

ASX RELEASE

ASX Appendix 4C Quarterly Cash Flow Report for the quarter ended December 31, 2011

Sydney, January 31, 2012

Attached is the ASX Appendix 4C quarterly consolidated statement of cash flows to 31 December 2011.

The net operating cash outgoings for the six months to December 31, 2011 were \$1.660 million with the majority of expenditure directed at scientific and business development which cost \$1.051 million for the period. The net operating cash flows averaged \$0.277 million per month for the six months to December 31, 2011. The net operating cash outgoings were \$0.961 million for the December quarter.

Benitec Biopharma Ltd announced on April 11, 2011 that La Jolla Cove Investors Inc (“LJCI”) had agreed to terminate the LJCI convertible note Facility. Included in the attached cash flow report are receipts and payments which reflect this agreement. In December 2011 LJCI advanced a final instalment of US\$200,000 (AUD 199,030 - refer item 1.17) to Benitec Biopharma Ltd under the Facility. In addition, payment of the outstanding balance of the US\$700,000 debt to LJCI has been made and payments in this financial year total AUD 602,857 (refer item 1.20).

Benitec Biopharma Ltd has continued to focus intensely on its therapeutic programs, both at the scientific and business development levels. Benitec Biopharma’s confidence in a successful clinical outcome for its technology has been significantly increased as a result of the activities over the last six months. In that time, the following outcomes have been achieved:

- **The pain program** priority target gene switched to PKC gamma. This has been validated by research that has demonstrated that using Benitec Biopharma’s ddRNAi approach can significantly reduce both neuropathic pain and morphine tolerance, considerably expanding the potential target market for a ddRNAi product. Crucially, PKC gamma has been shown by other researchers to be increased in a cancer pain preclinical model. Therefore this is an ideal target. Benitec Biopharma’s efforts have focused on defining the best sequence for effective knock down that is conserved across the major preclinical test species and humans. Recent success in this means that Benitec Biopharma’s patent position can be strengthened for this application.

On the basis of targeting PKC gamma with all of its validation support, Benitec Biopharma commenced a business development outreach program with a New York-based firm, Campbell Alliance, to raise awareness amongst potential big pharma partners of Benitec Biopharma’s technology and its application to intractable cancer associated pain.

Furthermore, a US-based CRO was engaged to assist Benitec Biopharma in the preparation for a USFDA submission for clinical trial approval for this indication.

- **The non-small cell lung cancer program** advanced with initial *in vivo* preclinical data showing feasibility of systemic delivery of a multicassette construct targeting a gene shown to be associated with resistance to chemotherapy. Benitec Biopharma has recently reviewed and extended its contract with the University of New South Wales to advance this program towards the clinic.
- **The hepatitis B program** in association with Biomics Biotechnologies in China is well on track, with highly effective ddRNAi sequences identified and tested *in vitro* and delivery demonstrated *in vivo*. There is significant interest in potential curative therapies for hepatitis B and C, and clearly Benitec Biopharma’s ddRNAi approach can provide such a solution. An outreach program has commenced to explore potential collaborations for this program.



- Follow up of a patient in the USA **HIV/AIDS clinical trial** supported by Benitec Biopharma at the City of Hope has shown continued expression of ddRNAi 3 years after the initial treatment. Also there has been a sixfold increase in the number of blood cells containing the construct. Benitec Biopharma continues to explore collaborations with third parties who are interested in utilising the company's ddRNAi technology to develop therapeutics in HIV/AIDS.

Furthermore, **several patents** were granted, issued or allowed in this quarter. In the US, Graham family divisional patents 8067383, 8048670, and 8053419 were granted, along with the single promoter multicassette patent 8076471, significantly expanding Benitec Biopharma's ddRNAi patent protection. In addition the two key European Graham family patents 1555317 and 1624060 were issued. This patent activity has confirmed Benitec Biopharma's dominant position in RNA interference, especially in ddRNAi.

Details on progress across the Benitec Biopharma Ltd therapeutic programs will be reported in the business update in the Preliminary Final Statement which is due to be lodged by the end of February 2012.

For Further Information

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About Benitec Biopharma

Benitec Biopharma Ltd is developing novel treatments for chronic and life-threatening conditions based on targeted gene-silencing activity using a transformational technology: DNA-directed RNA interference (ddRNAi) - sometimes called expressed RNAi. The technology's potential to address unmet medical needs and to cure disease results from its demonstrated ability to permanently silence genes which cause the condition. Importantly, this technology's target gene and related gene pathways will rarely have presented as a therapeutic avenue for research for the traditional small molecule agents, currently accounting for the majority of today's pharmaceutical products.

Benitec Biopharma now either owns or exclusively licenses from CSIRO more than 40 granted or allowed patents in the field of RNA interference for human therapeutic applications. Patents have been granted in key territories such as the USA, the UK, Japan, Europe, Canada and Australia. In addition, Benitec Biopharma has almost 50 patent applications pending for which it is the owner or exclusive licensee from CSIRO, and has further intellectual property under development as a result of its pipeline program.

Founded in 1997 and trading publicly since 2001, Benitec Biopharma is listed on the Australian Securities Exchange (ASX) under the symbol "BLT". Benitec Biopharma aims to deliver a range of novel ddRNAi-based therapeutics to the clinic in partnership with the pharmaceutical industry. In addition to its focused R&D strategy in infectious diseases, cancer and chronic cancer-associated pain, Benitec Biopharma is pursuing programs with licensees.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

BENITEC BIOPHARMA LIMITED

ABN

64 068 943 662

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	53	181
1.2 Payments for		
(a) staff costs	(234)	(449)
(b) advertising and marketing	(73)	(107)
(c) research and development	(411)	(814)
(d) leased assets	-	-
(e) other working capital	(325)	(566)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	95
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded/(paid)	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(961)	(1,660)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(961)	(1,660)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(17)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	(17)
1.14 Total operating and investing cash flows	(961)	(1,677)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings - refer to note on the termination of the La Jolla Cove convertible note agreement (at 2.1 below)	199	199
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - refer to note on the termination of the La Jolla Cove convertible note agreement (at 2.1 below)	(255)	(603)
Net financing cash flows	(56)	(404)
Net increase (decrease) in cash held	(1,017)	(2,081)
1.21 Cash at beginning of quarter/year to date	5,593	6,654
1.22 Exchange rate adjustments	-4	-1
1.23 Cash at end of quarter	4,572	4,572

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	136
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments related to directors' fees (\$89k), consultancy fees (\$13k) and legal services (\$34k).

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Benitec Biopharma Ltd ("Company") announced on April, 11 2011 that the Company and La Jolla Cove Investors Inc ("LJCI") had agreed to terminate the LJCI convertible note Facility. The Facility was established in April 2010 and provided funding to the Company of up to US\$6 million under four convertible notes. The first of the four notes was paid in full by LJCI and converted into shares in Benitec Biopharma Ltd, and the second Convertible Note was commenced on January 11, 2011. The Company and LJCI agreed to terminate the Facility on the terms described in the April 11, 2011 announcement which included:

- (a) LJCI may advance a final instalment of up to US\$200,000 to the Company under the Facility. Thereafter there will be no more advances made.
- (b) Within 6 months of the completion and closing of the Rights Issue, US\$700,000 will be paid by the Company to LJCI, in instalments.

In relation to (a), in December 2011 LJCI advanced a final instalment of US\$200,000 (AUD199,030) to the Company under the Facility and (refer item 1.17).

In relation to (b), payment of all of the outstanding balance of the US\$700,000 has been made and payments in this financial year total AUD602,857 (refer item 1.20)

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available	Amount used
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

In April 2011, Benitec Ltd announced that the convertible note facility of USD\$6 million with LJCI would be terminated upon the successful completion of the renounceable rights issue by June 2011, with LJCI having the right to advance a final USD\$200,000 only. US\$200,000 were provided during the quarter ended 31 December 2011.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	261	119
4.2 Deposits at call	4,311	5,474
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	4,572	5,593

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 January 2012
(Company Secretary)

Print name: Greg West

+ See chapter 19 for defined terms.