

**30<sup>th</sup> November 2006, Melbourne, Australia.**

## **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING**

Held at 2.00pm on Thursday 30 November 2005

I am pleased to take this opportunity to update you on the progress of Benitec in the past year, and the road the new Benitec team see ahead for the Company. This has been a challenging, but significant year for Benitec.

As noted in my Chairman's letter in the annual report Benitec resolved a number of ongoing legal issues. In August 2005 Benitec and Promega Corporation settled their contract dispute.

In August 2005 the Australian Patent Office completed its review of the Benitec Australian patents, and the patents were upheld. The US Patent and Trade Mark Office re-examination of the Benitec key patents remains unresolved.

In early Oct 2005 Benitec announced that the lawsuit between Benitec and Nucleonics, Inc. previously pending in the United States District Court for the District of Delaware has been dismissed without prejudice to future rights. Nucleonics, Inc. has however appealed this decision and the matter remains unresolved.

In October 2005 Benitec and Sigma-Aldrich Corporation announced the signing of two major agreements, one in which Sigma acquired an equity stake in Benitec and one in which Benitec granted Sigma a license for the use of Benitec RNAi technology.

In April 2006 the Board was restructured and immediately commenced a strategic review to refocus the business and put together a turn around plan to deliver improved shareholder value in 2007 and beyond. This resulted in a change of strategy and a move to a low cost business model of co-investment and outlicensing.

One consequence of this change in strategy was the closure of the Benitec USA operations.

In August 2006 Benitec was able to renegotiate its key alliance with CSIRO and now enjoys a more equitable and collaborative relationship with one of the world's largest government R&D agencies

In early October 2006 the Directors also announced that US-based life sciences company Promega Corporation has acquired an equity stake in Benitec.

In mid October the company also announced that Benitec executed an HCV RNAi licence deal with US Company Tacere Therapeutics Inc.

These restructure decisions have not affected the Benitec collaboration with the City of Hope center in California where a HIV AIDS lymphoma drug candidate is due to enter Phase I human trials this year.

In the foreseeable future Benitec will continue to focus its resources on exploiting its Gene Silencing intellectual property portfolio through licensing and collaborations, rather than operate its own R&D group.

The new business strategy will result in a significantly lower cost model of value creation which should increase shareholder value.

We have also appointed a Melbourne based management team. Sue MacLeman was recruited in September as the Company's new Chief Executive Officer. Paul McMahon was also appointed in Sept 2006 as Chief Financial Officer and Company Secretary. The Board is confident that we now have a good team in place to take us forward.

I would also like to acknowledge and thank my fellow directors for their continued efforts in dealing with the many issues and challenges that have confronted the new Board in recent months. Each has applied their particular skills and experience in positive ways that have resulted in a united and focused Board.

Finally I would like to thank the shareholders for their ongoing support through this difficult year. Your continued support is essential as we rise to the challenges ahead. Thank you

**Peter Francis**  
Chairman  
30 November 2006