

Biota Holdings Limited

ACN 006 479 081

10/585 Blackburn Road
Notting Hill VIC 3168
Australia**T** +61 3 9915 3700**F** +61 3 9915 3702**E** info@biota.com.au**W** www.biota.com.au

10 January 2011

Ms Kate Kidson
Principal Adviser
Listings, Melbourne
ASX Compliance Pty Ltd
Level 45, 525 Collins Street
Melbourne, VIC 3000

Dear Ms Kidson

RESPONSE TO ASX PRICE QUERY

We refer to your letter of 7 January 2011. 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.

However Biota notes the following:

- a) Over the last two weeks there has been significant general press and media coverage, particularly in the UK, about resurgent H1N1 influenza, which has resulted in an increase in hospitalisations and a number of fatalities. The extent and severity of the outbreak is speculative and cannot be predicted.

Biota earns royalties from the sale of influenza drugs, namely Relenza and Inavir, and as such is likely to be a beneficiary of increased sales of these drugs.

- b) At the date of this letter there has been no change in the status of the agency funding proposal as reported to the Annual General Meeting on 22 November 2010 and disclosed in our ASX release of that date.

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 so that the figure for the half year ended 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.**

Biota recorded a record net profit of \$33.5 million in the half year to 31 December 2009. This result included \$56.7 million of royalties from sales of Relenza as a result of the swine flu pandemic and resistance issues and side effects associated with Tamiflu.

The 2010 result is not yet known and will again be heavily influenced by the level of Relenza royalties. GlaxoSmithKline is due to advise Biota of Relenza royalties due for the half year to 31 December 2010 in early February 2011. In line with prior practice, Biota will make an ASX announcement at that time.

- 4. Is there any reason to think that the Company may record any material abnormal or extraordinary item for the financial year ended 31 December 2010? If so, please provide details.**

No.

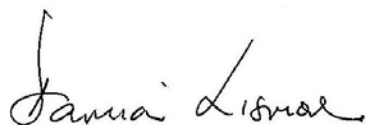
- 5. Is there any other explanation that the Company may have for the price change in the securities of the Company?**

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
CFO & Company Secretary



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 45
Rialto South Tower
525 Collins Street
Melbourne VIC 3000

7 January 2011

Damian Lismore
Company Secretary
Biota Holdings Limited
Melbourne

GPO Box 1784
Melbourne VIC 3001

Telephone 61 3 9617 8711
Facsimile 61 3 9614 0303
www.asx.com.au

By email only

Dear Mr Lismore

Biota Holdings Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$1.045 at the close of trade on 6 January 2011 to an intra day high of \$1.165 as at the time of writing today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, 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 ended 31 December 2010 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 ended 31 December 2010? 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.

Your response should be sent to me by return e-mail or by facsimile on facsimile number 03 9614 0303. 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 9.30am (Melbourne time) Monday, 10 January 2011.

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.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Sent electronically without signature

Kate Kidson
Principal Adviser, Listings (Melbourne)