

Shareholder Update

Progress toward NASDAQ listing and US merger

Since the last shareholder update in May 2012 considerable progress has been made to achieve a NASDAQ listing through a US merger. Most of the documentation to meet the regulatory requirements in both countries has been completed and lodged. In the US, our merger partner, Nabi Biopharmaceuticals (Nabi) has lodged its proxy documentation with the Securities and Exchange Commission (SEC) and in Australia, Biota has completed its preparation of the corresponding documentation for the Australian Securities and Investments Commission (ASIC). These are essential prerequisite steps to create Biota Pharmaceuticals and achieve the NASDAQ listing.

In addition, Nabi has lodged documentation with the US SEC and informed its shareholders that it will buy back up to US\$23 million of its shares through a tender offer, expiring on Monday 30 July 2012. Nabi holds considerably more cash than was needed to contribute to Biota Pharmaceuticals (US\$54 million) and to meet its wind-down obligations to staff and current projects. Nabi had the opportunity to distribute this surplus cash either through a special dividend to its shareholders or through a share tender process (buy-back). The buy-back does not alter the percentage ownership current Biota shareholders will hold in Biota Pharmaceuticals (74%); although it will alter the number of shares they will receive. The buy-back will result in fewer shares on issue but with those fewer shares reflecting the same company value.

After the Nabi buy-back process is complete, Biota's documentation can be finalised with the Court and posted to shareholders. These materials will provide as complete a picture as possible of the proposed transaction to enable shareholders to vote on the proposal. The documents will include:

- Explanatory Memorandum;
- Independent Expert's Report;
- Scheme of Arrangement; and
- Notice of Meeting.

It is expected that shareholders will receive the relevant documents in mid-August 2012 and the shareholder meeting is likely to be scheduled for late September.

The proposed merger and listing on NASDAQ is an exciting and transformational opportunity for Biota. The Directors believe that a NASDAQ listing is the best way to improve the value of Biota shares. The merger will strengthen Biota's cash position on competitive terms and the NASDAQ listing will increase the Company's options to deliver significantly higher value from future programs. Additionally, Biota Pharmaceuticals will have an existing and meaningful US shareholder base immediately on the implementation of the merger.

The Biota Directors believe the transaction is in the best interests of Biota shareholders and recommend shareholders read all of the information that will be provided in August. Where possible and appropriate, shareholders should seek additional input from their personal advisers, particularly where it relates to matters of personal investment requirements and taxation.

Shareholders need take no action at this time. Shareholders should expect to receive more detailed information in mid-August 2012. Related proposed merger information is also available on the help line 1300 306 230.