

15 December 2009

Mr Dean Litis
Principal Adviser
Issuers, Melbourne
ASX Markets Supervision Pty Ltd
Level 45, 525 Collins Street
Melbourne, VIC 3000

Dear Mr Litis

RESPONSE TO ASX PRICE QUERY

We refer to your letter of 15 December 2009 in relation to the change in price in the Company's securities and the increase in volume over the last few days. We provide the following response to your queries.

- 1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?**
No.
- 2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**
Not applicable.
- 3. Is there any reason to think that there may be a change in the company's operating result before abnormal items and income tax so that the figure for the half year ending 31 December 2009 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.**

The Company provided a detailed review of its operations, growth plans and outlook at the recent Annual General Meeting of 12 November 2009. At that meeting shareholders were advised that:

- First quarter profit before tax was \$18.1 million compared to \$10.7 million in the comparative period in the prior year, including indicative Relenza royalties of \$24.1 million compared to \$1.9 million in the corresponding period in the prior year. Information on indicative royalties was provided to the market on 28 October 2009;

- Profitability will be heavily influenced by royalties earned on Relenza sales by GlaxoSmithKline. The impact of the global swine flu pandemic and the progressive increase in Relenza production capacity by GlaxoSmithKline would, in all likelihood, significantly increase royalties to Biota in the current financial year; and
- The next market update on the progress of Relenza royalties for the 3 months to 31 December 2009 is expected to occur in early February 2010.

There have been no events since the Annual General Meeting which would change the Company's view on the above matters. The Company expects to report a significantly improved profit before tax for the half year to 31 December 2009 than the \$10.1 million reported for the half year to 31 December 2008.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary item for the half year ending 31 December 2009? If so, please provide details.

No.


5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

No.

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

We so confirm.

Yours sincerely



Damian Lismore
Chief Financial Officer & Company Secretary

cc. Julia Kagan

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15 December 2009

Mr Damian Lismore
Company Secretary
Biota Holdings Limited

Dear Damian

Biota Holdings Limited- Price Query

We have noted a change in the price of the Company's securities from a high of \$3.15 on 4 December 2009, to a low of \$2.30 at the time of writing today. We have also noted an increase in volume in the last 4 trading days.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating result before abnormal items and income tax so that the figure for the half year ending 31 December 2009 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ending 31 December 2009? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

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Your response should be sent to me by return email. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. EDST) on **Wednesday 16 December 2009**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

Yours sincerely

[Sent electronically, without signature]

Dean Litis

**Principal Adviser
Issuers, Melbourne**