

Biota Holdings Limited

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Melbourne, Australia — 21 September 2012

Release of Supplementary Explanatory Memorandum

Biota Holdings Limited (ASX:BTA) announce that the Supreme Court of Victoria has set a new date of 23 October 2012 for the meeting of shareholders to consider the revised terms for the merger of Biota with Nabi Biopharmaceuticals proposed on 18 September 2012. The Court adjourned the meeting originally scheduled for 25 September 2012.

The Court has also ordered the despatch of the Supplementary Explanatory Memorandum (SEM) in relation to the scheme of arrangement (Scheme) to all Biota shareholders. The SEM which includes the Independent Expert's Report, has been registered with the Australian Securities and Investment Commission (ASIC) and will be distributed to shareholders from 25 September 2012. A copy of the SEM also appears with this announcement.

The re-scheduled Scheme Meeting will be held on Tuesday, 23 October 2012 in Meeting Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia, commencing at 2.00pm.

The Board of Biota unanimously recommends that Biota shareholders vote in favour of the Scheme, in the absence of any superior proposal. Subject to the same qualification, each Director of Biota intends to vote all the Biota shares held or controlled by them in favour of the Scheme.

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 include a series of candidate drugs aimed at treatment of respiratory syncytial virus (RSV) disease and Hepatitis C (HCV) virus infections. Biota has a well advanced program for human rhinovirus (HRV) infection with a completed Phase IIb study in asthmatic subjects.

In addition, Biota and Daiichi Sankyo co-own a range of second generation influenza antivirals, of which the lead product Inavir[®], is marketed in Japan. Biota holds a contract from the US Office of Biomedical Advanced Research and Development Authority (BARDA) for the advanced development of laninamivir in the USA.

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

Inavir[®] is registered to Daiichi Sankyo.

Further information

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Between 8.30am and 7.30pm

(Melbourne time)

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Supplementary Explanatory Memorandum

For a scheme of arrangement in relation to the proposed merger of Biota Holdings Limited and Nabi Biopharmaceuticals

Your directors continue to unanimously recommend that you vote *in favour* of the Scheme, in the absence of a Superior Proposal

This Supplementary Explanatory Memorandum includes a *Notice of Adjourned Scheme Meeting* for Biota Shareholders to be held on 23 October 2012 at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia at 2.00pm.

This is an important document and requires your immediate attention. You should read this document in its entirety, and in conjunction with the original explanatory memorandum, prior to deciding whether or not to vote in favour of the Scheme.

If you are in any doubt as to how to deal with this document, please consult your financial, legal, taxation or other professional adviser immediately.

Important Note:

If you have already validly appointed a proxy, your proxy will remain valid for the Adjourned Scheme Meeting unless you submit a revised proxy.

See section 5.6 of this Supplementary Explanatory Memorandum for further details.

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- B. Revised Biota Historical Financial Information
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- D. Revised Scheme of Arrangement (mark-up against Original Scheme of Arrangement)
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- F. Revised Scheme Consideration
- G. Notice of Adjourned Scheme Meeting

Corporate Directory

Important Notices

Revised Scheme

This Supplementary Booklet outlines the proposed amendments to the Scheme described in the Explanatory Memorandum dated 6 August 2012 (**Original Booklet**).

The amendments relate to (a) a proposed adjustment to the Scheme Consideration to be offered by Nabi, and (b) a reduction in the level of cash that must be held by Nabi on the Implementation Date. Biota Shareholders will now be asked to vote on the revised Scheme (**Revised Scheme**).

Purpose of this Supplementary Booklet

This Supplementary Booklet supplements the Original Booklet. The purpose of this Supplementary Booklet is to explain the Revised Scheme, and to provide such additional information as is otherwise material to the decision of Biota Shareholders whether to vote in favour of the Revised Scheme. This Supplementary Booklet should be read together with the Original Booklet. This Supplementary Booklet together with the Original Booklet includes the Explanatory Statement required by section 412(1) of the Corporations Act in relation to the Revised Scheme.

Responsibility for information

Loneragan Edwards & Associates Limited has prepared the Supplementary Independent Expert's Report set out in Annexure A of this Supplementary Booklet, and takes responsibility for that report.

Except for the Supplementary Independent Expert's Report, the information contained in this Supplementary Booklet has been prepared by Biota and its directors and is the responsibility of Biota. Nabi and its directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of such information.

ASIC and ASX

A copy of this Supplementary Booklet has been registered by ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Revised Scheme. If ASIC provides the statement, the statement will be produced to the Court at the time of the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Supplementary Booklet.

A copy of this Supplementary Booklet will be lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Supplementary Booklet.

Interpretation

Capitalised terms and certain abbreviations used in this Supplementary Booklet have the defined meanings set out in section 13 of the Original Booklet. Capitalised terms and certain abbreviations used in this Supplementary Booklet that are not defined in the Original Booklet have the meaning given to them section 6 of this Supplementary Booklet.

All references to \$, dollars, A\$, cents, are to Australian dollars, unless specified otherwise.

All dates and times are references to the time in Melbourne, Australia, unless specified otherwise. All dates following the date of the Adjourned Scheme Meeting are indicative only and are subject to Court approval, Biota Shareholder approval, ASX approval and the satisfaction or, where applicable, waiver of the other Conditions Precedent.

Date of this Supplementary Booklet

This Supplementary Booklet is dated 20 September 2012.

Revised Key Dates

Last time and date by which the proxy form must be received by the Share Registry	2pm on Sunday, 21 October 2012
Time and date for determining eligibility to vote at Adjourned Scheme Meeting	7pm on Sunday, 21 October 2012
Adjourned Scheme Meeting to be held in Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia	2pm on Tuesday, 23 October 2012
<i>If the Revised Scheme is approved by Biota Shareholders and Merger is approved by Nabi Shareholders</i>	
Court hearing for approval of the Revised Scheme (Second Court Hearing)	Friday, 26 October 2012
Effective Date and last day of trading in Biota Shares on ASX	Tuesday, 30 October 2012
Record Date for determining entitlements to Scheme Consideration	7pm on Tuesday, 6 November 2012
Election Date, being the last time and date by which an Election Form must be received from Electing Shareholders	5pm on Tuesday, 6 November 2012
Implementation Date for the Scheme	Friday, 9 November 2012
Biota Pharmaceuticals Shares expected to commence trading on NASDAQ	Monday, 12 November 2012 (United States time)

The Nabi Shareholders' meeting is expected to take place shortly before the date of the Adjourned Scheme Meeting, however as at the date of this Supplementary Booklet, the date has not yet been confirmed.

All dates and times are references to the time in Melbourne, Australia unless specified otherwise.

All dates following the Adjourned Scheme Meeting are indicative only. The actual timetable will depend on many factors outside the control of Biota, including approvals from the Court and other regulatory authorities. Any variation to the timetable set out above will be announced to ASX and published on Biota's website (www.biota.com.au).

Letter from the Chairman of Biota Holdings Limited

biota

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20 September 2012

Dear Biota Shareholder,

I wish to thank you for the strong endorsement to date of the proposal for the merger of Biota Holdings Limited (**Biota**) and Nabi Biopharmaceuticals (**Nabi**) to form Biota Pharmaceuticals, Inc. The proxies that have been lodged to date by Biota Shareholders indicate that over 90% of such proxy votes are in favour of the proposal.

With the movement in the Biota share price since the end of April 2012, the value that the merger will deliver to Nabi Shareholders has diminished. Some Nabi Shareholders have, therefore, taken the view that their interests are better served by liquidating Nabi (which would involve a distribution of all of Nabi's cash to its shareholders) and/or investing in Biota through on-market acquisitions rather than through the Scheme. As a consequence, given that a condition to the merger proceeding is that Nabi Shareholders vote in favour of the transaction, we have taken the decision to adjust the terms of the merger. We believe that the adjustments address the concerns of Nabi Shareholders and, therefore, make it more likely that they will support the merger, while at the same time delivering on your overwhelming support to date to create Biota Pharmaceuticals as expeditiously as possible.

We believe the revised offer addresses both of these objectives by reducing the cash provided by Nabi and thereby reducing the dilution to Biota Shareholders and adjusting the basis for determining the price at which Nabi Shareholders are effectively acquiring an interest in Biota.

The revised proposal can be summarised as follows:

- Nabi will provide US\$27 million in cash as opposed to the previous US\$54 million;
- Nabi Shareholders will effectively acquire an interest in the business of Biota at a price between 62 cents and 86 cents based on the ten (10) day volume weighted average price of Biota Shares in lead up to the First Meeting (and assuming the current AUD:USD exchange rate), as opposed to between 84 cents and 87 cents under the original proposal;
- Nabi Shareholders will hold between 14.2% and 18.6% of Biota Pharmaceuticals (assuming the current AUD:USD exchange rate), as opposed to approximately 26% under the original proposal; and
- Nabi will return its excess cash to its existing Nabi Shareholders.

The Independent Expert has concluded that the revised proposal is still in the best interests of Biota Shareholders given the company's objectives. A copy of the Supplementary Independent Expert's Report is included in this Supplementary Booklet.

Your directors unanimously support the revised proposal on the basis that compared to the original proposal, Biota Shareholders will now retain an even greater proportion of the company. Furthermore, the cash that is to be raised is at Biota's existing share price and not at any discount. For Biota Shareholders these are significant matters and the Board is satisfied that the reduced amount of cash does not in any meaningful way, unnecessarily restrict the company's opportunities.

Accordingly, the directors unanimously recommend that you vote in favour of the revised proposal and seek your support in this important initiative.

You can vote either by attending the Adjourned Scheme Meeting, to be held on Tuesday 23 October 2012 in Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia at 2.00pm, or by lodging a proxy vote. A Revised Proxy Form is provided with this Supplementary Booklet. **If you have already lodged a proxy form, your proxy form will remain valid unless you lodge a new proxy form.** If you have already lodged a proxy form and you wish to change the way in which you have directed your proxy to vote, you will need to lodge a new proxy form, either electronically or by mail.

If you have any questions in relation to the Merger or this Supplementary Booklet, please contact the Biota Shareholder Information Line on 1300 306 230 (within Australia) or +61 2 8280 7169 (international) on Business Days between 8.30am and 7.30pm (Melbourne time), or alternatively, please contact your professional taxation, legal, accounting or financial adviser.

Once again, your directors believe this is an important step for Biota and look forward to your support.

Yours faithfully,



James Fox
Chairman

1. Overview of the Revised Scheme

1.1 Background

In order for the Scheme to proceed, a number of proposals need to be passed at a Nabi Shareholders' meeting and must be passed by holders of the majority of Nabi Shares issued and outstanding. Certain of Nabi's shareholders have publicly expressed their views strongly opposing the proposals to be considered at their shareholder meeting and have begun soliciting additional support against the proposals.

The major reason for this lack of support is that the price at which Nabi Shareholders are effectively subscribing for shares in Biota Pharmaceuticals is unattractive given movements in Biota's share price since the signing of the Merger Implementation Agreement (22 April 2012).

Biota considers that there is substance to the concerns of Nabi Shareholders for the following reasons:

- For the purpose of its evaluation of the Scheme, the Independent Expert adopted a trading range for Biota Shares prior to the announcement of the Scheme of 94 cents to 99 cents. This range was adopted on the basis that the closing price of Biota Shares immediately prior to the announcement of the Scheme was 94 cents and the volume weighted average price of Biota Shares from 28 March 2012 to 20 April 2012 was 98.7 cents.
- Through the Merger (prior to the changes proposed in the Revised Scheme), Nabi Shareholders would effectively acquire shares in Biota Pharmaceuticals at between 84 cents and 87 cents. The actual price will depend on the AUD:USD exchange rate as at the Implementation Date. At an exchange rate of 1 AUD = 0.98 USD, the price would be 87 cents; at an exchange rate of 1 AUD = 1.02 USD, the price would be 84 cents.
- Since the announcement of the Merger on 23 April 2012, Biota's share price has declined from 94 cents per share to approximately 72 cents (on 17 September 2012, being the last Trading Day prior to the announcement of the revised terms of the Merger). The VWAP of Biota Shares from 23 April 2012 to 17 September 2012 is 70.55 cents. The lowest sale price has been 65 cents.
- Accordingly, whereas the Independent Expert's Report evaluated the Scheme on the basis that it effectively involved Biota raising US\$54 million at a discount of between 10.6% and 12.1% to the trading range prior to 23 April 2012, if the VWAP or current price of Biota Shares since the announcement of the Scheme is used as the measuring point Biota would be raising money from Nabi Shareholders at a premium.

Given the information that Biota has received concerning the voting intentions of a significant number of Nabi Shareholders and given Biota's view that there is substance to the views of those Nabi Shareholders who regard the Merger as commercially unattractive, the Biota Board considers it appropriate to adjust the terms of the Scheme to make it more commercially attractive to Nabi Shareholders.

In considering appropriate adjustments to the terms of the Scheme, the Biota Board has been mindful of the need to put forward a scheme that is attractive to Nabi Shareholders but still achieves the objectives that Biota is seeking to achieve through the Scheme. The Biota Board considers that the Revised Scheme does that. See section 2.3 below for an explanation of the reasons that Biota Directors support voting in favour of the Revised Scheme.

1.2 Revised Scheme Consideration

The scheme consideration to be offered by Nabi under the Revised Scheme is set out below.

(a) Revised cash contribution by Nabi

Under the Revised Scheme, Nabi will contribute US\$27 million in cash to the combined company, instead of the US\$54 million originally proposed. Nabi will return excess cash to existing Nabi shareholders.

(b) Respective ownership of Biota Shareholders and Nabi Shareholders in Biota Pharmaceuticals immediately after the Implementation Date

The percent of Biota Pharmaceuticals to be held by Nabi Shareholders immediately after the Implementation Date will be calculated based on the VWAP of the Biota share price during the 10 Trading Days up to and including the Trading Day immediately prior to the First Meeting (**10 Day VWAP**), expressed in US dollars.

As a consequence, the percent in Biota Pharmaceuticals to be held by Nabi Shareholders (collectively) and Biota Shareholders (collectively) immediately after the Implementation Date will fluctuate, depending on the 10 Day VWAP and the AUD:USD exchange rate.

The 10 Day VWAP will be subject to a collar. In the event that the 10 Day VWAP is greater than A\$0.86, the 10 Day VWAP will be taken to be A\$0.86 unless the Biota board takes the view that their fiduciary or statutory duties require them to terminate the Merger Implementation Agreement. In the event that the 10 Day VWAP is less than A\$0.62, the 10 Day VWAP will be taken to be A\$0.62 unless the Nabi board takes the view that their statutory or fiduciary duties require them to terminate the Merger Implementation Agreement.

If the 10 Day VWAP is greater than A\$0.86, and the Biota Board takes the view that their fiduciary or statutory duties require them to terminate the Merger Implementation Agreement, then the Revised Scheme will not proceed. If the 10 Day VWAP is less than A\$0.62 and the Nabi Board takes the view that their fiduciary or statutory duties require them to terminate the Merger Implementation Agreement, then the Revised Scheme will also not proceed.

(c) Number of Biota Pharmaceuticals Shares to be issued in respect of each Biota Share

Under the Revised Scheme, the number of Biota Pharmaceuticals Shares to be issued to Biota Shareholders in respect of Biota Shares held by them on the Record Date will depend on the 10 Day VWAP and the AUD:USD exchange rate. Please see Annexure F for details on how this number is to be calculated.

(d) Working examples of Scheme Consideration

The following table illustrates the impact that a change in the Biota share price will have on the percent of Biota Pharmaceuticals to be held by current Nabi Shareholders and current Biota Shareholders respectively.

Movements in the AUD:USD exchange rate will also impact the following numbers.

Information on Biota			
Biota share price	A\$0.62	A\$0.74	A\$0.86
Exchange rate (US\$1.04:A\$1.00)	US\$0.6448	US\$0.7696	US\$0.8944
No of Biota Shares on issue	182,763,561	182,763,561	182,763,561
Biota Market capitalisation (US\$)	117,845,944	140,654,836	163,463,729
Information on Nabi			
Nabi cash (US\$)	27,000,000	27,000,000	27,000,000
Total Valuation (combined entity) (US\$)	144,845,944	167,654,836	190,463,729
Relative Ownership Ratio			
	%	%	%
Nabi shareholders	18.64	16.10	14.18
Biota shareholders	81.36	83.90	85.82
	100.0	100.0	100.0
Number of Biota Pharmaceuticals Shares to be issued in respect of each Biota Share			
	0.687421847	0.820471237	0.953520627

1.3 New date for Scheme Meeting

The meeting originally scheduled for 25 September 2012 will not occur as previously advised.

The Court has ordered that the Scheme Meeting be adjourned to be held in Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia on 23 October 2012 at 2.00pm (Melbourne time) for the purposes of considering the Resolutions in respect of the Revised Scheme. A notice of meeting for the Adjourned Scheme Meeting is attached as Annexure G to this Supplementary Booklet.

Each person who is registered as a Biota Shareholder at 7.00pm on Sunday 21 October 2012 is entitled to vote at the Adjourned Scheme Meeting either in person or by proxy or attorney, or the in the case of a body corporate, by corporate representative.

Instructions on how to attend and vote at the Adjourned Scheme Meeting in person, or by proxy, are set out in section 3 of this document.

Further instructions on how to change your vote on the Resolutions if you have already appointed a proxy to attend and vote on your behalf at the Adjourned Scheme Meeting are set out in section 5 of this document.

1.4 New date for the Nabi Shareholders' meeting

The Nabi Shareholders' meeting originally scheduled for 24 September 2012 will now take place at a later date. The Nabi Shareholders' meeting is expected to take place shortly before the date of the Adjourned Scheme Meeting, however as at the date of this Supplementary Booklet, the date has not yet been confirmed.

See paragraph (c) in section 4 of this Supplementary Booklet for further information on the resolutions to be considered by Nabi Shareholders at the Nabi Shareholders' meeting.

1.5 Amendments to Transaction Documents

As described in the Original Booklet, a number of transaction documents were entered into in connection with the Scheme, including the Merger Implementation Agreement, the Scheme (attached as Annexure C to the Original Booklet) and the Nabi Deed Poll (Attached as Annexure D to the Original Booklet).

The Merger Implementation Agreement has been amended by the parties to reflect the revised terms of the proposed Merger as set out in this Supplementary Booklet. In addition, the parties have agreed to extend the End Date from 31 October 2012 to 30 November 2012. Nabi has also executed an amendment to the Nabi Deed Poll to reflect the Revised Scheme.

In order to implement the Revised Scheme, Biota Shareholders are required to approve amendments to the Scheme. The proposed amendments to the Scheme are shown in the mark-up attached as Annexure D to this Supplementary Booklet. The Revised Scheme (without the changes marked-up) is attached as Annexure E to this Supplementary Booklet.

2. Matters relevant to your vote on the Revised Scheme

2.1 Biota Directors' recommendation

The Biota Directors have considered the Revised Scheme and unanimously recommend that you vote in favour of it, in the absence of a Superior Proposal.

The Biota Directors intend to vote all of the Biota Shares held or controlled by them in favour of the Revised Scheme, in the absence of a Superior Proposal.

The Biota Directors believe that the reasons for Biota Shareholders to vote in favour of the Revised Scheme outweigh the reasons to vote against it, in the absence of a Superior Proposal. These reasons and other relevant considerations are discussed in sections 2.3 and 2.4 of this Supplementary Booklet.

2.2 Independent Expert's Report

The Independent Expert has concluded that the Revised Scheme remains in the best interests of Biota Shareholders given the company's objectives. You should read the Supplementary Independent Expert's Report which is set out in Annexure A to this Supplementary Booklet.

2.3 Reasons to vote in favour of the Revised Scheme

The reasons to vote in favour of the Revised Scheme are the same reasons as those set out in section 2.1 of the Original Booklet. These reasons are as follows:

1	Your Directors unanimously recommend you vote in favour of the Revised Scheme, in the absence of a Superior Proposal	✓
2	Your Directors believe the proposal is the best way to improve the value of your Biota Shares	✓
3	The Merger will strengthen Biota's cash position on competitive terms	✓
4	A NASDAQ listing increases options to deliver significantly higher value from future programs	✓
5	Biota Pharmaceuticals will have an existing and meaningful United States shareholder base on implementation of the Merger	✓
6	Capital gains tax roll-over relief should be available to Australian Biota Shareholders	✓
7	The Independent Expert has concluded the Merger is in your best interests, in the absence of a Superior Proposal	✓

In relation to item 3 above, the Revised Scheme will provide an additional cash injection to Biota of US\$27 million, (rather than US\$54 million as proposed under the Original Scheme) which will bring Biota's estimated total cash position in excess of US\$70 million upon completion of the Merger in November.

Biota's estimated total cash position under the Revised Scheme will still ensure that the merged company will have sufficient funds for at least the next two years, based on Biota's current planned activities. Furthermore, this cash position and the United States shareholder base that Biota Pharmaceuticals will have is still considered appropriate to achieve an adequate level of post-merger liquidity on NASDAQ.

2.4 Reasons why you may consider voting against the Revised Scheme

The reasons why you may consider voting against the Revised Scheme are the same reasons as those set out in section 2.2 of the Original Booklet. These reasons are as follows:

1	You may believe that a Superior Proposal for Biota may otherwise emerge	✗
2	You may disagree with the Biota Directors' recommendation and the Independent Expert's conclusion	✗
3	Biota Pharmaceuticals, due to its listing on NASDAQ, will be subject to a different regulatory regime and currency exposure	✗
4	Your ownership in Biota will be diluted if the Revised Scheme is implemented	✗
5	You may be an Ineligible Foreign Biota Shareholder and you may wish to retain your Biota Shares	✗
6	You may be exposed to potential adverse tax consequences	✗

In relation to item 4 above, the Revised Scheme will still result in your ownership in Biota being diluted. However, as set out in section 1.2 of this Supplementary Booklet, dilution is less of a factor under the Revised Scheme than it was under the Original Scheme.

3. Financial information

3.1 Biota

The historical financial information for Biota set out in section 4.6 of the Original Booklet has been updated to include a summary of the audited income statement for Biota for the financial year ended 30 June 2012, and a summary of the audited balance sheet for Biota as at 30 June 2012. This information is set out in Annexure B to this Supplementary Booklet.

3.2 Biota Pharmaceuticals

The proforma historical financial information for Biota Pharmaceuticals set out in section 6.3 of the Original Booklet has been updated to reflect:

- (i) Nabi's cash contribution to the merged group being reduced from US\$54 million to US\$27 million; and
- (ii) the audited income statement for Biota for the financial year ended 30 June 2012 and the audited balance sheet for Biota as at 30 June 2012.

This information is set out in Annexure C to this Supplementary Booklet.

4. Implementation of the Revised Scheme

The key steps to implement the Revised Scheme are set out below. These are the same key steps that were required to implement the Scheme as set out in the Original Booklet, except where otherwise indicated below. Please see section 3 of the Original Booklet for further information.

- (a) The 10 Day VWAP will be calculated on close of business on the Trading Day immediately prior to the First Meeting. This step was not required under the Original Scheme. See section 1.2 above for further information on the Revised Scheme Consideration.
 - (i) If the 10 Day VWAP is greater than or equal to \$0.62, and less than or equal to \$0.86, then the 10 Day VWAP will be used to calculate the Revised Scheme Consideration.
 - (ii) If the 10 Day VWAP is greater than \$0.86, the Biota Board will consider whether their statutory or fiduciary duties require them to terminate the Merger Implementation Agreement.
 - (A) If the Biota Board resolves to terminate the Merger Implementation Agreement, the Revised Scheme will not proceed.
 - (B) If the Biota Board does not resolve to terminate the Merger Implementation Agreement, the 10 Day VWAP will be deemed to be \$0.86 for the purposes of calculating the Revised Scheme Consideration.
 - (iii) If the 10 Day VWAP is less than \$0.62, the Nabi Board will consider whether their statutory or fiduciary duties require them to terminate the Merger Implementation Agreement.
 - (A) If the Nabi Board resolves to terminate the Merger Implementation Agreement, the Revised Scheme will not proceed.
 - (B) If the Nabi Board does not resolve to terminate the Merger Implementation Agreement, the 10 Day VWAP will be deemed to be \$0.62 for the purposes of calculating the Revised Scheme Consideration.
- (b) Biota Shareholders will vote on whether to approve the Revised Scheme at the Adjourned Scheme Meeting.
- (c) Nabi Shareholders will vote on whether to approve the Revised Nabi Transaction Proposals at the Nabi Shareholders' meeting. The Revised Nabi Transaction Proposals are similar to the Nabi Transaction Proposals described in section 3.4 of the Original Booklet. The only difference is that the resolution to approve the issue of Biota Pharmaceuticals' Shares to holders of Biota Shares in accordance with the Scheme, will now be a resolution to approve the issue of Biota Pharmaceuticals' Shares to holders of Biota Shares in accordance with the Revised Scheme. The same voting thresholds as set out in section 3.4 of the Original Booklet will apply to the Revised Nabi Transaction Proposals.
- (d) If the Revised Scheme is approved by the requisite majorities of Biota Shareholders, the Revised Nabi Transaction Proposals are approved by the requisite majorities of Nabi Shareholders and all other conditions precedent set out in the Merger Implementation Agreement (other than approval by the Court) have been satisfied or waived, then Biota will apply to the Court for orders approving the Revised Scheme.
- (e) If the Court approves the Revised Scheme, Biota will lodge with ASIC a copy of the Court order approving the Revised Scheme (the **Effective Date**). This date will be the last day on which trading in Biota Shares on the ASX occurs.
- (f) Upon the Revised Scheme becoming effective, Biota will provide notice of such to the ASX and apply to the ASX for trading in Biota Shares to be suspended from the close of trading on the Effective Date.
- (g) On the Implementation Date:
 - (i) Nabi must deliver to Biota a certificate confirming that Nabi has net cash of at least US\$27 million (not US\$54 million as contemplated in the Original Scheme);
 - (ii) the Revised Scheme Consideration must be provided by Nabi; and
 - (iii) all existing Biota Shares must be transferred to Nabi.

(h) On the Business Day immediately after the Implementation Date, Biota will apply for termination of the official quotation of Biota Shares on the ASX and have itself removed from the official list of the ASX.

The expected dates for the key steps are set out under the heading "Key Dates" at the front of this Supplementary Booklet (but those dates are subject to possible change).

5. Voting at the Adjourned Scheme Meeting

5.1 Adjourned Scheme Meeting

The meeting originally scheduled for 25 September 2012 will not occur as previously advised.

The Court has ordered that the Scheme Meeting be adjourned to be held in Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia on 23 October 2012 at 2.00pm (Melbourne time) for the purposes of considering the Resolutions in respect of the Revised Scheme. A notice of meeting for the Adjourned Scheme Meeting is attached as Annexure G to this Supplementary Booklet.

5.2 Who is entitled to vote at the Adjourned Scheme Meeting

Biota Shareholders who are registered on the Biota Share Register at 7.00pm (Melbourne time) on Sunday, 21 October 2012, may vote on the Resolutions. This is based on the amended key dates as set out at the front of this Supplementary Booklet, which are subject to possible change.

5.3 What will Biota Shareholders be asked to consider at the Adjourned Scheme Meeting

At the Adjourned Scheme Meeting, Biota Shareholders will be asked to consider and, if thought fit, to pass two resolutions. The first resolution will be to approve the amendments to the Scheme, shown in Annexure D to this Supplementary Booklet. The second resolution will be to approve the Revised Scheme.

In order to be implemented, each resolution must be approved by a majority in number of Biota Shareholders present and voting at the Adjourned Scheme Meeting (in person, by attorney, by proxy or, in the case of corporations, by corporate representative), unless the Court determines otherwise, and at least 75% of the total number of Biota Shares voted at the Adjourned Scheme Meeting. Voting on each resolution at the Adjourned Scheme Meeting will be by poll. The terms of the Resolutions are set out in full in the Notice of Adjourned Scheme Meeting attached as Annexure G to this Supplementary Booklet.

The fact that the Court has ordered the Adjourned Scheme Meeting does not mean that the Court has formed any view as to the merits of the Revised Scheme or as to how Biota Shareholders should vote on the Resolutions. On these matters, Biota Shareholders must reach their own decision.

5.4 How to vote in person

Biota Shareholders who are entitled to vote and wish to do so in person should attend the Adjourned Scheme Meeting.

Those Biota Shareholders voting in person should bring their meeting registration forms with them to facilitate admission to the meeting. The meeting registration form for the Adjourned Scheme Meeting is the Revised Proxy Form included with this Supplementary Booklet. Biota Shareholder may also use the Proxy Form included in the Original Booklet. Persons who are attending as an attorney should bring the original power of attorney, unless Biota has already noted it. Persons who are attending as a corporate representative should bring evidence of their authority.

5.5 How to vote by proxy

A Revised Proxy Form is included with this Supplementary Booklet. Biota Shareholders who wish to appoint a proxy to attend and vote at the Adjourned Scheme Meeting, should complete the Revised Proxy Form.

To be effective, a completed Revised Proxy Form must be sent to the addresses or fax number listed on the form so that it is received by no later than 2.00pm on Sunday, 21 October 2012.

If an attorney signs a Revised Proxy Form or Proxy Form on a Biota Shareholder's behalf, a copy of the authority under which the Revised Proxy Form or Proxy Form was signed must be received by the Biota Share Registry at the same time as the Revised Proxy Form or Proxy Form (unless a copy of the authority has already been provided to Biota).

Biota Shareholders who complete and return a Revised Proxy Form or Proxy Form may still attend the meeting in person, revoke the proxy and vote at the meeting.

5.6 What happens if you have already submitted a proxy form

If you have already validly appointed a proxy for the Scheme Meeting in accordance with the instructions on the proxy form attached to the Original Booklet, and you take no further action, your proxy will remain valid. In this case:

- where you have not directed your proxy to vote in a particular way, your proxy will be entitled to vote as he or she sees fit on both Resolutions; and
- where you have directed your proxy, you will be treated as having directed your proxy to vote in a consistent manner on both Resolutions.

For example, if you directed your proxy to vote in favour of the Scheme, you will be treated as having directed your proxy to vote in favour of:

- the first resolution to approve the amendments to the Scheme shown in Annexure D to this Supplementary Booklet; and
- the second resolution to approve the Revised Scheme.

If you have already validly appointed a proxy for the Scheme Meeting in accordance with the instructions on the proxy form attached to the Original Booklet, and you want to change the way in which you have directed your proxy to vote, you may do so by completing and submitting the Revised Proxy Form for the Adjourned Scheme Meeting in accordance with the instructions on the Revised Proxy Form.

In relation to the Resolutions, the Chairman intends to vote proxies already submitted of which he is appointed as proxy for the Scheme Resolution proposed in relation to the Original Scheme, as follows:

- to vote in favour of both Resolutions all directed proxies received in favour of the Scheme Resolution proposed in relation to the Original Scheme;
- to vote against both Resolutions all directed proxies received against the Scheme Resolution proposed in relation to the Original Scheme; and
- to vote in favour of both Resolutions all undirected proxies received in relation to the Original Scheme.

5.7 What happens if you have not yet submitted a proxy form

If you have not yet submitted a valid proxy form you may appoint a proxy by completing and returning the Revised Proxy Form accompanying this Supplementary Booklet in accordance with the instructions on that form.

Any valid proxies submitted using the old proxy form will be valid and be treated as described in section 5.6. In particular, if you submit an old proxy form with a direction to vote in a particular way, you will be treated as having directed the proxy to vote in a consistent manner on both Resolutions. If you submit an old proxy form without a direction to vote in a particular way, your proxy will be entitled to vote as he or she sees fit on both Resolutions. As mentioned in section 5.6, where the Chairman is appointed as proxy he intends to vote undirected proxies in favour of both resolutions.

5.8 What happens if you have submitted, or wish to submit an Election Form

Under the Revised Scheme, Biota Shareholders who hold 2,000 or less Biota Share as at the Record Date (which is now 7.00pm on Tuesday, 6 November 2012) may elect to have all Biota Pharmaceuticals Shares that would otherwise have been issued to them under the Revised Scheme on the Implementation Date, sold on their behalf. See sections 1.17 and 1.18 of the Original Booklet for further information. Biota Shareholders who are eligible to make an Election and did not receive an Election Form with the Original Booklet can obtain an Election Form by contacting Link Market Services on 1300 554 474 (within Australia) or +61 2 8280 7111 (international).

It is intended that the proceeds of sale will be distributed to Electing Shareholders during the week commencing on 3 December 2012. As such, where a Biota Shareholder has already submitted an Election Form, it may take up to 16 weeks from the date on which that shareholder made an Election before they receive their proceeds of sale.

If you have already validly submitted an Election Form, and you do not want to change that Election, your Election will remain valid.

You may withdraw your Election before the Election Date (which is now 5.00pm on Tuesday, 6 November 2012) by lodging or submitting a withdrawal form in accordance with the instructions on that form. Biota Shareholders can obtain a withdrawal form by contacting Link Market Services.

6. Glossary

The meaning of the terms used in this Supplementary Booklet have the meanings set out in section 13 of the Original Booklet. Terms used in this Supplementary Booklet that are not defined in the Original Booklet have the meanings set out below.

Term	Meaning
10 Day VWAP	the VWAP of sales of Biota Shares on the ASX during the 10 Trading Days up to and including the Trading Day immediately prior to the First Meeting
Adjourned Scheme Meeting	means the adjourned Scheme Meeting
First Meeting	means either the Adjourned Scheme Meeting or the Nabi Shareholders' meeting, whichever is the first to occur
Original Booklet	means the Explanatory Memorandum scheme booklet issued by Biota dated 6 August 2012
Original Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act contemplated in the Original Booklet
Resolutions	means the two resolutions to be considered at the Adjourned Scheme Meeting as set out in the Notice of Adjourned Scheme Meeting attached as Annexure G to this Supplementary Booklet
Revised Nabi Transaction Proposals	proposals to be considered by Nabi Shareholders in connection with the Merger, being a proposal to approve an amendment to Nabi's certificate of incorporation to increase in the authorised number of Nabi Shares to enable the issuance of the Biota Pharmaceuticals Shares under the Revised Scheme, a proposal to approve an amendment to Nabi's certificate of incorporation to change in the name of Nabi to Biota Pharmaceuticals, Inc. and the proposal to approve the issuance of the Biota Pharmaceuticals Shares to Biota Shareholders as at the Record Date
Revised Proxy Form	the proxy form for the Adjourned Scheme Meeting accompanying this Supplementary Scheme Book
Revised Scheme	a scheme of arrangement under Part 5.1 of the Corporations Act between Biota and the Biota Shareholders as at the revised Record Date substantially in the form set out in Annexure D or in such other form as Biota and Nabi agree in writing
Revised Scheme Consideration	the consideration to be provided to Biota Shareholders as at the revised Record Date under the terms of the Revised Scheme for the transfer to Nabi of their Biota Shares, ascertained in accordance with clause 5 of the Revised Scheme
Supplementary Booklet	this supplementary explanatory memorandum
Supplementary Independent Expert's Report	the Supplementary report from the independent expert, a full copy of which is set out in Annexure A of this Supplementary Booklet, and any update to such report that the Independent Expert issues
Trading Day	a trading day under the ASX Listing Rules
VWAP	volume weighted average price

The Directors
Biota Holdings Limited
Unit 10, 585 Blackburn Road
Notting Hill Vic 3168

20 September 2012

Subject: Proposed merger with Nabi Biopharmaceuticals

Dear Directors

The Revised Proposal

- 1 We refer to our independent expert's report (IER) dated 4 August 2012 and the announcement by Biota Holdings Limited (Biota) on 18 September 2012 outlining the revised terms of the proposed merger with Nabi Biopharmaceuticals (Nabi).
- 2 Specifically, under the revised terms of the merger (the Revised Proposal):
 - (a) the minimum Closing Net Cash Balance of Nabi on the implementation date of the merger must be no less than US\$27 million. That is, Biota will raise US\$27 million under the Revised Proposal
 - (b) Nabi shareholders will acquire their interest in the Biota business at the volume weighted average price of Biota shares on the Australian Securities Exchange (ASX) based on the 10 trading days (10 Day VWAP) prior to the earlier of the Nabi shareholder meeting or the Biota shareholder meeting to vote on the Revised Proposal (the Shareholder Meeting)¹ and the AUD/USD exchange rate over that time, subject to a minimum Biota share price of 62 cents and a maximum Biota share price of 86 cents per Biota share
 - (c) the Nabi Board can veto the merger if the 10 Day VWAP is less than 62 cents and the Biota Board can veto the merger if the 10 Day VWAP is greater than 86 cents
 - (d) the ownership interest held by Nabi shareholders in the merged entity will range between 14.2% and 18.6%, depending on the 10 Day VWAP and assuming an AUD/USD exchange rate of A\$1.00 = US\$1.04. On this basis Biota shareholders will therefore hold between 81.4% and 85.8% of the merged entity's shares (compared with 74% under the original merger proposal)
 - (e) consistent with the original merger proposal, the merger will be implemented by Nabi acquiring all the shares in Biota pursuant to a Scheme of Arrangement between Biota and its shareholders in order to achieve a NASDAQ listing of Biota shares
 - (f) following completion of the merger Nabi will be renamed "Biota Pharmaceuticals, Inc" and Biota shares will be delisted from the ASX (consistent with the terms of the original merger proposal).

Key reasons for change in proposal and implications for Biota shareholders

- 3 We understand that the revised merger terms were proposed by Biota to encourage Nabi shareholder support for the merger, given the subsequent movements in the share prices of the two companies since the original merger proposal was announced. In particular, we note that the original merger terms implied that Nabi shareholders would acquire their interest in Biota at a significant premium to the recent listed market price of Biota shares on the ASX. To address this issue the revised merger terms allow:
 - (a) Nabi shareholders to acquire their interest in Biota at the VWAP of Biota shares in the 10 trading days prior to the Shareholder Meeting (rather than at a premium to recent listed market prices)
 - (b) Nabi to distribute to its shareholders a greater proportion of its cash in return for obtaining a smaller ownership interest in the merged entity.
- 4 The implications for Biota and its shareholders of this change are that:
 - (a) Biota will now only raise additional capital of US\$27 million in cash (before transaction costs), compared with US\$54 million under the original merger proposal. Biota believe this lower level of funding will provide sufficient funding for at least 24 months based on planned activities

¹ A condition of the Revised Proposal is that it is approved by both Nabi and Biota shareholders.

- (b) Nabi shareholders will acquire an interest in the Biota business at an effective price per Biota share of between 62 cents and 86 cents per Biota share. This is lower than the effective issue price under the original merger proposal of 84 to 87 cents and reflects the fall in the Biota share price since that date. In any event the original merger proposal has been withdrawn and is therefore not capable of being implemented at this time
- (c) Biota shareholders will retain a greater ownership interest in the Biota business if the Revised Proposal proceeds (refer paragraph 2(d)), and will therefore retain a greater share of any increase in the value of Biota in future compared to the original merger proposal.

Scope

- 5 The Directors of Biota have requested that we provide our opinion on whether the Revised Proposal is fair and reasonable and in the best interests of Biota shareholders.

Basis of assessment

- 6 Consistent with our view on the original merger proposal, in our opinion, the Revised Proposal should be viewed as a capital raising (and related US listing) rather than a change of control transaction. This is because:
- (a) Biota shareholders will own the large majority of the shares in the merged entity, and will therefore retain voting control
 - (b) Biota's current management will be responsible for the day to day management of the merged entity
 - (c) Biota's directors will initially hold 75%² of the Board positions of the merged entity
 - (d) Nabi's main contribution to the merged entity is cash and its NASDAQ listing
 - (e) on completion of the merger no existing individual shareholder in Nabi is expected to own more than 5% of the shares in the merged entity³
 - (f) the Revised Proposal was submitted by Biota (not Nabi).
- 7 Given the nature of the Revised Proposal, in our opinion, the most appropriate basis on which to evaluate the Revised Proposal is to assess the overall impact on Biota shareholders and to form an opinion as to whether, on balance, the advantages of the Revised Proposal outweigh the disadvantages.
- 8 In addition, we have considered the Regulatory Guides issued by the Australian Securities & Investments Commission (ASIC), particularly RG 111 – Content of Expert Reports. RG 111 sets out the criteria used to assess whether a proposal is fair and reasonable to shareholders (as discussed below).

Assessment of fairness

- 9 Under RG 111 the Revised Proposal is fair to Biota shareholders if the effective issue price at which Nabi shareholders are acquiring an interest in Biota is equal to or greater than the value of Biota shares on a 100% controlling interest basis.
- 10 As stated above, under the Revised Proposal Nabi shareholders will acquire their interest in Biota at the VWAP of Biota shares on the ASX based on the 10 trading days immediately prior to the Shareholder Meeting expressed in US dollars. Nabi shareholders are therefore acquiring an interest in Biota at a price consistent with the listed market price of Biota shares (without any premium or discount being applied).
- 11 However, the value of Biota shares on a 100% controlling interest basis would generally reflect a significant premium above their listed market price. In this regard we note that research undertaken by LEA on takeover (control) premiums indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).
- 12 As no premium (above the listed market price of Biota shares) is being paid by Nabi shareholders, in our opinion, the Revised Proposal is prima-facie not fair based on the guidelines for determining "fairness" in RG 111.

Reasonableness

- 13 However, it should be noted that RG 111 focuses primarily on change of control transactions. As stated above we consider that the Revised Proposal should be viewed as a capital raising (and related US listing), rather than a change of control transaction. Therefore, in assessing whether the Revised Proposal is reasonable and in the best interests of Biota shareholders we considered it more appropriate to have regard to whether the advantages of the Revised Proposal outweigh the disadvantages.

Advantages

- 14 In our opinion the Revised Proposal has a number of advantages which are summarised below:
- (a) the Revised Proposal provides significant funding (some US\$27 million) which is not dependent on future stock market conditions. As a result Biota expects that it will have sufficient funding for at least 24 months based on planned activities if the Revised Proposal proceeds

2 Being six out of eight Board seats.

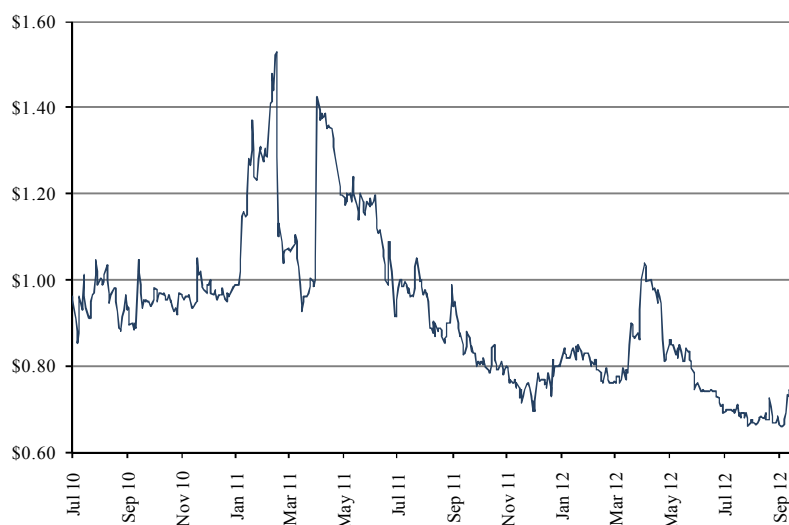
3 Based on the latest SEC filings Nabi's largest shareholder held 9.7% of Nabi. This holding will be diluted below 5% if the Scheme is implemented.

- (b) Biota shareholders will have an ownership interest in the merged entity under the Revised Proposal of between 81.4% and 85.8% (depending on the VWAP of Biota shares in the 10 trading days prior to the Shareholder Meeting and assuming an AUD/USD exchange rate of A\$1.00 = US\$1.04), and will therefore obtain the large majority of any increase in the value of Biota in future. In this regard we note that the Revised Proposal results in less dilution of Biota shareholder ownership interests than the original merger proposal (which would have resulted in Biota ownership interests being diluted to 74%)
- (c) in our view, the US listing should provide advantages for Biota in the medium to longer term due to:
 - (i) the ability to raise larger amounts of equity capital when required (due to the substantially larger size of the US capital markets and its biotechnology sector), which will enable Biota to advance more projects to a later stage of development before entering into licensing deals should they wish to do so⁴
 - (ii) reductions in the overall cost of capital, which should result in improved share market ratings in the medium to long term
- (d) the Revised Proposal achieves Biota management's key objective of obtaining a US listing (and related US shareholder base)
- (e) the terms of the Revised Proposal compare favourably with the likely costs associated with an IPO in the US (particularly when allowance is made for the likely discount at which shares would need to be offered in an IPO).

Disadvantages

- 15 In our opinion the Revised Proposal also has a number of significant disadvantages for Biota shareholders. In particular, as Biota held \$52.9 million in net cash as at 30 June 2012, there is no pressing need for a capital raising at this time. Further, as Biota shares are trading near recent lows (refer graph below) the timing of the Revised Proposal is not ideal⁵.

Biota share price - 1 July 2010 to 19 September 2012



Source: Bloomberg.

- 16 The key disadvantage of the Revised Proposal is therefore that Biota shareholders are being diluted at a time when Biota shares are trading near recent lows. Further, Biota shareholders should note that Biota shares will be delisted from the ASX if the Revised Proposal is implemented. As a result those shareholders who wish to sell their Biota shares subsequent to implementation of the Revised Proposal will need to do so on the NASDAQ exchange. While most Australian stockbroking firms should be able to facilitate such sales, the transaction costs in terms of brokerage and foreign currency conversions are likely to be higher for individual shareholders.

Alternatives to the Revised Proposal

- 17 In the absence of the Revised Proposal we note that Biota could achieve its objective of obtaining a United States (US) listing for its shares by undertaking an initial public offering (IPO) in the US. However, in our opinion, such an alternative would be more costly than the Revised Proposal and would take longer to achieve. In particular, it should be noted that:
- (a) any US listing would also need to involve a significant issue of new shares in order to create sufficient shares to trade in that market

⁴ Empirical evidence indicates that future milestone payments and royalty rates are generally lower in early stage licensing deals compared to those negotiated at later stages.

⁵ We note that, based on the recent trading prices of Biota shares, the price at which Nabi shareholders will acquire their interest in Biota is lower than the effective issue price under the original merger proposal.

- (b) as set out in our IER dated 4 August 2012 we estimate that any new issue of shares would most likely need to be priced at a discount to the listed market price of Biota shares
 - (c) in addition, significant cash costs⁶ would be incurred in order to undertake a US IPO. As set out in paragraph 139 of our IER dated 4 August 2012 these costs are likely to be approximately 10% of the amount raised, based on our review of the costs incurred in recent US IPOs by biotechnology companies.
- 18 In contrast we note that:
- (a) the majority of the transaction costs in connection with the proposed merger have already been incurred, and will be payable regardless of whether the Revised Proposal is implemented
 - (b) under the Revised Proposal, Nabi shareholders will acquire an interest in Biota at the VWAP of Biota shares in the 10 trading days immediately prior to the Shareholder Meeting. That is, the shares are being acquired by Nabi shareholders at the market price of Biota shares (rather than at a discount).
- 19 The price at which shares are being issued to Nabi shareholders under the Revised Proposal also compares favourably with the likely price at which we believe Biota could undertake a private placement of new shares, as such placements are generally undertaken at a discount to the listed market price. As stated above, Nabi shareholders will acquire their interest in the Biota business based on the VWAP of Biota shares rather than at a discount.
- 20 Whilst a pro-rata rights issue would not be dilutionary to existing Biota shareholders, we note that such an issue would not achieve Biota's key objective of obtaining a US listing.

Comparison of Revised Proposal terms with original merger proposal

- 21 As noted above, the price at which Nabi shareholders will acquire their interest in the Biota business under the Revised Proposal (i.e. between 62 cents and 86 cents per Biota share) is lower than the original merger proposal price of between 84 cents and 87 cents per Biota share. Biota is therefore raising capital at a lower price under the Revised Proposal. However, in our opinion, this reduction in the effective issue price is necessary given the fall in the Biota share price and because:
- (a) it is highly unlikely that Nabi shareholders will support a merger proposal which results in them paying a significant premium above the listed market price of Biota shares
 - (b) as stated above, it is unlikely that Biota could undertake an alternative capital raising at a premium to its listed market price.
- 22 Further, the Revised Proposal has a number of advantages compared to the original merger proposal because it:
- (a) reduces the amount raised by Biota, which in our view is appropriate given that Biota held net cash balances at 30 June 2012 of \$52.9 million and has no urgent need to raise capital
 - (b) results in less dilution of Biota shareholder interests (refer paragraph 2(d)). Biota shareholders will therefore retain a greater share of any increase in the value of Biota in future compared to the original merger proposal.

Conclusion on reasonableness

- 23 As noted above there are both advantages and disadvantages associated with the Revised Proposal. On balance, in our view, the Revised Proposal is reasonable given Biota management's key objective of obtaining a US listing (and a related US shareholder base). We are of this view principally because:
- (a) the terms of the Revised Proposal compare favourably with the likely costs associated with an IPO in the US (particularly when allowance is made for the likely discount at which shares would need to be offered in an IPO)
 - (b) in our view, listing in the US should provide advantages for Biota in the medium to longer term
 - (c) Biota will retain between 81.4% and 85.8% (depending on the VWAP of Biota shares in the 10 trading days prior to the Shareholder Meeting and assuming an AUD/USD exchange rate of A\$1.00 = US\$1.04), and will therefore obtain the large majority of any increase in the value of Biota in future.

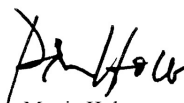
Overall conclusion

- 24 Based on the above, we have concluded that the Revised Proposal is not fair when assessed under the guidelines set out in RG 111, but is reasonable and in the best interests of Biota shareholders given the company's objectives.
- 25 However, as the Revised Proposal has both advantages and disadvantages we recommend that Biota shareholders consider the proposal carefully having regard to their own circumstances. If Biota shareholders are in doubt about the action they should take in relation to the Revised Proposal or matters dealt with in this report, shareholders should seek independent professional advice.

Yours faithfully



Craig Edwards
Director



Martin Holt
Director

⁶ For example, underwriting fees and legal, accounting and other expenses.

Appendix A - Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Supplementary Scheme Booklet to be sent to Biota shareholders in connection with the Revised Proposal.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment Schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$20,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:
Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B - Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 18 years and 26 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the Directors of Biota to accompany the Supplementary Scheme Booklet to be sent to Biota shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Revised Proposal is fair and reasonable and in the best interests of Biota shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

Indemnification

- 5 As a condition of LEA's agreement to prepare this report, Biota agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Biota which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 6 LEA consents to the inclusion of this report in the form and context in which it is included in the Supplementary Scheme Booklet.

Annexure B – Revised Biota Historical Financial Information

This section contains the following financial information in relation to Biota:

- The consolidated income statements for Biota for the last three financial years; and
- The consolidated balance sheets for Biota as at 30 June 2012, 2011 and 2010.

The above information is referred to collectively as the "Updated Biota Financial Information".

The Updated Biota Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and in accordance with Biota's accounting policies, as set out in the financial report of Biota for the year ended 30 June 2012. The Updated Biota Financial Information also complies with International Financial Reporting Standards and interpretation adopted by the International Accounting Standards Board.

The Updated Biota Financial Information has been derived from Biota's annual financial reports for the years ended 30 June 2012, 2011 and 2010. It therefore does not include all disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The Biota consolidated financial reports for the years ended 30 June 2012, 2011 and 2010, have been audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. The audit opinions issued to the members of Biota relating to those financial reports were unqualified.

The following table sets out a summary of the audited income statements for Biota for the financial years ended 30 June 2012, 30 June 2011 and 30 June 2010.

Consolidated Income Statements Year ending 30 June	FY2012 A\$'000	FY2011 A\$'000	FY2010 A\$'000
Revenues from continuing operations	22,324	14,605	67,590
Other income	538	2,466	3,875
Expenses:			
Research and development	(16,487)	(20,682)	(21,749)
- Amortisation of antibacterial programs acquired	-	(2,894)	(8,777)
Product development	(16,556)	(15,569)	(11,245)
Business development	(969)	(834)	(995)
Sub-royalty amortisation	(1,212)	(1,213)	(4,096)
Corporate – head office	(6,985)	(5,044)	(4,319)
Profit/(Loss) before tax	(19,347)	(29,165)	20,284
Income tax (expense)/credit	533	1,075	(4,049)
Profit/(Loss) after tax	(18,814)	(28,090)	16,235
Profit/(Loss) attributable to members of Biota Holdings Limited	(18,814)	(28,090)	16,235

The following table sets out a summary of the audited balance sheets for Biota at 30 June 2012, 30 June 2011 and 30 June 2010.

Consolidated Balance Sheets 30 June	FY2012 A\$'000	FY2011 A\$'000	FY2010 A\$'000
ASSETS			
Current assets			
Cash and cash equivalents	52,948	70,011	104,867
Trade and other receivables	7,225	4,060	2,072
	60,173	74,071	106,939
Non-current assets			
Property, plant and equipment	4,867	5,457	6,761
Deferred tax asset	1,269	1,062	1,157
Intangible assets	1,775	2,971	7,310
Total non-current assets	7,911	9,490	15,228
Total assets	68,084	83,561	122,167
LIABILITIES			
Current liabilities			
Trade and other payables	6,306	4,090	9,427
Deferred revenue	392	143	2,610
Provisions	2,537	2,152	1,422
Current tax liability	-	-	3,674
Total current liabilities	9,235	6,385	17,133
Non-current liabilities			
Provisions	496	320	138
Total non-current liabilities	496	320	138
Total liabilities	9,731	6,705	17,271
Net assets	58,353	76,856	104,896
EQUITY			
Contributed equity	147,735	147,583	146,375
Reserves	367	208	1,366
Accumulated losses	(89,749)	(70,935)	(42,845)
Total equity	58,353	76,856	104,896

Annexure C – Revised Proforma Historical Financial Information

This Annexure contains the following financial information in relation to Biota Pharmaceuticals:

- Unaudited proforma condensed consolidated statement of operations for Biota Pharmaceuticals for the 12 months ended 31 December 2011 and for the six months ended 30 June 2012. These have been prepared to illustrate the proforma historical results of Biota Pharmaceuticals as if the Scheme had been implemented on 1 January 2011 and 1 January 2012 (respectively).
- Unaudited proforma condensed consolidated balance sheet for Biota Pharmaceuticals as at 30 June 2012. This has been prepared to illustrate the proforma balance sheet of Biota Pharmaceuticals as at 30 June 2012 as if the Scheme had been implemented on 30 June 2012.

The above information is collectively referred to as the "Revised Biota Pharmaceuticals Financial Information".

The proforma adjustments in the Revised Biota Pharmaceuticals Financial Information reflecting the completion of the Merger are based upon the acquisition method of accounting in accordance with US GAAP. Under the acquisition method of accounting, the Merger will be accounted for as a reverse acquisition and Biota will be treated as the accounting "acquirer" and Nabi will be treated as the "acquired" company for financial reporting purposes. The reason for this is that upon completion of the Merger, Biota Shareholders will hold a majority of the voting interest of Biota Pharmaceuticals. In addition, the eight member board of directors of Biota Pharmaceuticals will be comprised of six of the current members of the Biota Board and therefore the Biota Board will possess majority control of the Biota Pharmaceuticals Board if the Merger is implemented. Members of the current management of Biota will be responsible for the management of the combined company and the majority of the combined company's activities will be activities related to Biota's current business.

The Revised Biota Pharmaceuticals Financial Information has been prepared in accordance with US GAAP as this will be the reporting framework applied by the combined company. It is presented in abbreviated form in so far as it does not include all disclosures required by US GAAP applicable to annual financial statements prepared by reporting issuers in the United States, or by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Revised Biota Pharmaceuticals Financial Information should be read in conjunction with the Original Booklet, the rest of this Supplementary Booklet, the consolidated financial statements and related notes of Biota (see Annexure B of this Supplementary Booklet), the consolidated financial statements and related notes of Nabi (see section 5.3 of the Original Booklet) and the notes below.

Basis of preparing Revised Biota Pharmaceuticals Financial Information

The historical financial data has been adjusted to give proforma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the income statements, expected to have a continuing impact on the combined results.

Nabi's main product NicVAX® suffered a significant setback in 2011 when it did not achieve the primary endpoint in two Phase III efficacy trials. Given this, the combined company's income statement going forward will be materially represented by the Biota income statement. The proforma income statement for Biota Pharmaceuticals for the 12 months ended 31 December 2011 and for the 6 months ended 30 June 2012 has been prepared on this basis.

The Revised Biota Pharmaceuticals Financial Information is presented for illustrative purposes only and is not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realised had the entities been combined during the periods presented. In addition, the preliminary acquisition-date fair value of the identifiable assets acquired and liabilities assumed reflected in the Revised Biota Pharmaceuticals Financial Information is subject to adjustment and may vary from the actual amounts that will be recorded upon completion of the Merger. Refer to Note (iii) below for further detail.

Proforma income statement for 12 months ended 31 December 2011

The unaudited proforma condensed consolidated income statement for the 12 months ended 31 December 2011 has been prepared based on Biota's audited consolidated income statement for the year ended 30 June 2011 under Australian Accounting Standards (AAS) adjusted for the following to derive a comparable reporting period to the combined company:

- financial information for the six month period ended 31 December 2011 that has been included in the proforma financial information for Biota; and
- financial information for the six month period ended 31 December 2010 that has not been included in the proforma financial information for Biota,

and adjusted as necessary to present in accordance with US GAAP.

The financial information for the six month periods ending on 31 December 2011 and 2010 have been prepared based on Biota's consolidated interim financial statements for the six months ended 31 December 2011 and 2010 under AAS. These are available on the ASX website at www.asx.com.au.

Proforma income statement for 6 months ended 30 June 2012

The unaudited proforma condensed consolidated income statement for the six months ended 30 June 2012 has been prepared based on Biota's audited income statement for the year ended 30 June 2012 prepared in accordance with AAS and adjusted as necessary to present in accordance with US GAAP.

Proforma balance sheet at 30 June 2012

The unaudited proforma condensed consolidated balance sheet as at 30 June 2012 has been prepared based on Biota's audited consolidated balance sheet as at 30 June 2012 prepared in accordance with AAS and adjusted as necessary to present in accordance with US GAAP. It has also been adjusted to reflect the impact of the Merger as set out in note (ii) below.

Currency conversion

For the purposes of preparing the Biota financial information in US\$, the amounts in the tables below have been converted on the following basis:

- items of income and expense and cash inflows and cash outflows have been converted based on the average exchange rate for the relevant period;
- assets and liabilities have been converted based on the closing exchange rate at 30 June 2012; and
- equity items have been converted based on historical rates.

The following table sets out the proforma 12 month Income Statement for Biota Pharmaceuticals to 31 December 2011:

Proforma 12 month Income Statement for Biota Pharmaceuticals to 31 December 2011	Biota AAS A\$'000	US GAAP Adjustments A\$'000	Note	Biota US GAAP A\$'000	Biota US GAAP US\$'000
Exchange rates (1.0000 A\$)*					0.9681
Revenue					
Revenues from trading operations, net	15,186	(3,697)	A	11,489	11,867
Grant income	1,637	-		1,637	1,691
Expenses					
Cost of services	-	(5,575)	B	(5,575)	(5,758)
Research and development	(18,679)	306	B,C	(18,373)	(18,977)
Product development	(14,996)	5,221	B,C	(9,775)	(10,097)
Business development	(2,123)	(1)	C	(2,124)	(2,194)
General, selling and administrative expenses	(5,093)	1	C	(5,092)	(5,260)
Operating (loss)/income	(24,068)	(3,745)		(27,813)	(28,728)
Interest income/(expense)	-	3,697	A	3,697	3,819
Other income/(expense)	-	-		-	-
(Loss)/profit before tax	(24,068)	(48)		(24,116)	(24,909)
Income tax credit	930	-		930	961
Net (loss)/income from continuing operations	(23,138)	(48)		(23,186)	(23,948)

* Average exchange rate for the 12 months ended 31 December 2011

The following table sets out the proforma 6 month Income Statement for Biota Pharmaceuticals to 30 June 2012:

Proforma 6 month Income Statement for Biota Pharmaceuticals to 30 June 2012	Biota AAS A\$'000	US GAAP Adjustments A\$'000	Note	Biota US GAAP A\$'000	Biota US GAAP US\$'000
Exchange rates (1.0000 A\$)*					0.9685
Revenue					
Revenues from trading operations, net	14,758	(1,298)	A	13,460	13,897
Grant income	289	-		289	298
Expenses					
Cost of services	-	(5,437)	B	(5,437)	(5,613)
Research and development	(8,365)	309	B,C	(8,056)	(8,318)
Product development	(8,787)	5,242	B,C	(3,545)	(3,660)
Business development	(1,085)	2	C	(1,083)	(1,118)
General, selling and administrative expenses	(4,530)	9	C	(4,521)	(4,668)
Operating (loss)/income	(7,720)	(1,173)		(8,893)	(9,182)
Interest income/(expense)	-	1,298	A	1,298	1,340
Other income/(expense)	-	-		-	-
(Loss)/profit before tax	(7,720)	125		(7,595)	(7,842)
Income tax credit	(96)	-		(96)	99
Net (loss)/income from continuing operations	(7,816)	125		(7,691)	(7,941)

* Average exchange rate for the 6 months ended 30 June 2012.

The following table sets out the proforma balance sheet for Biota Pharmaceuticals at 30 June 2012:

Proforma Balance Sheet for Biota Pharmaceuticals at 30 June 2012	Biota	US GAAP		Biota	Biota	Proforma		Proforma
	AAS	Adjust- ments	Note	US GAAP	US GAAP	Impact of Merger	Note	Combined
	A\$'000	A\$'000		A\$'000	US\$'000	US\$'000		US\$'000
Exchange rate (A\$1.0000)					0.9843			
ASSETS								
Current assets								
Cash & Equivalents	52,948	-		52,948	53,790	27,000	D	80,790
Accounts Receivable - Trade net	5,873	-		5,873	5,966		D	5,966
Prepaid expense	626	-		626	636		D	636
Other current assets	726	-		726	738			738
Total Current Assets	60,173	-		60,173	61,130	27,000		88,130
Non-current assets								
Property, plant and equipment	4,867	-		4,867	4,945			4,945
Intangible assets	1,775	-		1,775	1,803		D	1,803
Deferred tax asset	1,269	128	E	1,397	1,419			1,419
Total Non-current assets	7,911	128		8,039	8,167			8,167
Total Assets	68,084	128		68,212	69,297	27,000		96,297
LIABILITIES								
Current liabilities								
Accounts payable	5,253	-		5,253	5,337		D	5,337
Accrued expenses	1,053	-		1,053	1,070	2,000	D	3,070
Customer Advances	392	-		392	398		D	398
Deferred tax liabilities		128		128	130			130
Other current liabilities - provisions	2,537	-		2,537	2,577			2,577
Total Current liabilities	9,235	128		9,363	9,512	2,000		11,512
Non-current liabilities								
Customer Advances	-	-		-	-			-
Other long term liabilities - provisions	496	-		496	504			504
Total Non-current liabilities	496	-		496	504			504
Total liabilities	9,731	128		9,859	10,016	2,000		12,016
EQUITY								
Common Stock (b)	149,184	-		149,184	100,392	27,000	D	127,392
Treasury Stock- Common (b)	(1,449)	-		(1,449)	(1,397)		D	(1,397)
Retained Earnings	(89,749)	(13)		(89,762)	(69,900)	(2,000)	D	(71,900)
Foreign currency translation reserve	(762)	184		(578)	29,518			29,518
Additional paid in capital	1,129	(171)		958	668		D	668
Stockholders' equity	58,353	-		58,353	59,281	25,000		84,281
Total liabilities and stockholders' equity	68,084	128		68,212	69,297	27,000		96,297

Notes to the Biota Pharmaceuticals Financial Information

Note A. Represents the classification of interest income from 'Revenue' to 'Interest Income'.

Note B. Represents the reclassification of directly related costs associated with income to 'Cost of services', as described in note (i) below.

Note C. Represents the reversal of Share Payments under AAS and recognition under US GAAP, as described in note (i) below.

Note D. Reflects the acquisition method of accounting based on an appraisal of the assets and liabilities of Nabi. This includes the elimination of Nabi's historical stockholder's equity accounts as Nabi is not considered the accounting acquirer. It also incorporates an accrual for acquisition costs contingent on the transaction.

Note E. Represents the reclassification of certain deferred tax assets as current assets, in accordance with US GAAP.

(i) Accounting policy adjustments

Biota prepares its consolidated financial statements in accordance with AAS. AAS differ in certain material respects from US GAAP. These differences (as they relate to Biota) and the adjustments necessary to present Biota's financial statements in accordance with Nabi's US GAAP accounting policies, are discussed below and the relevant adjustments are set out in notes A, B, C and E above.

Other than as set out in Notes A, B, C and E above, and as discussed below, there are no material differences in the accounting policies adopted by Biota under AAS and the accounting policies adopted by Nabi under US GAAP.

- **Share based payments:** Under Biota's accounting policy, awards to employees through the Biota ESP are expensed on a graded basis over the two year service life of the employee option, with each instalment of the award separately recognised over the relevant service period. Under US GAAP, the aggregate share based payment charges are recognised on a straight line basis over the two year life of the award.
- **Cost of services:** Under Biota's accounting policy, costs are classified with reference to the business function to which they relate. Under US GAAP, costs incurred directly in relation to income generating activities are required to be separately disclosed.
- **Classification differences:** There are differences in presentation between Biota and Nabi's accounts. These include the presentation of interest income and the classification of deferred tax assets between current and non-current.

(ii) Adjustments for the impact of the Merger

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Nabi will be recorded at the acquisition date fair values and added to those of Biota. The proforma adjustments are preliminary and based on Biota's estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition and certain other information. These estimates are based on the most recently available information. The final purchase price allocation will be based on the actual net tangible and intangible assets that exist as at the Implementation Date, and a final determination of these fair values will reflect Biota's consideration of relevant information including discounted cash flows analysis and its estimates and taking into account significant changes, if any, in long term assumptions. To the extent there are significant changes to the combined company's business following the completion of the Merger, the assumptions and estimates set out in the Revised Biota Pharmaceuticals Financial Information could change significantly. The allocation is dependent upon certain valuations and other studies that will not be completed until after the Merger. Accordingly, the proforma purchase price adjustments are subject to further adjustments as additional information becomes available and as additional analyses and final valuations are conducted following the completion of the Merger.

The final purchase consideration will be determined once the Biota Pharmaceuticals share exchange ratio is determined on the basis of a 10 day VWAP leading up to the date of the First Meeting.

Pursuant to section 411 of the Corporations Act 2001 (Cth)

Between	
And	Biota Holdings Limited ACN 006 479 081 of Unit 10, 585 Blackburn Road, Notting Hill, Victoria 3168, Australia (Biota).
Recitals	
A	Biota is a public company limited by shares incorporated in Victoria, Australia, and has been admitted to the official list of ASX.
B	Nabi is a public company limited by shares and incorporated in Delaware, the United States of America, and is listed on NASDAQ.
C	Biota and Nabi have entered into a merger implementation agreement, pursuant to which Biota and Nabi propose to undertake a merger by means of Nabi acquiring all Biota's issued shares pursuant to a scheme of arrangement in consideration for Nabi issuing shares of common stock in Nabi to Biota shareholders.
D	If the scheme of arrangement becomes effective, then: (a) all shares in Biota will be transferred to Nabi and shares of common stock in Nabi will be issued to eligible Biota shareholders, or to a nominee in respect of ineligible Biota shareholders, in accordance with the terms of the scheme of arrangement; and (b) Biota will enter the name and address of Nabi in the Biota register of members as the holder of all shares in Biota.
E	Nabi has entered into a deed poll for the purpose of covenanting in favour of Biota shareholders that it will observe and perform the obligations contemplated of it under the scheme of arrangement.

1. Definitions and Interpretation

1.1 Definitions

In this document, unless the context requires otherwise:

AST means the American Stock Transfer & Trust Company.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Market Rules means the market rules of ASX.

Biota ESP has the meaning given to it in the Implementation Agreement.

Biota Group means Biota and its Related Bodies Corporate.

Biota Register means the register of members of Biota maintained by or on behalf of Biota in accordance with section 168(1) of the Corporations Act.

Biota Share means a fully paid ordinary share in the capital of Biota.

Biota Share Registry means Link Market Services.

Biota Share Right means a right to receive a Biota Share (by issue or transfer) issued by Biota under the Biota ESP.

Biota Shareholder means a person who is registered in the Biota Register as a holder of Biota Shares.

Business Day means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in both Melbourne and Rockville.

CHES means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Contingent Value Right has the meaning given to that term in the Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Victoria or such other court of competent jurisdiction as Nabi and Biota may agree in writing.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Electing Shareholder means a Scheme Shareholder that holds 2,000 Scheme Shares or less and who makes an Election.

Election means an election made in accordance with clause 5.4(a).

Election Date means 5.00pm on the same date as the Record Date.

Election Form has the meaning given in clause 5.4(b).

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Foreign Biota Shareholder or an Electing Shareholder.

End Date means ~~30 October~~ 30 November 2012, or such later date as Nabi and Biota may agree in writing.

First Meeting means the earlier of the Scheme Meeting and the Nabi Merger Approval Meeting.

Implementation Agreement means the Merger Implementation Agreement dated 22 April 2012 between Nabi and Biota; ~~(as amended on or around 31 July 2012.)~~

Implementation Date means the date that is 3 Business Days after the Record Date, or such other date as may be agreed in writing between Nabi and Biota or as may be required by ASX.

Ineligible Foreign Biota Shareholder means a Scheme Shareholder whose Registered Address (as at the Record Date) is in a place outside Australia and its external territories, New Zealand, the United States of America and the United Kingdom, unless Nabi is satisfied, acting reasonably, that the laws of that place permit the allotment and issue of New Nabi Shares to that Scheme Shareholder pursuant to the Scheme, either unconditionally or after compliance with conditions that Nabi in its sole discretion regards as acceptable and not unduly onerous or impracticable.

Nabi means Nabi Biopharmaceuticals of 12270 Wilkins Avenue, Rockville, Maryland 20852.

Nabi Closing Net Cash Balance has the meaning given to that term in the Implementation Agreement.

Nabi Closing Net Cash Balance Certificate has the meaning given to that term in the Implementation Agreement.

Nabi Deed Poll has the meaning given to that term in the Implementation Agreement.

Nabi Group means Nabi and its Related Bodies Corporate prior to implementation of the Transactions.

Nabi Merger Approval Meeting has the meaning given to it in the Implementation Agreement.

Nabi Register means the register of stockholders of Nabi maintained by or on behalf of Nabi.

Nabi Share means a share of common stock, par value US \$0.10 per share, of Nabi.

Nabi Share Registry means American Stock Transfer & Trust Company.

NASDAQ means the NASDAQ Global Select Stock Market, operated by NASDAQ OMX.

New Nabi Share means a Nabi Share to be issued to Scheme Shareholders as Scheme Consideration under the Scheme.

Nominee means the person nominated by Biota to sell the New Nabi Shares that are attributable to Ineligible Foreign Biota Shareholders and Electing Shareholders under the terms of the Scheme (and/or a nominee of that person that is a subsidiary of that person).

Permissible Nabi Stockholder Cash Transaction has the meaning given to that term in the Implementation Agreement.

Record Date means 7.00pm on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed in writing between Nabi and Biota or as may be required by ASX.

Registered Address means, in relation to a Biota Shareholder, the address of that Biota Shareholder shown in the Biota Register.

Related Body Corporate when used in connection with the Biota Group, has the meaning given in the Corporations Act, and when used in connection with the Nabi Group means those companies controlled by and under common control of Nabi.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Biota and Biota Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by Nabi and Biota.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of the Scheme for the transfer to Nabi of their Scheme Shares, as ascertained in accordance with clause 5.

Scheme Meeting means the meeting of Biota Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

Scheme Shareholder means each person who is registered in the Biota Register as a holder of Scheme Shares as at the Record Date.

Scheme Shares means the Biota Shares on issue as at the Record Date.

Scheme Transfer means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means the first day of hearing of an application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Ten Day VWAP means:

(i) subject to paragraphs (ii) and (iii) below, the volume weighted average sale price of Biota Shares on the ASX (excluding (1) a transaction classified under the ASX Market Rules as a "Special Crossing" (as defined in the ASX Market Rules) and (2) a "Crossing" (as defined in the ASX Market Rules) outside the "Open Session State" (as defined in the ASX Market Rules)) during the last ten Trading Days up to and including the Trading Day that is immediately prior to the First Meeting;

(ii) if the Ten Day VWAP determined under paragraph (i) is greater than \$0.86, the parties agree that the Ten Day VWAP will be taken to be \$0.86; and

(iii) if the Ten Day VWAP determined under paragraph (i) is less than \$0.62, the parties agree that the Ten Day VWAP will be taken to be \$0.62.

Transactions means all of the transactions contemplated by the Implementation Agreement, including without limitation, the Scheme.

US\$ Ten Day VWAP means the Ten Day VWAP converted into US dollars using the historical daily exchange rate of the Australian dollar against the US dollar on each corresponding day of the Ten Day VWAP, as published by the Reserve Bank of Australia.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause is a reference to a clause of this document.
- (f) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (g) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
- (h) A reference to legislation or to a provision of legislation includes a modification or re enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to \$ is to the lawful currency of Australia.
- (j) A reference to time is a reference to time in Melbourne.
- (k) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
- (l) The meaning of general words is not limited by specific examples introduced by **including**, or **for example**, or similar expressions.
- (m) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the Corporations Act.

2. Conditions to implementation of the Scheme

2.1 Conditions precedent to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(e) of the Implementation Agreement) has been satisfied or waived in accordance with the Implementation Agreement;
- (b) as at 8.00am on the Second Court Date, the Implementation Agreement has not been terminated;
- (c) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Nabi and Biota;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Nabi and Biota have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

2.2 Nabi Closing Net Cash Balance Certificate

If Nabi does not deliver to Biota on the Implementation Date the Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$~~54~~27 million, Biota may, by written notice to Nabi, terminate the Scheme with immediate effect.

2.3 Termination of Implementation Agreement

Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms, Biota and Nabi are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3. Scheme Becoming Effective

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4. Implementation of Scheme

4.1 Scheme Consideration

On the Implementation Date:

- (a) Nabi must deliver to Biota a Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$~~54~~27 million; and
- (b) on satisfaction of paragraph (a), Nabi must provide the Scheme Consideration in the manner contemplated by clauses 4.3, 5 and 6, and Nabi must provide Biota with written confirmation of that having occurred.

4.2 Transfer of Scheme Shares

Upon Nabi providing Biota with written confirmation under clause 4.1(b), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Nabi, without the need for any further act by any Scheme Shareholder (other than acts performed by Biota or any of its directors and officers as attorney and agent for Scheme Shareholders under the Scheme), by Biota effecting a valid transfer or transfers of the Scheme Shares to Nabi under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Biota delivering to Nabi for execution duly completed and, if necessary, stamped Scheme Transfers to transfer all of the Scheme Shares to Nabi, duly executed by Biota (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 9.3;

- (b) Nabi executing the Scheme Transfers as transferee and delivering them to Biota for registration; and
- (c) Biota, immediately after receipt of the Scheme Transfers under clause 4.2(b), entering, or procuring the entry of, the name and address of Nabi in the Biota Register as the holder of all of the Scheme Shares.

4.3 Provision of Scheme Consideration

On the Implementation Date, in consideration for, and prior to, the transfer to Nabi of the Scheme Shares, subject to Nabi delivering to Biota on the Implementation Date the Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$~~54~~27 million:

- (a) Nabi will provide to each Eligible Scheme Shareholder the total number of New Nabi Shares to which that Eligible Scheme Shareholder is entitled under clause 5 as Scheme Consideration, in accordance with clause 6; and
- (b) Nabi will issue to the Nominee in accordance with clause 5.5(a) the total number of New Nabi Shares to which Ineligible Foreign Biota Shareholders and Electing Shareholders would otherwise have been entitled under clause 5 as Scheme Consideration (if they were Eligible Scheme Shareholders).

5. Scheme Consideration

5.1 Entitlement to Scheme Consideration

Subject to clauses 5.2, 5.3, 5.4 and 5.5, the Scheme Consideration in respect of the Scheme Shares for which a Scheme Shareholder is registered in the Biota Register as the holder as at the Record Date comprises ~~0.448722952~~ such number of New Nabi Shares ~~for each Scheme Share held by them; determined in accordance with paragraph (a) below~~, provided, however, that if Nabi completes a reverse stock split prior to the Implementation Date, then the number of New Nabi Shares for each Scheme Share ~~shall be a number determined in accordance with the following formula: calculated in accordance with paragraph (a) below will be adjusted in accordance with paragraph (b) below.~~

- (a) The number of New Nabi Shares to be issued by Nabi to each Scheme Shareholder for each Scheme Share held by them, is equal to:

$$\frac{0.448722952 \times N_N \times (1 - \text{Cash Ratio})}{N_{BD} \times \text{Cash Ratio}} = \frac{N_N - N_{SC}}{N_N}$$

~~Where~~where:

N_N is the number of Nabi Shares outstanding ~~immediately prior to the completion of the reverse stock split~~ as at 17 September 2012 (28,328,034) plus 1,187,335 (being one third of the number of Nabi stock options on issue as at 17 September 2012).

N_{BD} is the number of Biota Shares outstanding as at 17 September 2012 calculated on a fully diluted basis, being 187,402,665 (comprising 182,763,561 Biota Shares and 4,639,104 Biota Share Rights which will vest on Court approval of the Scheme).

Cash Ratio is the ratio determined in accordance with the following formula:

$$\text{Cash Ratio} = \frac{\text{US\$27 million}}{\text{US\$27 million} + \text{BMC}}$$

where:

BMC is Biota's market capitalisation calculated by multiplying the US\$ Ten Day VWAP by N_{BN} .

N_{BN} is the number of Biota Shares outstanding as at 17 September 2012 on a non diluted basis, being 182,763,561.

- (b) In the event that Nabi completes a reverse stock split prior to the Implementation Date, then the number of New Nabi Shares for each Scheme Share calculated in accordance with paragraph (a) above is adjusted in accordance with the following formula:

$$\frac{NNS \times N_N}{N_N - N_{SC}} = \frac{N_N - N_{SC}}{N_N}$$

where:

NNS is the number of New Nabi Shares calculated in accordance with paragraph (a) above.

N_N is the number of Nabi Shares outstanding immediately prior to the reverse stock split.

N_{SC} is the reduction in the number of Nabi Shares outstanding as a result of the reverse stock split.

5.2 Fractional entitlements

If the number of Scheme Shares held by a Scheme Shareholder is such that the aggregate entitlement of that Scheme Shareholder to Scheme Consideration includes a fractional entitlement to a New Nabi Share, then the entitlement of that Scheme Shareholder must be rounded up or down, with any fractional entitlement of less than 0.5 being rounded down to the nearest whole number of New Nabi Shares, and any fractional entitlement of 0.5 or more being rounded up to the nearest whole number of New Nabi Shares.

5.3 Shareholding splitting or division

If Nabi is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 5.2) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Nabi may give notice to those Scheme Shareholders:

- (a) setting out their names (as shown in the Biota Register) and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Nabi, in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

5.4 Shareholders with Small Parcels of Scheme Shares

- (a) A Scheme Shareholder that holds 2,000 Scheme Shares or less may, in accordance with clause 5.4(b), make an election that the New Nabi Shares that such Scheme Shareholder would otherwise receive under the Scheme instead be issued to the Nominee in accordance with clause 5.5.
- (b) Any election by a Scheme Shareholder under clause 5.4(a) must be made by the Scheme Shareholder completing, in accordance with the instructions on it, the election form (which will be made available by Biota for the purposes of this clause 5.4) (the **Election Form**) and returning or submitting the completed Election Form to the address or via the method set out in the Election Form so that it is received by no later than the Election Date.
- (c) Any Election will apply to all the Scheme Shares of the Electing Shareholder as at the Record Date.
- (d) Once validly made, an Election by a Scheme Shareholder may be withdrawn before the Election Date by lodging or submitting a withdrawal form in accordance with the instructions on the Election Form.
- (e) Any purported Election not made in accordance with this clause 5.4 will not be valid and will not be recognised by Biota or Nabi.

5.5 Ineligible Foreign Biota Shareholders and Electing Shareholders

- (a) Nabi will be under no obligation under the Scheme to issue, and will not issue, any New Nabi Shares to any Ineligible Foreign Biota Shareholder or Electing Shareholder, and instead Nabi will issue on the Implementation Date the New Nabi Shares to which that Ineligible Foreign Biota Shareholder or Electing Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) to the Nominee. On the Implementation Date, Nabi will procure the entry in the Nabi Register of the name and address of the Nominee in respect of the New Nabi Shares that are attributable to each Ineligible Foreign Biota Shareholder and Electing Shareholder.
- (b) Biota will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Nominee:
 - (i) sells on NASDAQ all of the New Nabi Shares issued to the Nominee pursuant to clause 5.5(a) in such manner, at such price and on such other terms as the Nominee determines in good faith, and at the risk of the Ineligible Foreign Biota Shareholders and Electing Shareholders; and
 - (ii) remits to Biota the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last remittance in accordance with clause 5.5(b), Biota will pay to each Ineligible Foreign Biota Shareholder and Electing Shareholder such proportion of the net proceeds of sale received by Biota pursuant to clause 5.5(b)(ii) as is equal to the number of New Nabi Shares that would have been issued pursuant to the Scheme to that Ineligible Foreign Biota Shareholder or Electing Shareholder (if they were an Eligible Scheme Shareholder) divided by the total number of New Nabi Shares issued to the Nominee pursuant to clause 5.5(a), in full satisfaction of Nabi's obligations to that Ineligible Foreign Biota Shareholder or Electing Shareholder (as applicable) under the terms of the Scheme in respect of the Scheme Consideration.

- (d) Each Ineligible Foreign Biota Shareholder and Electing Shareholder appoints Biota as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Nominee is required to provide to Ineligible Foreign Biota Shareholders and Electing Shareholders under the Corporations Act.

5.6 Ranking of New Nabi Shares

The New Nabi Shares issued pursuant to the Scheme must, upon issue, rank equally in all respects with all other Nabi Shares then on issue, except that they will not carry a right to receive any Contingent Value Right issued and outstanding on the Implementation Date or any dividends declared prior to but remaining unpaid on the Implementation Date.

6. Provision of Scheme Consideration

6.1 Provision of Scheme Consideration

- (a) The obligation of Nabi to provide the Scheme Consideration to an Eligible Scheme Shareholder will be satisfied by Nabi, on the Implementation Date:
- (i) issuing to that Eligible Scheme Shareholder such number of New Nabi Shares to which that Eligible Scheme Shareholder is entitled as Scheme Consideration; and
 - (ii) procuring the entry in the Nabi Register of the name and Registered Address (as at the Record Date) of that Eligible Scheme Shareholder in respect of the New Nabi Shares issued to them.
- (b) Subject to clause 6.2, within 5 Business Days after the Implementation Date, Nabi will despatch, or procure the despatch, to each Eligible Scheme Shareholder information from AST that details the Eligible Scheme Shareholder's account information and the number of New Nabi Shares issued to that Eligible Scheme Shareholder pursuant to the Scheme, with such despatch to be made by pre-paid post to that Eligible Scheme Shareholder's Registered Address (as at the Record Date).

6.2 Joint holders

In the case of Scheme Shares held in joint names, the information required to be issued to Eligible Scheme Shareholders under clause 6.1 will be issued in the names of the joint holders, and will be forwarded to the holder whose name appears first in the Biota Register as at the Record Date.

6.3 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Biota relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from Biota) will, from the Record Date, be deemed (except to the extent determined otherwise by Nabi in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Nabi in respect of the New Nabi Shares issued to the Scheme Shareholder pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to Nabi through the Nabi Share Registry, provided that any such instructions or notifications accepted by Nabi will apply to and in respect of the issue of New Nabi Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

7. Dealings in Biota Shares

7.1 Dealings in Biota Shares by Scheme Shareholders

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Biota Shares will be recognised by Biota provided that:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Biota Register as the holder of the relevant Biota Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Biota Share Registry by 5.00pm on the day which is the Record Date (in which case Biota must register such transfers or transmission applications before 7.00pm on that day),

and Biota will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Biota Shares received after such times, or received prior to such times but not in registrable form.

7.2 Biota Register

Biota will, until the Scheme Consideration has been provided and the name and address of Nabi has been entered in the Biota Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Biota Register in accordance with this clause 7, and the Biota Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. As from the Record Date (and other than for Nabi following the Implementation Date), each entry in the Biota Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.

7.3 Effect of share certificates and holding statements

As from the Record Date (and other than for Nabi following the Implementation Date), all share certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

7.4 Information to be given to Nabi

Biota must procure that, as soon as practicable after the Record Date, and in any event within two Business Day after the Record Date, details of the names, Registered Addresses and holdings of Biota Shares of every Scheme Shareholder as shown in the Biota Register as at the Record Date and details of all Electing Shareholders are given to Nabi (or as it directs) in such form as Nabi may reasonably require.

7.5 No disposals after Record Date

If the Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to the Scheme, and any attempt to do so will have no effect.

8. Suspension and Termination of Quotation of Biota Shares

- (a) Biota must apply to ASX for suspension of trading of the Biota Shares on ASX with effect from the close of business on the Effective Date.
- (b) Biota must apply to ASX for termination of official quotation of the Biota Shares on ASX and the removal of Biota from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

9. General Provisions

9.1 Further assurances

- (a) Each Scheme Shareholder and Biota will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Biota's other powers under the Scheme, Biota has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Implementation Agreement.

9.2 Scheme Shareholders' agreements and consents

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Nabi in accordance with the terms of the Scheme;
- (b) irrevocably consents to Biota and Nabi doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it; and
- (c) to whom New Nabi Shares are to be issued pursuant to the Scheme:
 - (i) irrevocably agrees to become a member of Nabi for the purposes of clause 6.1 and the General Corporation Law of the State of Delaware, and to have their name and address entered in the Nabi Register; and
 - (ii) irrevocably accepts the New Nabi Shares issued pursuant to the Scheme on the terms and conditions of the constitution of Nabi and agrees to be bound by the constitution of Nabi as in force from time to time in respect of the New Nabi Shares,

without the need for any further act by that Scheme Shareholder.

9.3 Appointment of Biota as attorney for implementation of Scheme

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Biota as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.2(a), the communication of that Scheme Shareholder's instructions and notifications under clause 6.3, and the execution of any form of application required for New Nabi Shares to be issued to that Scheme Shareholder under clause 4.3; and
- (b) enforcing the Nabi Deed Poll against Nabi,

and Biota accepts such appointment. Biota, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 9.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9.4 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Nabi, and, to the extent enforceable, to have appointed and authorised Biota as that Scheme Shareholder's agent and attorney to warrant to Nabi, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to Nabi pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to Nabi pursuant to the Scheme. Biota undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Nabi on behalf of that Scheme Shareholder.

9.5 Title to Scheme Shares

Nabi will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Biota of the name and address of Nabi in the Biota Register as the holder of the Scheme Shares.

9.6 Appointment of Nabi as attorney for Scheme Shares

- (a) From the Effective Date until Nabi is registered in the Biota Register as the holder of all Scheme Shares, each Biota Shareholder:
 - (i) without the need for any further act by that Biota Shareholder, irrevocably appoints Nabi as its sole proxy to (and irrevocably appoints Nabi as its agent and attorney for the purpose of appointing any director or officer of Nabi as that Biota Shareholder's proxy and, where appropriate, its corporate representative to):
 - (A) attend shareholders' meetings of Biota;
 - (B) exercise the votes attaching to the Biota Shares registered in the name of the Biota Shareholder; and
 - (C) sign any Biota Shareholders' resolution; and
 - (ii) must take all other action in the capacity of a Biota Shareholder as Nabi reasonably directs.
- (b) From the Effective Date until Nabi is registered in the Biota Register as the holder of all Scheme Shares, no Biota Shareholder may attend or vote at any meetings of Biota Shareholders or sign any Biota Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 9.6.

9.7 Alterations and conditions to Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, Biota may, by its counsel or solicitors, and with the prior consent of Nabi, consent on behalf of all persons concerned, including each Biota Shareholder, to those alterations or conditions.

9.8 Binding effect of Scheme

The Scheme binds Biota and all of the Biota Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Biota.

9.9 Enforcement of Nabi Deed Poll

Biota undertakes in favour of each Scheme Shareholder that it will enforce the Nabi Deed Poll against Nabi on behalf of and as agent and attorney for the Scheme Shareholders.

9.10 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Biota, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Biota's registered office or by the Biota Share Registry, as the case may be.

9.11 Costs and duty

- (a) Subject to clause 9.11(b), each of Nabi and Biota will pay their share of the costs of the Scheme in accordance with the Implementation Agreement.
- (b) Nabi will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Shareholders of the Scheme Shares to Nabi pursuant to the Scheme.

9.12 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of Victoria, Australia.
- (b) Each of the parties irrevocably consents to the non-exclusive jurisdiction and venue of the state and federal courts located within Delaware, the United States of America and of Victoria, Australia in connection with any matter based upon or arising out of this Scheme or the transactions contemplated by this Scheme.
- (c) Each party agrees that process may be served upon it in any manner authorised by the laws of Delaware or Victoria, as the case may be, for such persons and waives and covenants not to assert or plead any objection which it might otherwise have to such jurisdiction and such process.
- (d) Each of the parties waives any right to trial by jury with respect to any action, suit, or proceeding in connection with any dispute, claim, or controversy arising out of or relating to this Scheme.

Pursuant to section 411 of the Corporations Act 2001 (Cth)

Between	
And	Biota Holdings Limited ACN 006 479 081 of Unit 10, 585 Blackburn Road, Notting Hill, Victoria 3168, Australia (Biota).
Recitals	The holders of fully paid ordinary shares in the capital of Biota.
A	Biota is a public company limited by shares incorporated in Victoria, Australia, and has been admitted to the official list of ASX.
B	Nabi is a public company limited by shares and incorporated in Delaware, the United States of America, and is listed on NASDAQ.
C	Biota and Nabi have entered into a merger implementation agreement, pursuant to which Biota and Nabi propose to undertake a merger by means of Nabi acquiring all Biota's issued shares pursuant to a scheme of arrangement in consideration for Nabi issuing shares of common stock in Nabi to Biota shareholders.
D	If the scheme of arrangement becomes effective, then: <ul style="list-style-type: none">(a) all shares in Biota will be transferred to Nabi and shares of common stock in Nabi will be issued to eligible Biota shareholders, or to a nominee in respect of ineligible Biota shareholders, in accordance with the terms of the scheme of arrangement; and(b) Biota will enter the name and address of Nabi in the Biota register of members as the holder of all shares in Biota.
E	Nabi has entered into a deed poll for the purpose of covenanting in favour of Biota shareholders that it will observe and perform the obligations contemplated of it under the scheme of arrangement.

1. Definitions and Interpretation

1.1 Definitions

In this document, unless the context requires otherwise:

AST means the American Stock Transfer & Trust Company.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Market Rules means the market rules of ASX.

Biota ESP has the meaning given to it in the Implementation Agreement.

Biota Group means Biota and its Related Bodies Corporate.

Biota Register means the register of members of Biota maintained by or on behalf of Biota in accordance with section 168(1) of the Corporations Act.

Biota Share means a fully paid ordinary share in the capital of Biota.

Biota Share Registry means Link Market Services.

Biota Share Right means a right to receive a Biota Share (by issue or transfer) issued by Biota under the Biota ESP.

Biota Shareholder means a person who is registered in the Biota Register as a holder of Biota Shares.

Business Day means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in both Melbourne and Rockville.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Contingent Value Right has the meaning given to that term in the Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Victoria or such other court of competent jurisdiction as Nabi and Biota may agree in writing.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Electing Shareholder means a Scheme Shareholder that holds 2,000 Scheme Shares or less and who makes an Election.

Election means an election made in accordance with clause 5.4(a).

Election Date means 5.00pm on the same date as the Record Date.

Election Form has the meaning given in clause 5.4(b).

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Foreign Biota Shareholder or an Electing Shareholder.

End Date means 30 November 2012, or such later date as Nabi and Biota may agree in writing.

First Meeting means the earlier of the Scheme Meeting and the Nabi Merger Approval Meeting.

Implementation Agreement means the Merger Implementation Agreement dated 22 April 2012 between Nabi and Biota (as amended).

Implementation Date means the date that is 3 Business Days after the Record Date, or such other date as may be agreed in writing between Nabi and Biota or as may be required by ASX.

Ineligible Foreign Biota Shareholder means a Scheme Shareholder whose Registered Address (as at the Record Date) is in a place outside Australia and its external territories, New Zealand, the United States of America and the United Kingdom, unless Nabi is satisfied, acting reasonably, that the laws of that place permit the allotment and issue of New Nabi Shares to that Scheme Shareholder pursuant to the Scheme, either unconditionally or after compliance with conditions that Nabi in its sole discretion regards as acceptable and not unduly onerous or impracticable.

Nabi means Nabi Biopharmaceuticals of 12270 Wilkins Avenue, Rockville, Maryland 20852.

Nabi Closing Net Cash Balance has the meaning given to that term in the Implementation Agreement.

Nabi Closing Net Cash Balance Certificate has the meaning given to that term in the Implementation Agreement.

Nabi Deed Poll has the meaning given to that term in the Implementation Agreement.

Nabi Group means Nabi and its Related Bodies Corporate prior to implementation of the Transactions.

Nabi Merger Approval Meeting has the meaning given to it in the Implementation Agreement.

Nabi Register means the register of stockholders of Nabi maintained by or on behalf of Nabi.

Nabi Share means a share of common stock, par value US \$0.10 per share, of Nabi.

Nabi Share Registry means American Stock Transfer & Trust Company.

NASDAQ means the NASDAQ Global Select Stock Market, operated by NASDAQ OMX.

New Nabi Share means a Nabi Share to be issued to Scheme Shareholders as Scheme Consideration under the Scheme.

Nominee means the person nominated by Biota to sell the New Nabi Shares that are attributable to Ineligible Foreign Biota Shareholders and Electing Shareholders under the terms of the Scheme (and/or a nominee of that person that is a subsidiary of that person).

Permissible Nabi Stockholder Cash Transaction has the meaning given to that term in the Implementation Agreement.

Record Date means 7.00pm on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed in writing between Nabi and Biota or as may be required by ASX.

Registered Address means, in relation to a Biota Shareholder, the address of that Biota Shareholder shown in the Biota Register.

Related Body Corporate when used in connection with the Biota Group, has the meaning given in the Corporations Act, and when used in connection with the Nabi Group means those companies controlled by and under common control of Nabi.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Biota and Biota Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by Nabi and Biota.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of the Scheme for the transfer to Nabi of their Scheme Shares, as ascertained in accordance with clause 5.

Scheme Meeting means the meeting of Biota Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

Scheme Shareholder means each person who is registered in the Biota Register as a holder of Scheme Shares as at the Record Date.

Scheme Shares means the Biota Shares on issue as at the Record Date.

Scheme Transfer means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means the first day of hearing of an application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Ten Day VWAP means:

- (i) subject to paragraphs (ii) and (iii) below, the volume weighted average sale price of Biota Shares on the ASX (excluding (1) a transaction classified under the ASX Market Rules as a "Special Crossing" (as defined in the ASX Market Rules) and (2) a "Crossing" (as defined in the ASX Market Rules) outside the "Open Session State" (as defined in the ASX Market Rules)) during the last ten Trading Days up to and including the Trading Day that is immediately prior to the First Meeting;
- (ii) if the Ten Day VWAP determined under paragraph (i) is greater than \$0.86, the parties agree that the Ten Day VWAP will be taken to be \$0.86; and
- (iii) if the Ten Day VWAP determined under paragraph (i) is less than \$0.62, the parties agree that the Ten Day VWAP will be taken to be \$0.62.

Transactions means all of the transactions contemplated by the Implementation Agreement, including without limitation, the Scheme.

US\$ Ten Day VWAP means the Ten Day VWAP converted into US dollars using the historical daily exchange rate of the Australian dollar against the US dollar on each corresponding day of the Ten Day VWAP, as published by the Reserve Bank of Australia.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause is a reference to a clause of this document.
- (f) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (g) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
- (h) A reference to legislation or to a provision of legislation includes a modification or re enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to \$ is to the lawful currency of Australia.
- (j) A reference to time is a reference to time in Melbourne.
- (k) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
- (l) The meaning of general words is not limited by specific examples introduced by *including*, or *for example*, or similar expressions.
- (m) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the Corporations Act.

2. Conditions to implementation of the Scheme

2.1 Conditions precedent to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(e) of the Implementation Agreement) has been satisfied or waived in accordance with the Implementation Agreement;
- (b) as at 8.00am on the Second Court Date, the Implementation Agreement has not been terminated;
- (c) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Nabi and Biota;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Nabi and Biota have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

2.2 Nabi Closing Net Cash Balance Certificate

If Nabi does not deliver to Biota on the Implementation Date the Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$27 million, Biota may, by written notice to Nabi, terminate the Scheme with immediate effect.

2.3 Termination of Implementation Agreement

Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms, Biota and Nabi are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3. Scheme Becoming Effective

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4. Implementation of Scheme

4.1 Scheme Consideration

On the Implementation Date:

- (a) Nabi must deliver to Biota a Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$27 million; and
- (b) on satisfaction of paragraph (a), Nabi must provide the Scheme Consideration in the manner contemplated by clauses 4.3, 5 and 6, and Nabi must provide Biota with written confirmation of that having occurred.

4.2 Transfer of Scheme Shares

Upon Nabi providing Biota with written confirmation under clause 4.1(b), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Nabi, without the need for any further act by any Scheme Shareholder (other than acts performed by Biota or any of its directors and officers as attorney and agent for Scheme Shareholders under the Scheme), by Biota effecting a valid transfer or transfers of the Scheme Shares to Nabi under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Biota delivering to Nabi for execution duly completed and, if necessary, stamped Scheme Transfers to transfer all of the Scheme Shares to Nabi, duly executed by Biota (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 9.3;

- (b) Nabi executing the Scheme Transfers as transferee and delivering them to Biota for registration; and
- (c) Biota, immediately after receipt of the Scheme Transfers under clause 4.2(b), entering, or procuring the entry of, the name and address of Nabi in the Biota Register as the holder of all of the Scheme Shares.

4.3 Provision of Scheme Consideration

On the Implementation Date, in consideration for, and prior to, the transfer to Nabi of the Scheme Shares, subject to Nabi delivering to Biota on the Implementation Date the Nabi Closing Net Cash Balance Certificate that shows the Nabi Closing Net Cash Balance as no less than US \$27 million:

- (a) Nabi will provide to each Eligible Scheme Shareholder the total number of New Nabi Shares to which that Eligible Scheme Shareholder is entitled under clause 5 as Scheme Consideration, in accordance with clause 6; and
- (b) Nabi will issue to the Nominee in accordance with clause 5.5(a) the total number of New Nabi Shares to which Ineligible Foreign Biota Shareholders and Electing Shareholders would otherwise have been entitled under clause 5 as Scheme Consideration (if they were Eligible Scheme Shareholders).

5. Scheme Consideration

5.1 Entitlement to Scheme Consideration

Subject to clauses 5.2, 5.3, 5.4 and 5.5, the Scheme Consideration in respect of the Scheme Shares for which a Scheme Shareholder is registered in the Biota Register as the holder as at the Record Date comprises such number of New Nabi Shares determined in accordance with paragraph (a) below, provided, however, that if Nabi completes a reverse stock split prior to the Implementation Date, then the number of New Nabi Shares for each Scheme Share calculated in accordance with paragraph (a) below will be adjusted in accordance with paragraph (b) below.

- (a) The number of New Nabi Shares to be issued by Nabi to each Scheme Shareholder for each Scheme Share held by them, is equal to:

$$\frac{N_N \times (1 - \text{Cash Ratio})}{N_{BD} \times \text{Cash Ratio}}$$

where:

N_N is the number of Nabi Shares outstanding as at 17 September 2012 (28,328,034) plus 1,187,335 (being one third of the number of Nabi stock options on issue as at 17 September 2012).

N_{BD} is the number of Biota Shares outstanding as at 17 September 2012 calculated on a fully diluted basis, being 187,402,665 (comprising 182,763,561 Biota Shares and 4,639,104 Biota Share Rights which will vest on Court approval of the Scheme).

Cash Ratio is the ratio determined in accordance with the following formula:

$$\text{Cash Ratio} = \frac{\text{US\$27 million}}{\text{US\$27 million} + \text{BMC}}$$

where:

BMC is Biota's market capitalisation calculated by multiplying the US\$ Ten Day VWAP by **N_{BN}**.

N_{BN} is the number of Biota Shares outstanding as at 17 September 2012 on a non diluted basis, being 182,763,561.

- (b) In the event that Nabi completes a reverse stock split prior to the Implementation Date, then the number of New Nabi Shares for each Scheme Share calculated in accordance with paragraph (a) above is adjusted in accordance with the following formula:

$$\text{NNS} \times \frac{N_N - N_{SC}}{N_N}$$

where:

NNS is the number of New Nabi Shares calculated in accordance with paragraph (a) above.

N_N is the number of Nabi Shares outstanding immediately prior to the reverse stock split.

N_{SC} is the reduction in the number of Nabi Shares outstanding as a result of the reverse stock split.

5.2 Fractional entitlements

If the number of Scheme Shares held by a Scheme Shareholder is such that the aggregate entitlement of that Scheme Shareholder to Scheme Consideration includes a fractional entitlement to a New Nabi Share, then the entitlement of that Scheme Shareholder must be rounded up or down, with any fractional entitlement of less than 0.5 being rounded down to the nearest whole number of New Nabi Shares, and any fractional entitlement of 0.5 or more being rounded up to the nearest whole number of New Nabi Shares.

5.3 Shareholding splitting or division

If Nabi is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 5.2) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Nabi may give notice to those Scheme Shareholders:

- (a) setting out their names (as shown in the Biota Register) and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Nabi, in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

5.4 Shareholders with Small Parcels of Scheme Shares

- (a) A Scheme Shareholder that holds 2,000 Scheme Shares or less may, in accordance with clause 5.4(b), make an election that the New Nabi Shares that such Scheme Shareholder would otherwise receive under the Scheme instead be issued to the Nominee in accordance with clause 5.5.
- (b) Any election by a Scheme Shareholder under clause 5.4(a) must be made by the Scheme Shareholder completing, in accordance with the instructions on it, the election form (which will be made available by Biota for the purposes of this clause 5.4) (the **Election Form**) and returning or submitting the completed Election Form to the address or via the method set out in the Election Form so that it is received by no later than the Election Date.
- (c) Any Election will apply to all the Scheme Shares of the Electing Shareholder as at the Record Date.
- (d) Once validly made, an Election by a Scheme Shareholder may be withdrawn before the Election Date by lodging or submitting a withdrawal form in accordance with the instructions on the Election Form.
- (e) Any purported Election not made in accordance with this clause 5.4 will not be valid and will not be recognised by Biota or Nabi.

5.5 Ineligible Foreign Biota Shareholders and Electing Shareholders

- (a) Nabi will be under no obligation under the Scheme to issue, and will not issue, any New Nabi Shares to any Ineligible Foreign Biota Shareholder or Electing Shareholder, and instead Nabi will issue on the Implementation Date the New Nabi Shares to which that Ineligible Foreign Biota Shareholder or Electing Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) to the Nominee. On the Implementation Date, Nabi will procure the entry in the Nabi Register of the name and address of the Nominee in respect of the New Nabi Shares that are attributable to each Ineligible Foreign Biota Shareholder and Electing Shareholder.
- (b) Biota will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Nominee:
 - (i) sells on NASDAQ all of the New Nabi Shares issued to the Nominee pursuant to clause 5.5(a) in such manner, at such price and on such other terms as the Nominee determines in good faith, and at the risk of the Ineligible Foreign Biota Shareholders and Electing Shareholders; and
 - (ii) remits to Biota the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last remittance in accordance with clause 5.5(b), Biota will pay to each Ineligible Foreign Biota Shareholder and Electing Shareholder such proportion of the net proceeds of sale received by Biota pursuant to clause 5.5(b)(ii) as is equal to the number of New Nabi Shares that would have been issued pursuant to the Scheme to that Ineligible Foreign Biota Shareholder or Electing Shareholder (if they were an Eligible Scheme Shareholder) divided by the total number of New Nabi Shares issued to the Nominee pursuant to clause 5.5(a), in full satisfaction of Nabi's obligations to that Ineligible Foreign Biota Shareholder or Electing Shareholder (as applicable) under the terms of the Scheme in respect of the Scheme Consideration.

- (d) Each Ineligible Foreign Biota Shareholder and Electing Shareholder appoints Biota as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Nominee is required to provide to Ineligible Foreign Biota Shareholders and Electing Shareholders under the Corporations Act.

5.6 Ranking of New Nabi Shares

The New Nabi Shares issued pursuant to the Scheme must, upon issue, rank equally in all respects with all other Nabi Shares then on issue, except that they will not carry a right to receive any Contingent Value Right issued and outstanding on the Implementation Date or any dividends declared prior to but remaining unpaid on the Implementation Date.

6. Provision of Scheme Consideration

6.1 Provision of Scheme Consideration

- (a) The obligation of Nabi to provide the Scheme Consideration to an Eligible Scheme Shareholder will be satisfied by Nabi, on the Implementation Date:
- (i) issuing to that Eligible Scheme Shareholder such number of New Nabi Shares to which that Eligible Scheme Shareholder is entitled as Scheme Consideration; and
 - (ii) procuring the entry in the Nabi Register of the name and Registered Address (as at the Record Date) of that Eligible Scheme Shareholder in respect of the New Nabi Shares issued to them.
- (b) Subject to clause 6.2, within 5 Business Days after the Implementation Date, Nabi will despatch, or procure the despatch, to each Eligible Scheme Shareholder information from AST that details the Eligible Scheme Shareholder's account information and the number of New Nabi Shares issued to that Eligible Scheme Shareholder pursuant to the Scheme, with such despatch to be made by pre-paid post to that Eligible Scheme Shareholder's Registered Address (as at the Record Date).

6.2 Joint holders

In the case of Scheme Shares held in joint names, the information required to be issued to Eligible Scheme Shareholders under clause 6.1 will be issued in the names of the joint holders, and will be forwarded to the holder whose name appears first in the Biota Register as at the Record Date.

6.3 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Biota relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from Biota) will, from the Record Date, be deemed (except to the extent determined otherwise by Nabi in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Nabi in respect of the New Nabi Shares issued to the Scheme Shareholder pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to Nabi through the Nabi Share Registry, provided that any such instructions or notifications accepted by Nabi will apply to and in respect of the issue of New Nabi Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

7. Dealings in Biota Shares

7.1 Dealings in Biota Shares by Scheme Shareholders

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Biota Shares will be recognised by Biota provided that:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Biota Register as the holder of the relevant Biota Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Biota Share Registry by 5.00pm on the day which is the Record Date (in which case Biota must register such transfers or transmission applications before 7.00pm on that day),

and Biota will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Biota Shares received after such times, or received prior to such times but not in registrable form.

7.2 Biota Register

Biota will, until the Scheme Consideration has been provided and the name and address of Nabi has been entered in the Biota Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Biota Register in accordance with this clause 7, and the Biota Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. As from the Record Date (and other than for Nabi following the Implementation Date), each entry in the Biota Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.

7.3 Effect of share certificates and holding statements

As from the Record Date (and other than for Nabi following the Implementation Date), all share certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

7.4 Information to be given to Nabi

Biota must procure that, as soon as practicable after the Record Date, and in any event within two Business Day after the Record Date, details of the names, Registered Addresses and holdings of Biota Shares of every Scheme Shareholder as shown in the Biota Register as at the Record Date and details of all Electing Shareholders are given to Nabi (or as it directs) in such form as Nabi may reasonably require.

7.5 No disposals after Record Date

If the Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to the Scheme, and any attempt to do so will have no effect.

8. Suspension and Termination of Quotation of Biota Shares

- (a) Biota must apply to ASX for suspension of trading of the Biota Shares on ASX with effect from the close of business on the Effective Date.
- (b) Biota must apply to ASX for termination of official quotation of the Biota Shares on ASX and the removal of Biota from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

9. General Provisions

9.1 Further assurances

- (a) Each Scheme Shareholder and Biota will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Biota's other powers under the Scheme, Biota has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Implementation Agreement.

9.2 Scheme Shareholders' agreements and consents

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Nabi in accordance with the terms of the Scheme;
- (b) irrevocably consents to Biota and Nabi doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it; and
- (c) to whom New Nabi Shares are to be issued pursuant to the Scheme:
 - (i) irrevocably agrees to become a member of Nabi for the purposes of clause 6.1 and the General Corporation Law of the State of Delaware, and to have their name and address entered in the Nabi Register; and
 - (ii) irrevocably accepts the New Nabi Shares issued pursuant to the Scheme on the terms and conditions of the constitution of Nabi and agrees to be bound by the constitution of Nabi as in force from time to time in respect of the New Nabi Shares,

without the need for any further act by that Scheme Shareholder.

9.3 Appointment of Biota as attorney for implementation of Scheme

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Biota as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.2(a), the communication of that Scheme Shareholder's instructions and notifications under clause 6.3, and the execution of any form of application required for New Nabi Shares to be issued to that Scheme Shareholder under clause 4.3; and
- (b) enforcing the Nabi Deed Poll against Nabi,

and Biota accepts such appointment. Biota, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 9.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9.4 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Nabi, and, to the extent enforceable, to have appointed and authorised Biota as that Scheme Shareholder's agent and attorney to warrant to Nabi, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to Nabi pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to Nabi pursuant to the Scheme. Biota undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Nabi on behalf of that Scheme Shareholder.

9.5 Title to Scheme Shares

Nabi will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Biota of the name and address of Nabi in the Biota Register as the holder of the Scheme Shares.

9.6 Appointment of Nabi as attorney for Scheme Shares

- (a) From the Effective Date until Nabi is registered in the Biota Register as the holder of all Scheme Shares, each Biota Shareholder:
 - (i) without the need for any further act by that Biota Shareholder, irrevocably appoints Nabi as its sole proxy to (and irrevocably appoints Nabi as its agent and attorney for the purpose of appointing any director or officer of Nabi as that Biota Shareholder's proxy and, where appropriate, its corporate representative to):
 - (A) attend shareholders' meetings of Biota;
 - (B) exercise the votes attaching to the Biota Shares registered in the name of the Biota Shareholder; and
 - (C) sign any Biota Shareholders' resolution; and
 - (ii) must take all other action in the capacity of a Biota Shareholder as Nabi reasonably directs.
- (b) From the Effective Date until Nabi is registered in the Biota Register as the holder of all Scheme Shares, no Biota Shareholder may attend or vote at any meetings of Biota Shareholders or sign any Biota Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 9.6.

9.7 Alterations and conditions to Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, Biota may, by its counsel or solicitors, and with the prior consent of Nabi, consent on behalf of all persons concerned, including each Biota Shareholder, to those alterations or conditions.

9.8 Binding effect of Scheme

The Scheme binds Biota and all of the Biota Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Biota.

9.9 Enforcement of Nabi Deed Poll

Biota undertakes in favour of each Scheme Shareholder that it will enforce the Nabi Deed Poll against Nabi on behalf of and as agent and attorney for the Scheme Shareholders.

9.10 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Biota, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Biota's registered office or by the Biota Share Registry, as the case may be.

9.11 Costs and duty

- (a) Subject to clause 9.11(b), each of Nabi and Biota will pay their share of the costs of the Scheme in accordance with the Implementation Agreement.
- (b) Nabi will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Shareholders of the Scheme Shares to Nabi pursuant to the Scheme.

9.12 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of Victoria, Australia.
- (b) Each of the parties irrevocably consents to the non-exclusive jurisdiction and venue of the state and federal courts located within Delaware, the United States of America and of Victoria, Australia in connection with any matter based upon or arising out of this Scheme or the transactions contemplated by this Scheme.
- (c) Each party agrees that process may be served upon it in any manner authorised by the laws of Delaware or Victoria, as the case may be, for such persons and waives and covenants not to assert or plead any objection which it might otherwise have to such jurisdiction and such process.
- (d) Each of the parties waives any right to trial by jury with respect to any action, suit, or proceeding in connection with any dispute, claim, or controversy arising out of or relating to this Scheme.

Annexure F – Revised Scheme Consideration

Under the Revised Scheme, the number of Biota Pharmaceuticals Shares to be issued to Biota Shareholders in respect of Biota Shares held by them on the Record Date will depend on the 10 Day VWAP and the AUD:USD exchange rate.

The number of New Nabi Shares to be issued by Nabi to each Scheme Shareholder for each Scheme Share held by them on the Record Date, is equal to:

$$\frac{N_N \times (1 - \text{Cash Ratio})}{N_{BD} \times \text{Cash Ratio}}$$

where:

N_N is the number of Nabi Shares outstanding as at 17 September 2012 (28,328,034) plus 1,187,335 (being one third of the number of Nabi stock options on issue as at 17 September 2012).

N_{BD} is the number of Biota Shares outstanding as at 17 September 2012 calculated on a fully diluted basis, being 187,402,665 (comprising 182,763,561 Biota Shares and 4,639,104 Biota Share Rights which will vest on Court approval of the Revised Scheme).

Cash Ratio is the ratio determined in accordance with the following formula:

$$\text{Cash Ratio} = \frac{\text{US\$27 million}}{\text{US\$ 27million} + \text{BMC}}$$

where:

BMC is Biota's market capitalisation calculated by multiplying the US\$ 10 Day VWAP by N_{BN}.

US\$ 10 Day VWAP is the 10 Day VWAP determined in accordance with section 4(a) of this Supplementary Booklet and converted in to United States dollars using the exchange rate on each corresponding day of the 10 Day VWAP.

N_{BN} is the number of Biota Shares outstanding as at 17 September 2012 on a non diluted basis, being 182,763,561.

In the event that Nabi completes a reverse stock split prior to the Implementation Date, then the number of New Nabi Shares for each Scheme Share calculated above is adjusted in accordance with the following formula:

$$\text{NNS} \times \frac{N_N - N_{SC}}{N_N}$$

where:

NNS is the number of New Nabi Shares to be issued by Nabi to each Scheme Shareholder for each Scheme Share held by them on the Record Date, calculated as above.

N_N is the number of Nabi Shares outstanding immediately prior to the reverse stock split.

N_{SC} is the reduction in the number of Nabi Shares outstanding as a result of the reverse stock split.

The purpose of the above adjustment is to preserve the respective percentage of shares of Nabi's issued stock to be held immediately after the Implementation Date by Biota Shareholders (collectively) on the one hand and Nabi Shareholders (collectively) on the other hand (subject in each case to rounding), so that their respective interests in Biota Pharmaceuticals immediately after the Implementation Date reflects the Cash Ratio.

Annexure G – Notice of Adjourned Scheme Meeting

Biota Holdings Limited (ABN 28 006 479 081)

Notice of Court ordered meeting of holders of Biota Shares

Notice is hereby given that, by an order of the Court made on 21 September 2012, the meeting of Biota Shareholders that was scheduled to be held on 25 September 2012 has been adjourned and will now be held in Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia on 23 October 2012 at 2.00pm (Melbourne time).

The Court has also directed that James Fox act as chairman of the meeting or failing him Paul Bell, and has directed the chairman to report the result of the meeting to the Court.

Purpose of the meeting

The purpose of the meeting is (i) to consider and, if thought fit, to agree to the amendments to the scheme of arrangement proposed to be made between the Company and the shareholders of the Company (**Revised Scheme**) described in the Supplementary Booklet of which this notice forms part, and (ii) to consider and, if thought fit, to agree to the Revised Scheme.

A copy of the Revised Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Revised Scheme are contained in the Original Booklet and the Supplementary Booklet of which this notice forms part.

Resolution

The meeting will be asked to consider and, if thought fit, to pass the following resolutions:

1. That the scheme of arrangement proposed between Biota Holdings Limited and its shareholders, as contained in and more particularly described in the Scheme Booklet dated 6 August 2012, is amended by making the changes indicated in the marked-up version of the Revised Scheme attached to the Supplementary Booklet as Annexure D.
2. That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Biota Holdings Limited and the holders of its ordinary shares, as contained in and more particularly described in the explanatory memorandum dated 6 August 2012 issued by Biota Holdings Limited (and as amended pursuant to resolution 1 in the Notice of Adjourned Scheme Meeting convening this meeting), is approved (with or without modification as approved by the Supreme Court of Victoria), and subject to the approval of the Revised Scheme by the Supreme Court of Victoria, the board of directors of Biota Holdings Limited is authorised to implement the Revised Scheme with any such modifications or conditions.


Required voting majority

In accordance with section 411(4)(a) of the Corporations Act, both resolutions must be approved by a majority in number of the holders of ordinary shares in Biota, present and voting at the meeting (whether in person or by corporate representative, proxy or attorney), being a majority whose ordinary shares in aggregate are at least 75% of the total of all ordinary shares voted at the meeting.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Revised Scheme (with or without modification) is subject to the approval of the Court. If the resolutions set out in this notice are approved by the requisite majority, and the other conditions precedent to the Revised Scheme are satisfied or waived by the time required under the Revised Scheme, Biota intends to apply to the Court for the necessary orders to give effect to the Revised Scheme.

By order of the board



Damian Lismore
CFO & Company Secretary
21 September 2012

Explanatory notes

Terms used in this Notice of Adjourned Scheme Meeting (including in these explanatory notes) have the same meaning as set out in the glossary contained in section 13 of the Original Booklet, and terms not defined in the Original Booklet have the meaning as set out in section 6 of the Supplementary Booklet.

This Notice of Adjourned Meeting should be read in conjunction with the entire Original Booklet and the Supplementary Booklet of which it forms part. The Original Booklet and the Supplementary Booklet contain important information to assist you in determining how to vote on the resolutions, including factors for and against the Revised Scheme (see section 2). The Supplementary Booklet also contains a copy of the Revised Scheme (see Annexures D and E) and a copy of the explanatory statement required by section 412 of the Corporations Act.

Entitlement to vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Adjourned Scheme Meeting is 7.00pm on Sunday, 21 October 2012. Only those shareholders entered on Biota's Share Register at that time will be entitled to attend and vote at the Adjourned Scheme Meeting.

Voting

Voting will be by poll. If you are a Biota Shareholder entitled to attend and vote at the Adjourned Scheme Meeting, you may vote by:

- attending the meeting and voting in person or, in the case of corporate shareholders, by corporate representative;
- appointing an attorney to attend and vote on your behalf; or
- appointing one or two proxies to attend and vote on your behalf, using the proxy form accompanying the Supplementary Booklet of which this notice forms part.

Biota Shareholders or their representatives who plan to attend the Adjourned Scheme Meeting are asked to arrive at the venue at approximately 1.30pm (that is, 30 minutes prior to the time designated for the commencement of the Adjourned Scheme Meeting), so that either their shareholding may be checked against the Biota Share Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the Biota Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Biota Shares, only the vote of the shareholder whose name appears first on the Biota Share Register will be counted.

Voting in person

To vote in person at the Adjourned Scheme Meeting, you must attend the Adjourned Scheme Meeting to be held in Meeting Rooms 203 and 204, at The Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Australia on Tuesday, 23 October 2012. The meeting will commence at 2.00pm.

An eligible Biota Shareholder who wishes to attend and vote at the Adjourned Scheme Meeting in person will be admitted to the Adjourned Scheme Meeting and given a voting card on disclosure at the point of entry to the Adjourned Scheme Meeting of their name and address.

Voting by corporate representative

In order to vote in person at the Adjourned Scheme Meeting, an eligible Biota Shareholder that is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Biota will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act. A copy of such a Certificate may be obtained from the Biota Share Registry. The Certificate should be lodged with Biota before the Adjourned Scheme Meeting or at the registration desk on the day of the meeting. The Certificate will be retained by Biota.

If a Certificate is completed by an individual or a corporation under power of attorney, the power of attorney under which the Certificate is signed, or a certified copy of that power of attorney, must accompany the completed Certificate unless the power of attorney has previously been noted by Biota.

Voting by attorney

An eligible Biota Shareholder is entitled to appoint an attorney to attend the Adjourned Scheme Meeting on the shareholder's behalf. An attorney need not be a member of Biota. Each attorney will have the right to vote on the poll and also to speak at the Adjourned Scheme Meeting.

The power of attorney appointing the attorney in respect of the Adjourned Scheme Meeting must be duly executed and specify the name of the applicable Biota Shareholder, the company (that is, Biota) and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must be received at the Biota Share Registered Office or the Biota Share Registry in the same manner, and by the same time, as outlined below for proxy forms.

An attorney will be admitted to the Adjourned Scheme Meeting and given a voting card on providing at the point of entry of the Adjourned Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The appointment of an attorney will not preclude any eligible Biota Shareholder from attending the Adjourned Scheme Meeting in person and voting at the Adjourned Scheme Meeting.

Voting by proxy

An eligible Biota Shareholder is entitled to appoint one or two proxies. A proxy need not be a member of Biota. Each proxy will have the right to vote on a poll and also to speak at the Adjourned Scheme Meeting.

To appoint a proxy, the Biota Shareholder should complete, sign and deliver the proxy form accompanying this Supplementary Booklet. If a Biota Shareholder wishes to appoint two proxies, a separate proxy form should be used for each. A request should be made to the Biota Share Registry for an additional proxy form. Replacement proxy forms can also be requested from the Biota Share Registry.

Where two proxies are appointed, neither proxy may vote on a show of hands and each proxy should be appointed to represent a specified proportion of the Biota Shareholder's voting rights. If the proxy appointments do not specify the proportion of the Biota Shareholder's voting rights that each proxy may exercise, each proxy may exercise half of the Biota Shareholder's votes.

Biota Shareholders should consider how they wish the proxy to vote. That is, whether the Biota Shareholder wishes the proxy to vote 'For' or 'Against', or abstain from voting on, the Resolutions, or whether to leave the decision to the appointed proxy after discussion at the Adjourned Scheme Meeting.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the Biota Shareholder's behalf on a show of hands or on a poll, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

Eligible shareholders who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with the directions on the proxy form. Proxy appointments in favour of the chairman of the Adjourned Scheme Meeting, the company secretary of Biota, or any Biota director which do not contain a direction will be used to support the resolutions to approve the Revised Scheme.

A proxy will be admitted to the Adjourned Scheme Meeting and given a voting card on providing at the point of entry to the Adjourned Scheme Meeting written evidence of their name and address.

The appointment of a proxy will not preclude any eligible Biota Shareholder from attending in person, revoking a proxy or voting at the Adjourned Scheme Meeting.

The instrument appointing a proxy is required to be in writing under the hand of the appointor or of that person's attorney and, if the appointor is a corporation, in accordance with the Corporations Act or under the hand of an authorised officer or attorney. Where two or more persons are registered as a member, each person must sign the proxy form.

If a proxy form is completed by an individual or a corporation under power of attorney, the power of attorney under which the form is signed, or a certified copy of that power of attorney, must accompany the completed proxy form unless the power of attorney has previously been noted by Biota.

To be valid, the proxy form must be received by no later than 2.00pm on 21 October 2012, by one of the following methods:

(a) by mail to:

Biota Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

(b) by hand to:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or

Link Market Services Limited
Level 12, 680 George St
Sydney NSW 2000

(c) by fax to:

+61 2 9287 0309

(d) electronically, by:

logging in to the Link website at www.linkmarketservices.com.au using the holding details as shown on the proxy form.

Note for shareholders who have already submitted a proxy form

If you have already validly appointed a proxy for the Scheme Meeting in accordance with the instructions on the proxy form attached to the Original Booklet, and you take no further action, your proxy will remain valid. In this case:

- where you have not directed your proxy to vote in a particular way, your proxy will be entitled to vote as he or she sees fit on both Resolutions; and
- where you have directed your proxy, you will be treated as having directed your proxy to vote in a consistent manner on both Resolutions.

For example, if you directed your proxy to vote in favour of the Scheme, you will be treated as having directed your proxy to vote in favour of:

- the first resolution to approve the amendments to the Scheme shown in Annexure D to this Supplementary Booklet; and
- the second resolution to approve the Revised Scheme.

If you have already validly appointed a proxy for the Scheme Meeting in accordance with the instructions on the proxy form attached to the Original Booklet, and you want to change the way in which you have directed your proxy to vote, you may do so by completing and submitting the Revised Proxy Form for the Adjourned Scheme Meeting in accordance with the instructions on the Revised Proxy Form.

In relation to the Resolutions, the Chairman intends to vote proxies already submitted of which he is appointed as proxy for the Scheme Resolution proposed in relation to the Original Scheme, as follows:

- to vote in favour of both Resolutions all directed proxies received in favour of the Scheme Resolution proposed in relation to the Original Scheme;
- to vote against both Resolutions all directed proxies received against the Scheme Resolution proposed in relation to the Original Scheme; and
- to vote in favour of both Resolutions all undirected proxies received in relation to the Original Scheme.

Corporate Directory

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ABN 28 006 479 081

Website: <http://www.biota.com.au>

Email: info@biota.com.au

Registered Office

Unit 10

585 Blackburn Road

Notting Hill Victoria 3168

Australia

Information Line

(Australia) 1300 306 230

(Overseas) +61 (2) 8280 7169

Biota Share Registry

Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235

Australia

Phone: 1300 554 474 (toll-free within Australia)

Phone: +61 (2) 8280 7111

Fax: +61 (2) 9287 0309

Website: <http://www.linkmarketservices.com.au>

Email: registrars@linkmarketservices.com.au

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