

BENITEC ACQUIRES AVOCEL, ESTABLISHES US OPERATIONS**BENITEC, INC. FOCUSES ON RAPID DEVELOPMENT
OF HEPATITIS C THERAPEUTICS****17 May 2004**

Queensland, Australia and Sunnyvale, CA ... Benitec Ltd. (ASX: BLT) today announced the acquisition of Avocel, Inc. of Sunnyvale, CA, a leading RNAi therapeutics company, and the establishment of its wholly-owned US subsidiary, Benitec, Inc. Through the acquisition, Benitec gains its first in-house advanced therapeutic development program using DNA-directed RNAi (ddRNAi) to target the Hepatitis C virus (HCV), the most common blood-borne infection in the USA. Benitec anticipates a ddRNAi-based therapeutic for HCV will enter the clinic in 2005. Under the terms of the agreement, Benitec will issue 7.6m shares to Avocel, representing approximately 9% of the enlarged share capital of Benitec Ltd.

In addition to driving forward the HCV therapeutic development program, the merger will provide the US base for Benitec, Inc. with laboratory and administration facilities in Silicon Valley. Avocel's co-founder Professor Mark Kay, M.D., Ph.D., Director of the Human Gene Therapy Program at Stanford University School of Medicine and Professor in the Departments of Pediatrics and Genetics, will join Benitec's Scientific Advisory Board as Deputy Chairman and will serve as strategic consultant to the Company's HCV and related viral programs. Benitec also gains senior operational, business development and IP management experience through Sara Cunningham, who joins as Benitec, Inc.'s Chief Operating Officer. Sara is a co-founder and VP of Intellectual Property and Business Development of Avocel and was formerly International and Strategic Marketing Manager at BD Biosciences Clontech. The two companies are merging their Scientific Advisory Boards under Chairman John Rossi and Deputy Chairman, Mark Kay. Four Avocel scientists will also join the Benitec team at the Silicon Valley offices and laboratories.

John McKinley, Chairman and CEO of the Benitec group, said, "This is an extremely exciting time for Benitec. Through the acquisition of Avocel, we gain a well-defined and advanced therapeutic development program, an expanded intellectual property portfolio, senior operational and business management and an established presence in the USA, the most important pharmaceutical market in the world. Our major long-term strategy is to develop new therapeutics based on our proprietary RNAi technology. The acquisition of Avocel is a significant milestone in achieving this goal."


Mark Kay said, "The ability to apply Benitec's technology will significantly enhance our HCV program, promising several important clinical advantages. Benitec's leading patent position and RNAi expertise, and the commitment of the Company to making RNAi therapeutics a reality, are behind our decision to merge. Using the potential of DNA to deliver RNAi provides expanded opportunities not only to develop novel treatments for viral diseases and also other major areas of unmet medical need. I am therefore committed to continuing my leadership of the HCV and related viral programs and to contributing to the continued rapid growth of Benitec."

BENITEC LIMITED ABN 64 068 943 662

CORRESPONDENCE PO BOX 4193 ST LUCIA QLD 4067 AUSTRALIA

TELEPHONE +61 7 3217 8540 FACSIMILE +61 7 3217 7540

REGISTERED OFFICE SUITE 4 242 HAWKEN DRIVE ST LUCIA QLD 4067 AUSTRALIA



Avocel, Inc. is a private company established in 2003 to discover and develop RNAi based therapeutics for viral diseases with HCV as its initial target. Avocel has an exclusive license from Stanford University to intellectual property developed by Professor Mark Kay relating to expression of RNAi *in vivo* and a co-exclusive license to the delivery of RNAi *in vivo*.

About the Hepatitis C programme

Hepatitis C is a viral infection of the liver and is a major cause of acute hepatitis and chronic liver disease, including cirrhosis and liver cancer. In 2000, the World Health Organisation estimated there were 170 million people chronically infected with Hepatitis C Virus with 3 to 4 million people newly infected each year. Population-based studies indicate that 40% of chronic liver disease is HCV-related, resulting in an estimated 8,000 – 10,000 deaths each year in the US alone. According to recent estimates, there is a US\$2.9 billion anti-viral market for this incurable disease, which is expected to increase sharply.

The Benitec HCV program will build on work already underway at Avocel using DNA-directed RNAi as a gene therapy to suppress genes related to disease progression. This approach exploits the ability of ddRNAi to target multiple gene products simultaneously, thereby giving the clinician the ability to tackle HCV from many angles with the same drug. Existing therapies must sacrifice either broad applicability or specificity, as HCV, like HIV, is highly mutable. In data presented at the recent Keystone symposium on RNAi, Avocel scientists demonstrated the power of a multi-target approach to HCV therapeutics with a delivery method that has already shown a strong safety profile in clinical trials.

About Benitec Limited

Benitec Ltd. (ASX: BLT) focuses on developing therapeutics to treat serious diseases and advancing medical research using RNA interference (RNAi) and Benitec's proprietary DNA directed RNAi (ddRNAi). Core patents are owned in partnership with CSIRO of Australia and Benitec holds exclusive rights for their prosecution and commercialization in the human field. The Company's therapeutic programs cover diseases that can potentially be treated by silencing the expression of one or more genes. These diseases include HIV, hepatitis, autoimmune diseases and cancers.

In parallel, Benitec offers research licenses and product application development to its RNAi technology through its strategic licensee and partner, Promega (Madison, WI), and commercial licenses for therapeutic targets, revenue from which will support Benitec's in-house and collaborative therapeutic development programs.

This press release contains forward-looking statements which reflect the Company's current expectation regarding future events. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's research strategy, the applicability of the discoveries made therein, the successful and timely completion of clinical studies and the uncertainties related to the regulatory process.

CONTACTS

BENITEC, LTD.

John McKinley
+44 7767 367 193
+61 7 3217 8540
jmckinley@benitec.com

THE RUTH GROUP

US Contact:
Gregory Tiberend
+646 536 7005
gtiberend@theruthgroup.com

CITIGATE DEWE ROGERSON

UK & Europe contact:
Valerie Auffray
+44 20 7282 2979
valerie.auffray@citigatedr.co.uk