

Dear Shareholders,

This again has been a challenging but significant year for Benitec.

The past year has continued the major rebuilding of the Company.

We have successfully strengthened the Benitec team during the past year. Our CEO Sue MacLeman was appointed a Director of the Company and Mel Bridges joined the Board as a Non-Executive Director. We also appointed Dr Jason Smythe as Chief Scientific Officer.

Some other key activities during the year including finalisation of Nucleonics Inc litigation in favour of Benitec, significant progress with the USPTO re-examination and progression of the fully owned Benitec patents through patent examination, including the grant of our Double stranded nucleic acid patent in both New Zealand and Singapore. We are also in the process of assigning the '099 patent in the US to CSIRO as per the August 2006 agreement.

In the last 12 months in our R&D programme, Benitec has established a high-level network of potential collaborators in the fields of gene therapy, gene silencing and RNAi research and development.

The City of Hope Stem Cell project has progressed well with all patients expected to be treated by December 2008. Initial trial outcomes were presented at the recent RNAi conference in Boston and were very encouraging. A further update on this human pilot HIV Lymphoma Stem Cell study will be provided at the American Society of Haematology meeting in the US in December 2008.

The City of Hope IPCP T cell programme is also progressing with the filing of the IND and commencement of human trials to take place soon.

Successes in licensing and business development activities include, the Company's licensee Tacere Therapeutics, Inc. announcing in January that it had entered into a collaboration and license agreement with pharmaceutical company Pfizer Inc to develop and commercialise Tacere Therapeutics Hepatitis C virus (HCV) compound TT-033. We see this deal as a significant validation of the Benitec technology from the world's biggest pharmaceutical company. We have been very active over the past year making a number of presentations to both potential investors and major international conferences.

The other major activity for the Company has been the renegotiation of terms with CSIRO in a way that benefits both parties and to improve opportunities for collaboration in the future.

In May 2008, Benitec announced a proposed fully underwritten non-renounceable rights issue to raise approximately \$5.1 million before costs. Unfortunately the rights issue was subsequently suspended after feedback from the market and the underwriter that the CSIRO Agreements needed adjustment before further significant investment or merger and acquisition transactions could be transacted in the market.

I am pleased to announce that we have reached in principle agreement with CSIRO the details of which will be further disclosed in market announcements and the capital raising prospectus at the time of the non renounceable rights issue. I can indicate however that we have offered CSIRO an equity position in exchange for the removal of the Capital Growth agreement and onerous terms of the Commercial agreement. We have also further clarified fields and technology rights with Benitec to retain non

revocable rights for ddRNAi human therapeutics. We are in continuing negotiations regarding historic and future patents costs for the Graham family of patents and we expect to reinstate the capital raising upon the successful conclusion of these negotiations and the execution of binding contracts which at this stage has yet to occur.

To provide interim funds while these negotiations continue we have had a commitment from our biggest shareholder, Dr Chris Bremner, for an amount of AUD\$1.97M with the first \$406,000 having been received and the other amount subject to shareholder approval at an Extraordinary General Meeting scheduled for late Dec 2008.

The main resolution for this EGM will be the proposed issue to Dr Bremner of 34,771,010 fully paid ordinary shares at an issue price of 4.5 cents (\$0.045) per share with 34,771,010 1 for 1 free attaching options (each option with an exercise price of 10 cents (\$0.10)) and an expiry date of December 12<sup>th</sup> 2012.

I know many shareholders may be disappointed by this further dilution of their holdings. It is however an extremely difficult time

in capital markets and without Dr Bremner's support at this critical time the company would not have been able to continue its operations. We have asked an Independent Expert to review the transaction and provide advice to both the Board and shareholders as to whether this transaction is fair and reasonable. The finding of the report was that the transaction was reasonable as it appeared to be the only way in which the required funds would be raised to finance Benitec Ltd. This report will be made available to all shareholders in the explanatory memorandum as part of the EGM notice of meeting.

Our CEO Sue MacLeman and her team worked extremely hard this year and should be congratulated on their success to date. I also acknowledge the contribution made by my fellow Directors who have contributed to the rebuilding of your company.

Peter Francis

Chairman

19 November 2008