

SILENCING GENES FOR LIFE™

Benitec's CEO, Dr Peter French, welcomes both existing and new shareholders to the new Benitec. With our transformational platform technology supported by robust intellectual property, validated via a broad pipeline of projects addressing serious life-threatening conditions, an investment in Benitec offers multiple opportunities for value creation.

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A New Era for Benitec

Since becoming CEO of your Company just over 12 months ago, I have had the privilege to lead Benitec during what will undoubtedly be seen as the Company's watershed year. This period has seen a number of major "game-changing" events for Benitec, including:

- the re-issuing of the pivotal Graham gene silencing patent in the USA in March,
- the raising of \$8M in a fully underwritten and over-subscribed rights issue in May,
- the commencement of innovative pre-clinical programs in cancer and infectious disease in China and Australia,
- the publication of the world's first clinical trial utilising our technology,
- publications by scientists in Queensland, the US and China of research which demonstrates the potential of Benitec's technology to provide therapies for cervix cancer, prostate cancer and pain
- a new and energised Board and,
- a rebranding of the Company to reflect the way that the events of the last 12 months has turned around the company.

May's renounceable rights issue saw support from most of our existing shareholders, for which I am personally humbled and grateful.

Several new shareholders have also joined Benitec, and I am delighted to welcome you. Whether you are a new, or an established, shareholder, I thought you might enjoy a review of our company's extraordinary technology, its potential to prevent and even cure disease, and to make a difference to the lives of people around the world. This is the (new) Benitec story...

About Benitec

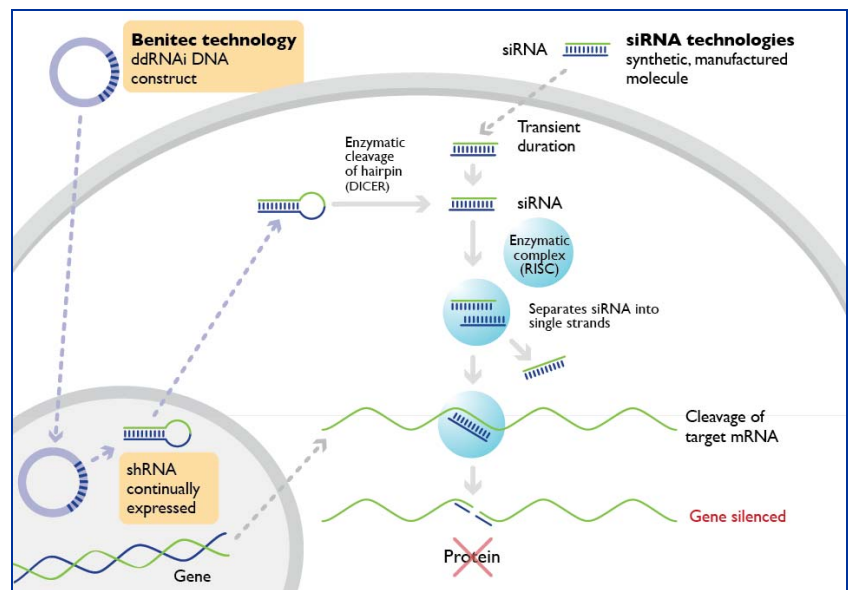
Benitec is an Australian-based biotechnology company developing breakthrough treatments for chronic and life-threatening conditions based on a transformational gene silencing technology, DNA-directed RNA interference (ddRNAi). The technology's potential to address

unmet medical needs and, potentially, to cure disease results from its demonstrated ability to permanently silence genes that cause the condition. Benitec holds the predominant patent position in the use of **ddRNAi** for human therapeutic applications. Our new tag line “silencing genes for life” encapsulates the two strengths of our technology – long term silencing of genes for human health.

The Transformational Technology

The discovery of RNAi was awarded the Nobel Prize in 2006. Benitec’s RNAi modality differs significantly from that of standard siRNA. Benitec’s technology delivers **DNA coding for specific sequences of double stranded RNA** into the cell, which, after processing by cellular enzymes, interferes with mRNA and silences the target gene. The effect of this is to ensure that a specific protein is not made, with the result that the course of the target disease can be profoundly altered. This innovative approach mimics the body’s own machinery for fighting disease.

“This innovative approach mimics the body’s own machinery for fighting disease.”



The Market Potential for RNAi

By 2017, the world RNA Interference market will be worth \$4 billion, according to a new report from companiesandmarkets.com. The US and Europe represent the largest markets for RNAi, with Europe expected to grow rapidly, at a CAGR of 13.6% to 2017. The report predicts that the longer term RNAi market will be driven by the R&D of RNAi therapeutic drugs for various diseases; the first of which will emerge during 2013. The report points out that development of RNAi-based therapeutics is still in its infancy, however many blockbuster drugs are expected to lose their patents in the next few years and it is likely that pharmaceutical companies will invest in RNAi therapies, to maximise chances of launching novel new drugs. The companiesandmarkets.com report includes profiles of 136 key industry participants, including Benitec.

“Benitec holds a dominant international patent position for the use of ddRNAi in gene silencing, for human and mammalian RNAi applications”

First Clinical Trial Using Benitec’s ddRNAi Technology

Until late 2010, Benitec was involved in developing a ddRNAi-based HIV/AIDS therapeutic. This program was undertaken in collaboration with the City of Hope research hospital in California. This study, which is now complete, was a first-in-man pilot study on four AIDS-related lymphoma patients. The aim of the study was to determine the safety and feasibility of lentivirus-transduced stem cell immunotherapy in patients undergoing autologous transplantation. The data was published in Science Translational Medicine in June 2010.

The trial demonstrated that there was no overt toxicity associated with the process and persistent levels of shRNA expression were observed in two patients up to 24 months after the clinical procedure. Pleasingly, there was also evidence that differentiated cells from transfected progenitor cells carried the ddRNAi construct. These results support the development of an RNAi-based cell therapy platform for HIV, and support the safety of Benitec’s ddRNAi technology in humans. Furthermore, they provide evidence for the potential for stem cell-based therapies to provide long-lasting or even permanent HIV viral control.

We are exploring options to partner this program so that the potential of ddRNAi-modified hematopoietic stem cells to treat and ultimately cure HIV/AIDS can be realized.

Robust Intellectual Property

Benitec has seen several significant patents granted or allowed over the past 12 months in the US, Europe and other jurisdictions. This has greatly turned around Benitec’s position to a point where we once again dominate the gene silencing landscape using ddRNAi. Benitec holds a non-revocable, exclusive worldwide license from CSIRO for the development and commercialization of all human therapeutic applications under the ‘099 Graham patent, recently successfully re-examined and reissued in the **US** and allowed in the **EU**, and granted broadly in other key jurisdictions including **Australia, Japan, South Africa, India, China, Canada and the UK**. This patent estate contains key claims covering methods for silencing genes by generating dsRNA inside a cell from a genetic construct. It has been recently extended by two further US patents being allowed – the ‘726 and ‘853 Graham patents, giving a very broad scope of ddRNAi coverage

In addition to the CSIRO-licensed patent estate, Benitec has several other granted patents which we own in our own right to specific applications and improvements of the ddRNAi technology. Benitec has over 100 filed patents and has in-licensed several additional patents that extend the scope of its patent estate and enhance the utility and value of its RNAi platform.

“Benitec is happy to explore collaborations with research groups and biotechnology companies”

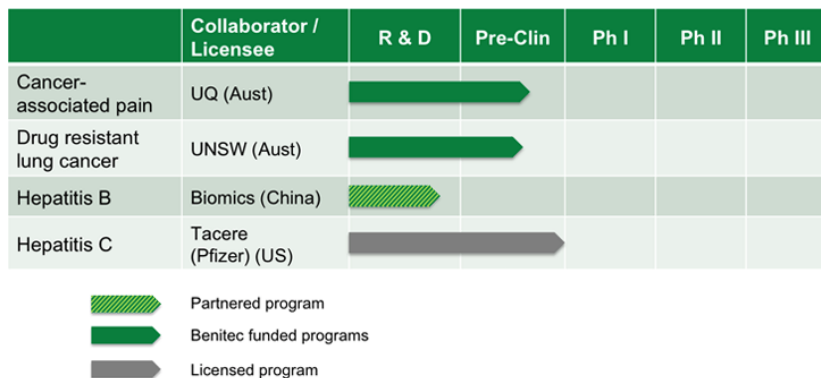
Benitec thus holds a dominant international patent position for the use of ddRNAi in gene silencing for human therapeutic applications. Benitec leverages its strong intellectual property position to out-license and partner its technology along the entire drug development process.

UK Revocation Application Progress

I am often asked about the progress on the UK Graham Patent GB 2,353,282 Application for Revocation brought by UK patent attorney firm Stirling IP on behalf of an unknown party late last year. There is a process that the UK Patent Office dictates and we are following it. The process is rolling on – we have briefed our patent attorneys and they are providing required documents. At the time of writing, a timetable for evidence is expected soon, together with a hearing date, which is expected to be towards the end of this year. A final outcome from the hearing is not expected until 2012. Our arguments, which were successfully used to re-instate the Graham patent in the US, and other jurisdictions, are being used in the UK, in addition to other points, and I remain confident, as I was with the USPTO, that we will be successful in defending the patent. We have an increasingly strong patent position in most major jurisdictions, as evidenced by the most recent USPTO allowance of the '726 Graham patent, and the allowance of the European Graham patent, and the UK action is proof that it *is* a strong position otherwise it wouldn't be challenged.

Broad Collaborative Pipeline of Human Therapy Projects

Benitec collaborates with organisations globally to utilise its patent estate to develop novel gene silencing therapeutics for chronic life threatening diseases and disorders, particularly in **cancer and infectious disease**. Benitec is happy to explore collaborations with research groups and biotechnology companies to further develop therapeutic products based on the power of ddRNAi.



The following is a brief description of each program that is being worked on by our collaborators to prove the efficacy and safety of our ddRNAi gene silencing technology.

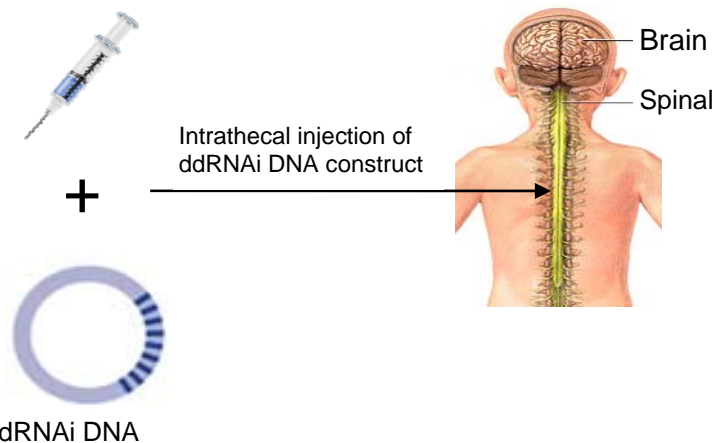
“We are working with the University of Queensland to be able to conduct a clinical trial on terminally ill cancer patients”

A Revolutionary Therapeutic for Cancer-Associated Pain

The Market: The global market for cancer-associated pain products is valued at \$2 billion and is expected to increase to \$2.9 billion by the year 2016. In research commissioned by Benitec, a European palliative care expert states that opioid efficacy is not sufficient, particularly for complex neuropathic pain which is very difficult to treat in cancer-associated pain patients.

Benitec's Approach: The concept is to use a ddRNAi construct to silence a gene expressing a key molecule in the spinal cord that is responsible for mediating pain to the central nervous system. Using a lentiviral vector, the construct will be delivered to the target cells, integrate and continuously express an shRNA that will specifically silence the target gene, thus reducing the expression of the pain mediator to such low levels that effective and long-lasting pain relief is achieved. Ideally, a single spinal cord injection is all that will be required to provide this long lasting pain relief. Two target molecules have been identified for this approach. In the case of one of them, PKC γ , the proof of concept of this approach has been demonstrated pre-clinically.

An Injectable ddRNAi DNA Construct for Treating Cancer-Associated Pain



Source: <http://www.nlm.nih.gov/medlineplus/ency/imagepages/19621.htm>

We are now working with researchers at the University of Queensland to gather sufficient and appropriate data to be able to conduct a clinical trial on terminally ill cancer patients who are suffering from severe neuropathic pain that is difficult to manage.

“HBV ranks second only to tobacco as a known human carcinogen”

We are also in discussions with a Clinical Research Organisation, a manufacturer of GMP grade material, and a licensing group, to facilitate the development, trialling and commercialisation of this program.

Knocking Down Lung Cancer

The Market: Lung cancer is the most common cause of cancer death in the western world. The dominant type of lung cancer is non-small cell lung cancer (NSCLC).

The Need: The prognosis for a patient diagnosed with NSCLC remains poor, with only ~15% of patients surviving more than 5 years from time of diagnosis. In addition, the benefit of the chemotherapeutic agents used to treat NSCLC is limited by the high incidence of dose limiting toxicity and emergence of treatment resistant cell lines. Thus there remains an unmet clinical need for treatments that can be used at lower doses or which can avoid the cancer cells' resistance mechanisms.

Benitec's Approach: In collaboration with the Children's Cancer Institute Australia at the University of New South Wales, Benitec is working to develop a ddRNAi-based therapy to overcome chemotherapy resistance in human NSCLC cells. The target gene for silencing is beta III tubulin, and Benitec and CCIA scientists have designed and tested a powerful ddRNAi molecule that significantly knocks down beta III tubulin in human lung cancer cells.

We are now working on testing the ddRNAi molecule in a preclinical model of human lung cancer, as part of the process required for human clinical trials. We believe that this approach will have the potential to substantially increase the efficacy of current chemotherapy for lung cancer patients resulting in extension of life and/or decrease in toxicity-related adverse side effects of current chemotherapy. We will continue to develop this with the UNSW researchers, in particular Professor Maria Kavallaris.

A Cure for Hepatitis B?

The Market: HBV is a serious and common infectious disease of the liver, affecting millions of people throughout the world. More than 2,000 million people alive today have been infected with HBV at some time in their lives and of these about 350 million remain chronically infected and become carriers of the virus. Every year about 25% of the over 4 million acute clinical cases (i.e. 1 million people worldwide) die from chronic active hepatitis, cirrhosis or HBV-induced liver cancer. As a consequence HBV ranks second only to tobacco as a known human carcinogen.

Benitec's Approach. Benitec is undertaking a program to develop a novel treatment for hepatitis B with Biomix Biotechnologies, a China-based biotechnology company with considerable RNAi expertise. The two companies have identified over 100 effective RNAi candidates

“The CIG board were inspired by the quality of the science and of the people who are collaborating with Benitec.”

that can silence the hepatitis B virus and has selected the five most promising of them for further evaluation and development using ddRNAi constructs. These constructs will be tested in pre-clinical models of hepatitis B, and ultimately in a China-based clinical trial of hepatitis B virus-infected patients.

Chief Investigators' Group

As can be seen from the above, Benitec's R&D pipeline of human therapeutics are all conducted in collaboration with leading organisations internationally. In recognition of this, in February 2011, Benitec formed a Chief Investigators' Group (CIG), bringing together the Company's scientific founders with its collaborative partners. The CIG, which replaced Benitec's Scientific Advisory Board, reflects both the collaborative approach to its R&D and the clinical focus of its programs. The founding membership of the CIG includes international experts in the field of RNAi therapeutics.

The six strong group comprises: Dr Michael Graham (the discoverer of Benitec's RNAi technology); Dr Ken Reed (Benitec founder); Professor John Rossi (City of Hope Cancer Centre, CA, USA); Dr York Zhu (Biomics Biotechnologies, Nantong, China); and Professor Maria Kavallaris (Children's Cancer Institute Australia (CCIA) at the University of New South Wales (UNSW), Australia). The group is chaired by Benitec's CEO Dr. Peter French. CIG membership is not a remunerated role.

The inaugural CIG meeting was held in Melbourne in March this year, and was a full and very exciting briefing to the Board, who were inspired by the quality of the science and of the people who are collaborating with Benitec on our important clinical and pre-clinical pipeline.

AGM and CIG Briefing, November 2011

Mark your calendar – 17 November 2011 will see Benitec's AGM being held in Sydney (at 10am in Grant Thornton's offices, Level 17, 383 Kent Street), followed by the opportunity to have a briefing from the Chief Investigator's Group. After which a light lunch will be served. I look forward to meeting you there.

The CIG will then do a similar briefing in the offices of Patersons Securities Limited in Melbourne (Level 15, 333 Collins Street) on Friday 18 November 2011.

Office and People Moves

From 1 August 2011, Benitec has new Sydney-based offices. The address is Unit 6A, 1-15 Barr Street, Balmain NSW 2041, Australia. The phone number there is 02 9555 6986.

Joining me in the Sydney office will be Mr Greg West, the Company Secretary, and Ms Ching Chung, our Administrative Officer. Greg

will take over from Mr John Rawling as Chief Financial Officer from 24 August. John has been with Benitec for several years and we wish him well for the future.

We have also arranged to take on a business development intern for a few months from September – Mr Sven van Loon from Belgium who has Biotechnology, Engineering and Management qualifications – he will be involved in licensing and business development activities, and comes at no cost to Benitec.

New Logo

To mark the new Benitec, we have developed a new logo and descriptor. Here it is:



We have done this to symbolise the new direction of the Company in the wake of the USPTO decision and the fund raising. The logo has not been changed since the very early days of the Company. The symbol on the new logo represents the two complementary RNAi sequences which are critical for the technology to work. We have retained the name Benitec as it has a strong association in the RNAi patent field to the Graham '099 patent family. Adding the descriptor 'Biopharma' tells the reader the field that we are in – developing innovative biological-based pharmaceuticals. "Silencing genes for life" succinctly states our mission – long term gene silencing for health and life. I hope you like the new logo, it will be used on all communications from 1 September 2011.

A Final Word from your CEO

It is an honour to be the CEO of your company, and working on developing the transformational technology of ddRNAi for the benefit of people suffering from chronic life-threatening diseases. What we are doing is challenging, biologically and commercially, and when we succeed the outcomes will be something that we can all be proud of. I thank you for your support and I look forward to seeing you at the AGM in November.



Peter French
Chief Executive Officer

Registered Office

Level 16
356 Collins Street
Melbourne Vic 3000
Australia

Sydney Office

F6A/1-15 Barr Street
Balmain
Sydney NSW 2041
Australia

Telephone: +61 (0) 2 9555 6986

Email: info@benitec.com