October 2008.

On behalf of the Directors of Biota, I look forward to your participation in our 2008 Annual General Meeting.

Yours sincerely



John Grant
Chairman

12 September 2008

NOTICE IS GIVEN that the Annual General Meeting of Biota Holdings Limited (the "Company") will be held on Wednesday 29 October 2008 at the Novotel on Collins, 270 Collins Street, 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 2008.

2. ELECTION OF DIRECTORS

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

"That Mr Paul Bell, 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."

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

"That Mr Grant Latta, 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."

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

"That Dr Michael Montalto, who has nominated himself for election as a Director of the Company, in accordance with Rule 58.2 of the Constitution, is elected as a Director of the Company."

3. APPROVAL OF OPTIONS GRANT TO MANAGING DIRECTOR

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

2007 Grant

"That the grant of 520,000 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."

2008 Grant

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

"That the grant of 456,300 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. AMENDMENT OF THE COMPANY'S CONSTITUTION

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the Constitution of the Company is amended by:

- a. *in Rule 47, deleting the words 'but is not to be taken into account in determining the number of Directors who are to retire by rotation at the meeting';*
- b. *in Rule 56, deleting Rule 56.2;*
- c. *in Rule 58, replacing Rule 58.1 with the following:*

Subject to Rule 60, a Director may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for election or re-election. If no Director would otherwise be required to submit for election or re-election but the Listing Rules require that an election of Directors be held, the Director to retire at the annual general meeting is the Director who has been longest in office since their last election, but as between persons who became Directors on the same day, the one to retire is (unless they otherwise agree among themselves) determined by ballot.

- d. *in Rule 60, replacing the second sentence with the following:*

An exempt Managing Director is not subject to election and re-election while continuing to hold the office of Director but is subject to the same provisions as to termination of office under Rules 56 and 57 and removal as the other Directors of the Company.

- e. *in Rule 85.1(a), in the definition of 'Divestment Notice', replacing the words 'prescribed New Small Holder' with the words 'Prescribed New Small Holder';*
- f. *in Rule 85.1(a), in the definition of 'Sale Period', replacing 'Rule 85.1(d)' with 'Rule 85.2(c)(iii)'; and*
- g. *in Rule 85.2(a), replacing the words 'If the Secretary determines that a shareholder is a New Small Holder' with the words 'If the Secretary determines that a shareholder is a Small Holder.'*

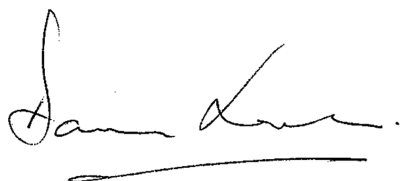
5. ADOPTION OF REMUNERATION REPORT

To adopt the Remuneration Report for the Financial Year ended 30 June 2008.

(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

12 September 2008

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 2008. 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.

Not less than one third (1/3) of the non-executive Directors are required by the Company's Constitution to retire at this meeting. Mr Paul Bell and Mr Grant Latta, being the non-executive Directors longest in office since last being elected, retire and are now eligible for re-election. All other Directors support the nomination of Mr Bell and Mr Latta for re-election.

Mr Montalto has nominated himself for election as a Director of the Company.

Details of Directors seeking re-election and Dr Montalto are set out below.

PAUL R BELL (NON-EXECUTIVE DIRECTOR)

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Paul Bell was appointed a director in September 2006. He has had an extensive executive career with the international pharmaceutical company Merck & Co Inc. Paul is a former member of Merck's Management Committee and was President of their Asia Pacific Human Health Division between 1997 and 2002. Prior to that, he was Managing Director of Merck Sharp & Dohme Australia Pty Ltd. Paul is a director of Cochlear Limited and a former director of Gropep Limited.

GRANT F LATTA AM (NON-EXECUTIVE DIRECTOR)

B.Bus, MBA, CPA, FAICD, FAIM

Grant Latta was appointed a director in 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 currently Chairman of Optiscan Imaging Limited and a director of Ricegrowers Limited. Grant was formerly Chairman of the Grains Research and Development Corporation, Deputy Chairman of Vision Systems Limited, CEO of Pacific Brands Food Group, Deputy Chairman of Food Science Australia, Deputy Chairman of Export Finance and Insurance Corporation and Director of Austrade.

Mr Latta chairs the Audit & Risk Committee, ensuring that strong financial disciplines are in place.

DR MICHAEL MONTALTO

Dr Michael Montalto has been a shareholder of Biota Holdings Ltd for over 10 years. He is a graduate of medicine at the University of Melbourne (1986) and attained a PhD at the same University in 1999. He is the author of a book and over 20 original papers. He works on the staff of two large Melbourne hospitals.

Michael is married with three children and lives in Melbourne. He is a Director of two micro family companies, Montalto Medical Pty Ltd, and GJ Montalto Nominees Pty Ltd. He is a member of the Australian Shareholders Association.

ITEM 3: APPROVAL OF GRANT OF OPTIONS TO MANAGING DIRECTOR

The Company's Remuneration Report is set out on pages 22 to 34 of the Company's 2008 Annual Report and pages 14 to 23 of the 2008 Company's Concise 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's remuneration package 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, based on the Company achieving pre-set Total Shareholder Return (TSR) measures.

The long-term incentive (LTI) plan commenced on 1 July 2007. The key features of the plan are:

- Performance measures are based on TSR and targets and are set by the Board at the commencement of each 3 year period. Measures consist of two components:
 1. An absolute shareholder return measure (ie based on share price appreciation, adjusted for capital or dividend payments). The absolute TSR targets for the allocations are set out in the table below based on a 15 day volume weighted average price (VWAP) to 30 June each year.
 2. A relative performance measure (ie relative measure against a peer group). The relative TSR performance allocation uses the Intersuisse Biotech Index as a representation of a peer group, where each quarter Biota's relative position determines a score. At the end of each 3 year period, the cumulative score is calculated to determine the overall performance.
- The Board has determined that the TSR measure will be 80% absolute and 20% relative, although this will be revisited at each grant. Under all TSR measures, proportionate vesting will only occur where performance exceeds the Threshold performance.
- Total options have a five year exercise period and normally vest after 3 years if pre-set performance measures are met. After the initial vesting period, retesting of performance measures occurs but pre-set targets continue to increase in line with the original annual growth rate set at date of grant.

Given the normal 3 year measurement period, initial allocations were made in respect of 30 June 2008 and 30 June 2009 to replace potential equity awards under a previous equity retention plan.

2007 Grant

The table below summarises the total options to be granted by year of assessment for Mr Cook and the relevant TSR targets for each measure in respect of resolution 3a, based on a 15 day VWAP at 30 June 2007 of \$1.86.

Absolute share price measure:

	% Annual growth	% Vesting	Share price target @ 30 June			Total
			2008	2009	2010	
Threshold	8	25	\$1.89	\$2.04	\$2.20	
Target	10	50	\$1.92	\$2.11	\$2.33	
Stretch	16	100	\$2.03	\$2.35	\$2.73	
Total options to be granted on absolute share price measure			83,200	166,400	166,400	416,000

Relative index measure:

	% Vesting	Relative index score			Total
		2008	2009	2010	
Threshold	25	>50%	>50%	>50%	
Target	50	>58%	>58%	>58%	
Stretch	100	>75%	>75%	>75%	
Total options to be granted under relative performance measure		20,800	41,600	41,600	104,000
Total options to be granted		104,000	208,000	208,000	520,000

In respect of the year to 30 June 2008, no LTI options vested.

The Board has approved the issue of 520,000 options to Mr Cook, subject to approval by shareholders at the 2008 Annual General Meeting. Should shareholders not approve this resolution an alternative means of providing Mr Cook with his long-term performance entitlement would need to be determined.

Under ASX Listing Rules, approval is sought from shareholders.

2008 Grant

The table below summarises the total options to be granted by year of assessment for Mr Cook and the relevant TSR targets for each measure in respect of resolution 3b, based on a 15 day VWAP at 30 June 2008 of \$0.84.

Absolute share price measure:

	% Annual growth	% Vesting	Share price target @ 30 June 2011
Threshold	8	25	\$1.06
Target	10	50	\$1.12
Stretch	16	100	\$1.31
Total options to be granted on absolute share price measure			365,040

Relative index measure:

	% Vesting	Relative index score to 30 June 2011
Threshold	25	>50%
Target	50	>58%
Stretch	100	>75%
Total options to be granted under relative performance measure		91,260
Total options to be granted		456,300

The Board has approved the issue of 456,300 options to Mr Cook, subject to approval by shareholders at the 2008 Annual General Meeting. Should shareholders not approve this resolution an alternative means of providing Mr Cook with his long-term performance entitlement would need to be determined.

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:

- 976,300 options only are proposed to be granted to Mr Cook under Resolutions 3a and 3b;
- 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.

ITEM 4: AMENDMENT OF THE COMPANY'S CONSTITUTION

Changes to the Company's Constitution are proposed in the following two areas:

■ ELECTION OF DIRECTORS

Currently, Rule 58.1 of the Company's Constitution requires that no less than one-third of the Company's non-executive directors retire at each annual general meeting of the Company. This means that when the Company has five non-executive directors, as it does at the moment, two directors need to stand for re-election at each annual general meeting. The result of this is that directors do not always hold office for the three year term that is typical for listed companies.

Under the proposed new Rule 58.1, directors will be elected to hold office for a three year term. Where the Listing Rules require that an election of directors take place at an annual general meeting (as the Listing Rules do currently), and no director would otherwise be required to submit for election or re-election, the new Rule 58.1 provides that the director longest in office since last election must retire at the annual general meeting.

The arrangements under the proposed new Rule 58.1 are common amongst listed companies.

The proposed changes to Rules 47, 56 and 60 are consequential changes to the change to Rule 58.1.

■ RATIONALISATION OF UNMARKETABLE PARCELS OF SHARES

Rule 85 of the Company's Constitution enables the Company to implement arrangements designed to reduce holdings of unmarketable parcels of shares in the Company. An unmarketable parcel is a parcel of shares with a market value of less than \$500.

Currently, under Rule 85.2(a), the Company is only able to implement an arrangement in relation to shareholders holding an unmarketable parcel that was acquired after Rule 85 was first adopted by the Company (27 October 2000) and was an unmarketable parcel at the time of acquisition. This limits the scope of any unmarketable parcel arrangement that the Company may wish to implement. The Company wishes to be free to put in place any unmarketable parcels arrangement in relation to all holdings of unmarketable parcels.

The changes to the definitions of 'Divestment Notice' and 'Sale Period' are corrections of inaccurate references.

ITEM 5: ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report is set out in pages 22 to 34 of the Company's 2008 Annual Report and pages 14 to 23 of the 2008 Concise 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.

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 22 October 2007. Transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at this meeting.

