Successful elements throughout a technology company life cycle

Commercialisation in tough times

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Forward looking statement

This presentation contains forward looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward looking statements are reasonable at this time, Biota can give no assurance that these expectations will prove to be correct.

Actual results could differ materially from those anticipated. Reasons may include risks associated with drug development and manufacture, risks inherent in the regulatory processes, delays in clinical trials, risks associated with patent protection, future capital needs or other general risks or factors.

Relenza® is a registered trademark of GlaxoSmithKline.

Inavir® is a registered trademark of Daiichi Sankyo.

Summary

- Biota business model
- Industry trends
- The art of staying relevant

Corporate strategy

- Strategic objective
  - Achieve 2 to 3 royalty generating products in market near-term
- Portfolio approach/licence early
  - Leverages pharma expertise and resources
    - Strategic marketing
    - Regulatory strategy
    - Pricing/reimbursement strategy
  - Reduces Biota's R&D risk
  - Finances development of licensed program
- Deeper investment on selected opportunities
  - e.g.. HRV, **(now laninamivir with BARDA contract)**

The score card

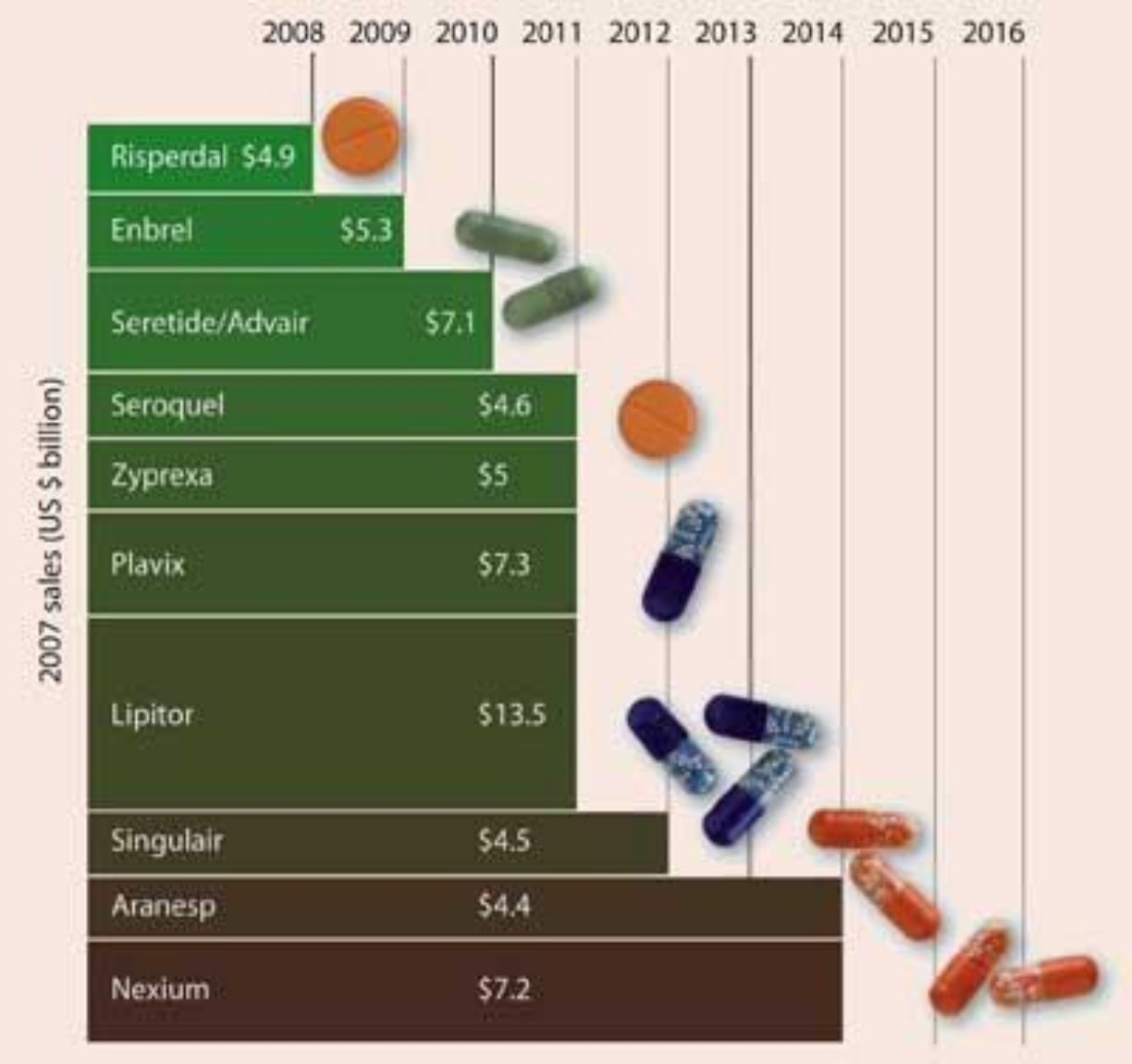
	Amount
License income	~$256m
Non-dilutive income	~$254m
Funds from shareholders	~$98m
Capital return in Dec 2009	($20m)
Net shareholder contribution	~$78m

$0.5b

Market value	**~$190m**
Cash	~$70m
Enterprise value	~$120m
Contract with BARDA	US$231m

Pharma recalibrates R&D strategy

Patent cliff



Pharma protecting its bottom line

BMS	• Plans to eliminate ~3,700 jobs (10% workforce by 2010) • Research & sales staff positions affected
Merck	• 7,200 jobs eliminated (12% workforce) through 2012 • ~ 16,000 jobs lost post S-P acquisition in 2009 • 8 R&D sites & manufacturing sites close
Pfizer	• Ends research in anaemia, bone health, obesity, GI, CV • 19,000 redundant post Wyeth acquisition • 6 /20 research sites close affecting 1300 researchers
GSK	• 3,000 jobs lost, refocus of disease franchises • Preclinical and discovery research cut by ~850 (6% R&D staff)
AZ	• Total of 23,000 jobs shed over 5 years • Ends research in 10 disease areas
Lilly	• 5,500 R&D, IT, S&M jobs lost (~14% employees)

GSK cuts discovery research by 45%

- "In pharmaceutical R&D...the budget decreased from about £3.2 billion to £2.8 billion," says Chairman, GSK R&D Moncef Slaoui
- "The fraction we dedicated to discovery went from about 60% in 2006 to about 38%.
- The fraction dedicated to development went from 40% to now 62%, which is really our intent."

Wall Street Journal 9 October 2011
http://online.wsj.com/article/SB10001424052970203499704576622423810621248.html

Early-stage deal structure

Big Pharma's aversion to bearing risk

- Smaller upfront fees
- Backloaded milestone payments
  - Increasing emphasis on commercial milestone payments
- Option-based deals – a low-cost method of securing rights to potentially innovative early-stage products
  - Lower upfront fees
  - Licensee granted an option(s) on one or more compounds
  - Licensor runs the initial R&D program

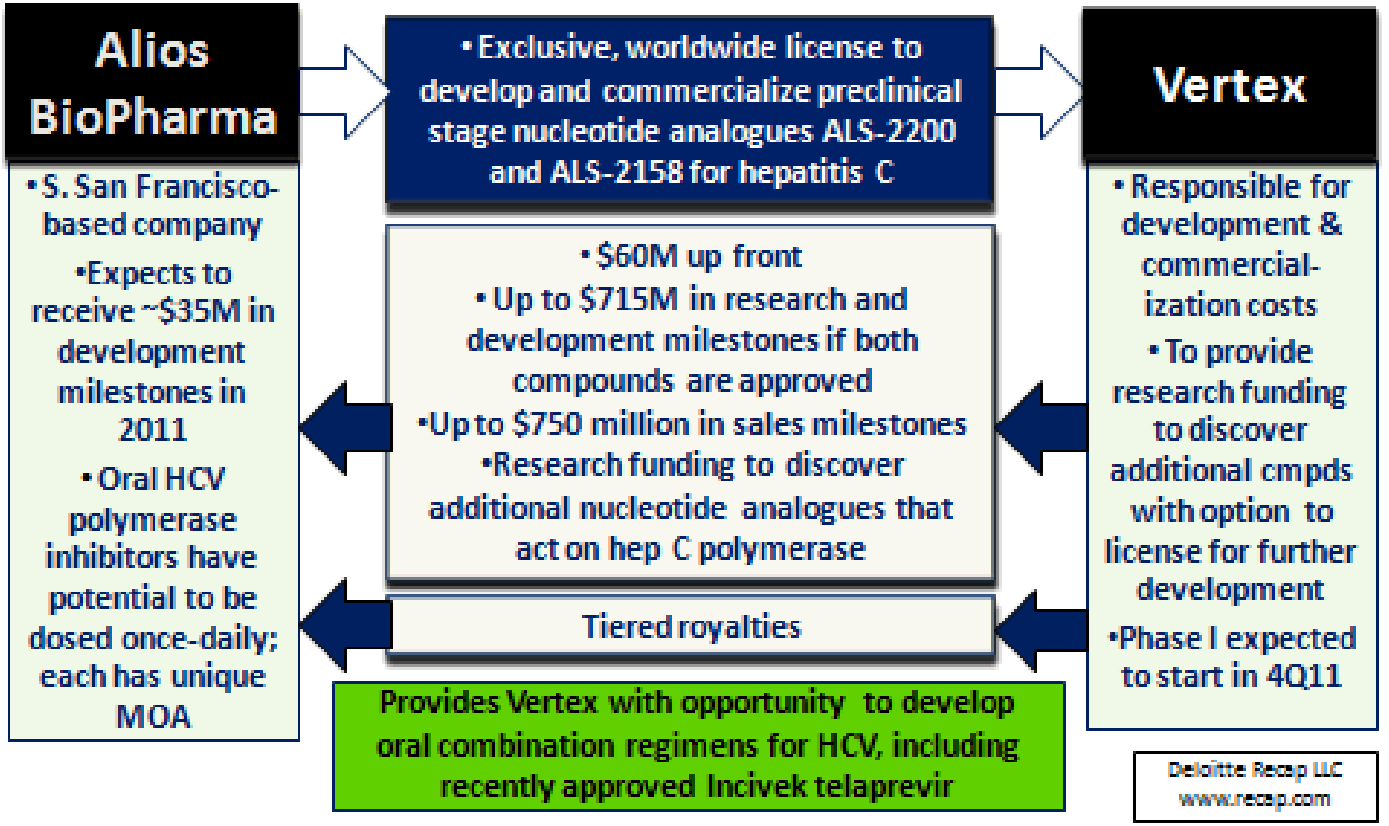
Source: DataMonitor Pharmaceutical Licensing Overview 2010

Early-stage deals are still possible

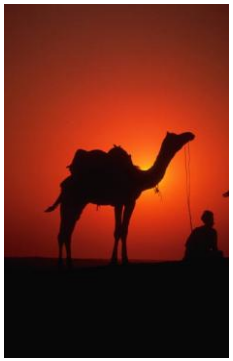
Vertex /Allios License

Trends in Preclinical Stage Deal Terms:

Vertex reveals plans to stay on top of hep C market with $1.5B pact for worldwide rights to 2 nucleotide analogues from Alios (June 2011)



The art of staying relevant



What R&D produced

What the customer wanted

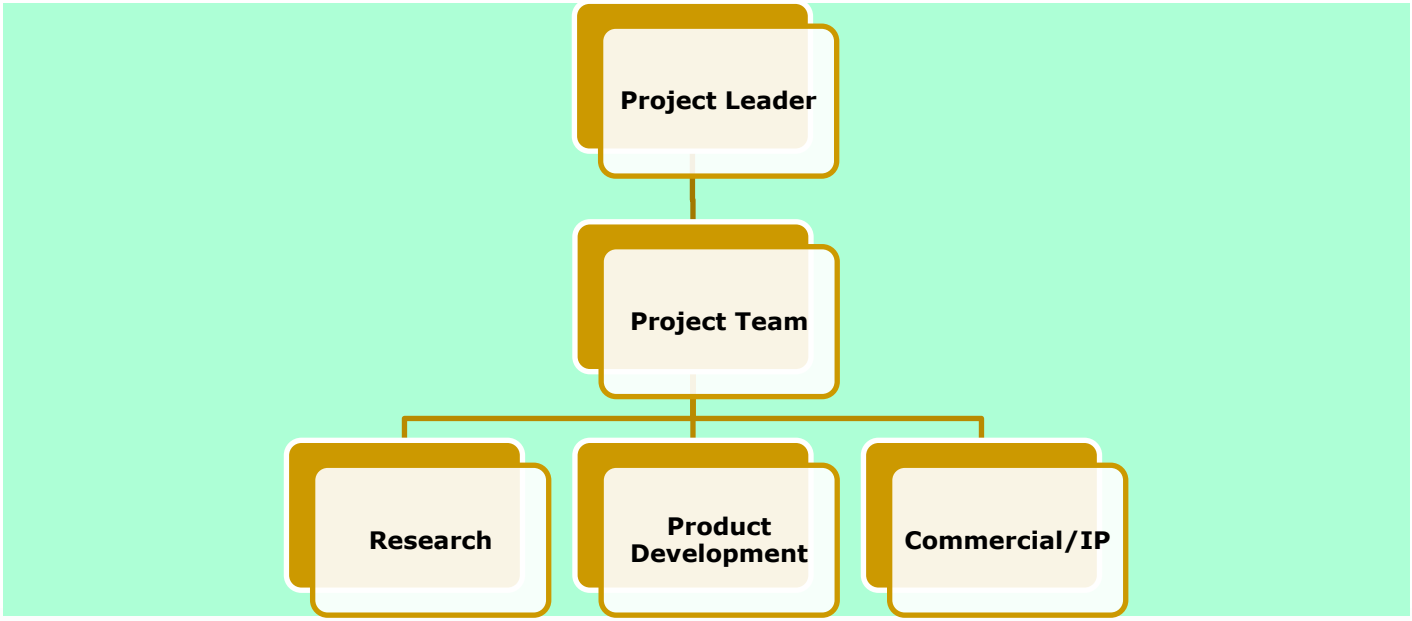
Project charter:

Guiding documentation for all programs

- Target product profile
- Market assessment
- IP landscape and strategy
- Risk review
- Project budget & Gantt chart
- Team list, roles & communication plan

Project management team

- Multi-disciplinary project team at all development stages
  - Ensures project is technically & commercially relevant
  - Maintains sense of urgency



Target product profile

The cornerstone

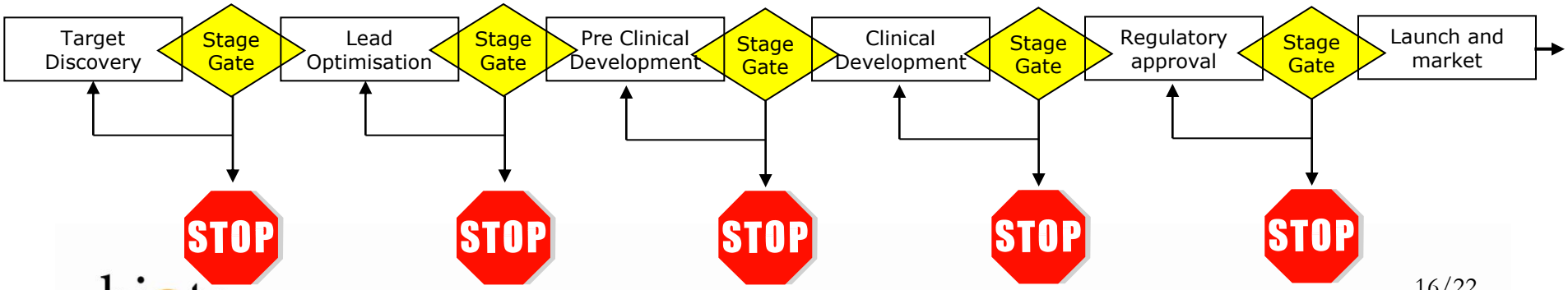
- TPP = Draft of final approved product label
  - Documented "wish list" of what the drug needs to be up to ~15 years from project inception
- "Cascading" TPP
  - Identifies selection criteria for each stage
    - Hit
    - Lead
    - Preclinical candidate
    - Clinical candidate
  - "Must haves" and the "nice to haves"

FURTHER READING

http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/Guidances/ucm080593.pdf

Stage gate reviews

- Data reviewed
  - Technical
  - Commercial landscape
  - IP landscape / patent strategy
- Possible outcomes
  - Project on track
  - Increase/decrease resource allocation
  - Modify TPP
  - Terminate project



The art of staying relevant

- Outward customer focus
- Disciplined & adaptive project management
- Regular contact with customers to validate
  - Ongoing interest in therapeutic area
  - Target product profile
  - Deal tipping point