

NEWS

Benitec negotiates reduced CSIRO royalties *CSIRO to manage the platform patent portfolio*

21 August 2006, Melbourne, Australia: Gene silencing biotechnology company Benitec Limited (ASX: BLT) and CSIRO signed an agreement today to restructure the royalty obligations for Benitec's lead human therapeutic projects.

Benitec's likely first products will be gene silencing therapeutics for serious diseases such as Hepatitis C viral infection and HIV AIDS. Its HIV drug candidate is due to enter Phase I human trials this year.

Benitec has exclusive commercialisation rights for human applications of a substantial patent estate owned or co-owned by Benitec and CSIRO. Under the arrangements entered into in 2003, Benitec was required to pay CSIRO a portion of the revenues from product sales, licensing revenues or contract research, whether or not Benitec had itself invested in the development of that product.

Whilst Benitec's current rights to exploit the patents in the human field remain unaffected under the restructured arrangements, the applicable royalty is reduced for those therapeutic programs into which Benitec has made significant investment - as described below.

Further, CSIRO will now manage the substantial platform patent portfolio. CSIRO will meet the up-front patent costs, and Benitec will repay these costs to the CSIRO with downstream incomes.

Management and cost of platform patent estate

To date, Benitec has managed the large platform patent estate from its own resources and at its cost. Due to various factors, this arrangement has been inefficient and a drain on Benitec's cash resources. Under the new arrangement, the platform patents will be managed by CSIRO and will be transferred or transferable into CSIRO's name. Benitec's development and commercialisation rights will not change.

The cost of these patents will be initially met by CSIRO and subsequently reimbursed by Benitec from trading revenues. In the interim, Benitec will transfer certain royalty revenues to CSIRO in part contribution to the patent costs. Otherwise, the financial arrangements concerning the platform patent portfolio

remain as outlined in previous announcements. This new arrangement will provide immediate cash relief for Benitec.

Peter Francis, Chairman of Benitec said, "This new arrangement delivers a much lower cost base for Benitec in the short to medium term. It does not slow our advance to clinical trials and moves the burden of managing our substantial and complex patent portfolio to CSIRO."

"CSIRO will bring a depth of knowledge of the gene silencing field to the management of the platform patents for Benitec and CSIRO. Benitec retains all its commercial rights and appropriate levels of consultation and contribution to the patent management.

"The Board sees the new royalty arrangements as increasing Benitec's competitiveness and ability to transact on this outstanding intellectual property asset."

"We look forward to working closely with CSIRO."

Jack Steele, Chief of Staff - Business Services of CSIRO, said "This portfolio is a significant stake in the gene silencing field. The revised patent management arrangements reflect changed circumstances since 2003, when the previous measures were established. They are an efficient pathway forward for managing this important patent portfolio."

New Royalty Structure

The new royalty levels now agreed with CSIRO will apply to the products that have arisen from Benitec's significant R&D investment, including the HCV and AIDS programs. The restructured royalty arrangements are:

- (i) A set royalty rate on product sales, with provisions for stacking down to accommodate licences of certain third party technologies, applicable to therapeutic product sales by Benitec or under licences granted by Benitec to other companies;
- (ii) A 75% reduction in the royalty rate on licensing revenues earned from Benitec's HCV program;
- (iii) A 75% reduction in the royalty rate on licensing revenues earned from Benitec's AIDS program;
- (iv) An option for a reduced royalty rate for one further therapeutic program, to be nominated and developed by Benitec;
- (v) The royalty on revenues earned from the licensing of remaining targets will remain as before;

- (vi) A set royalty on contract research services provided by Benitec, with provision for stacking down to accommodate licences of certain third party technologies.

As part of the new arrangement, CSIRO will be relieved of its obligation to pay Benitec a share of returns it receives.

About Benitec

Benitec is an Australian biotechnology company focused on developing therapeutics to treat serious diseases using its proprietary RNAi technology. Its therapeutic programs are for Hepatitis C Virus (HCV) and the Human Immunodeficiency Virus (HIV). Benitec's RNA-based HIV therapeutic, co-developed with the Center for Biomedicine & Genetics at the City of Hope in Los Angeles, California, will enter Phase I clinical trials in 2006. Pending further capitalization and re-establishment, Benitec's RNAi therapeutic for HCV will enter clinical trials in 2007. For additional information, please visit www.benitec.com.

About CSIRO

CSIRO is the Commonwealth Scientific and Industrial Research Organisation of Australia and was involved in the discovery of the ddRNAi gene silencing technology. CSIRO successfully demonstrated that this technology is a highly effective gene silencing technology in plants and has licensed the technology for a number of plant product applications. CSIRO is also active in transferring the gene silencing technology to animal production applications. For additional information about CSIRO's ddRNAi technology, visit www.csiro.au/rnai.

Forward-looking Statements

This press release contains forward-looking statements that reflect the Companies' current expectations 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 Companies' 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.

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