

August 2007

Investor Update

Benitec re-building on track



This is an exciting time for Benitec as we continue to rebuild the company under our new management team. Benitec's recovery from its nadir in July last year is a work in progress. It is one thing to have the world's leading gene-silencing technology but quite another to fully commercialise this intellectual property for the benefit of the shareholders who own it.

We are committed to restoring shareholder value and communicating our progress in achieving that goal to our shareholders and the wider investment community. We will do this communicating directly with our investors through regular newsletter updates and the complete redevelopment of our website. Our website has been more like a construction site than a useful communication tool for the past month. We thank you for your patience while we undertook this redevelopment project. Check it out at www.benitec.com.

The corporate goal of Benitec is to develop gene-silencing therapeutics for serious diseases such as infectious diseases, cancer and autoimmune disorders through co-investment and out licensing. Benitec holds exclusive worldwide rights for development and commercialisation for human therapeutic applications.

Since rebuilding Benitec and consolidating our operations in Australia, your board of directors and management has been conscious of the need to maintain access to the best scientific advice possible to assist it in developing your company's leading-edge therapeutics.

With the notable exception of Dr Ken Reed, the scientific founder of Benitec – who has been on the board since May 2000 – your directors and management are all relatively new to the company.

To this end, Benitec has recently announced the appointment of a new Scientific Advisory Board to monitor scientific developments in gene silencing and assist with decisions on commercial opportunities. The four members are Dr John Rossi, Professor Cy Stein, Professor Bryan Williams and Dr David Crump. All have extensive academic, clinical and industry experience and we are delighted to welcome them to our Benitec team. Such a distinguished board of expert advisers gives Benitec a distinct advantage in the fight against life threatening chronic diseases. The SAB met for the first time in late July in Melbourne and finalised recommendations with the Benitec team for project investment for 2007-2008.

The other recent news of note is Benitec's win in the US Federal court of Appeals. This litigation has been ongoing since 2004 and with this second confirmation by a US court we can now fully focus our attention and efforts towards rebuilding Benitec and developing RNAi therapeutics.

Our first HIV human clinical trial in collaboration with City of Hope, a biomedical research and treatment center located just outside Los Angeles, has begun.

Scientists at Benitec Limited in collaboration with the City of Hope are investigating a method to fight HIV, the virus that causes AIDS, with genetically modified stem cells. At the same time it seeks to knock down virus levels, the technique aims to eradicate the lymphoma that arises in many HIV-positive patients. The treatment is the first to use specially engineered, HIV-fighting genes that are inserted into patients' own harvested stem cells. The cells are then reinfused into HIV-infected patients. If successful, the new treatment could allow patients' bodies to produce HIV-resistant white blood cells indefinitely.

This trial is the first time that scientists will use three different anti-HIV segments at one time, which they hope will prevent HIV from developing resistance. The virus can mutate around any one element, but it's hard to mutate around three things.

This trial and our other projects are a continuation of a long journey that began a decade ago when Benitec was founded in 1997. Only time will tell if we have made a difference in the fight against viral infections, cancers and autoimmune disorders that inflict such suffering on the world.

I have recently joined the Board of Benitec and I look forward to seeing you at the annual general meeting later in the year.

As I said earlier, this re-building is a work in progress and you will receive regular progress reports .

Thank you for your continued support.

Yours faithfully



Sue MacLeman
Chief Executive Officer

Renowned experts appointed to Scientific Advisory Board

Given that Benitec (BLT) is a pioneer in ribonucleic acid interference (RNAi)-based therapeutics (gene silencing), it stands to reason that it must have the best scientific advice the world has to offer. The four members of the Benitec Scientific Advisory Board are all renowned experts in gene silencing or related disciplines with extensive academic, clinical and industry experience.

Their job is to make sure BLT is on the right track in capturing the advantages of our proprietary gene-silencing technology and moving it towards the clinic. They are expected to monitor scientific developments in the field and play an integral role in Benitec's pipeline of therapies to fight against autoimmune diseases including HIV and cancer.



Dr John Rossi

Dr John Rossi, is Lidow Family Research Chair and Professor of the Division of Molecular Biology at the Beckman Research Institute of the City of Hope in California. City of Hope is a Comprehensive Cancer Center dedicated to the prevention and cure of cancer, HIV/AIDS, diabetes, and other life-threatening diseases. Dr Rossi widely regarded as a world leader in the development of therapeutic applications of RNA interference and in clinical research for the treatment of HIV/AIDS, is Director of the Department of Molecular Biology and Dean of the Graduate School of Biological Sciences of the Beckman Research Institute of the City of Hope, Duarte, CA. His innovative work over many years at the City of Hope has earned the respect of international scientists and clinicians. Dr Rossi received his PhD and carried out postdoctoral studies at Brown University Medical School.



Professor Cy Stein

Professor Stein's distinguished career has been in research and treatment of cancers. For the past 15 years his responsibilities have focused on leading preclinical and clinical trials of nucleic acid therapies for cancers with increasing emphasis in recent years on RNA interference. He is Head of Medical Genitourinary Oncology and Professor of Medicine, Urology and Molecular Pharmacology at the Albert Einstein College of Medicine, New York. He also serves as an Attending Physician at the Montefiore Medical Center and is a Diplomate of nearly 20 years' standing of both the American Board of Internal Medicine and the American Board of Oncology.

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LEADER IN GENE SILENCING TECHNOLOGY



Professor Bryan Williams

Professor Williams was appointed the Director of the Monash Institute of Medical Research on January 1 2006 and also heads up the Centre for Cancer Research at the Institute. Prior to this appointment, Professor Williams was the Chairman of the Department of Cancer Biology at the Lerner Research Institute of the Cleveland Clinic Foundation in Cleveland, Ohio, USA, a position he had held since 1991. He has previously worked in New Zealand, England, Canada and America. His research interests have included molecular biology of tumour suppression and focusing on the role tumour suppressor genes may play in regulating cell growth, differentiation and apoptosis.



Dr David Crump

Dr Crump is an experienced drug development expert capable of effectively leading multidisciplinary drug development teams. He has been responsible for successfully guiding and progressing drug candidates from clinical trials through to commercialisation in Australia, Europe and North America. He has experience in a diverse range of therapeutic areas including inflammatory diseases, oncology, neurology, pain medicine and virology. Dr Crump was previously Head of Development Projects and Medical Advisor with Amrad Corporation Ltd for over 15 years (subsequently Zenyth Therapeutics Ltd.).

Human HIV study gets underway with FDA approval

After many years in the planning, our collaboration with the City of Hope has resulted in an Investigational New Drug (IND) candidate vector successfully completing US Food and Drug Administration (FDA) review and has been given approval to proceed to first human clinical trials.

This study will recruit five HIV-1 infected adults between 18 to 60- years-old who suffer AIDS-related lymphoma. A primary objective of this study – which runs for about 12 months – is to determine the safety and feasibility of this RNAi technology. The study patients are being recruited and screened at City of Hope – a biomedical research and treatment center located just outside Los Angeles. This study is entitled, "A pilot study of the safety and feasibility of stem cell therapy for AIDS lymphoma using stem cells treated with a lentiviral vector-encoding multiple anti-HIV RNA's."

This pilot study is designed to determine the safety and feasibility of RNA-based anti-HIV therapy with lentivirus transduced hematopoietic progenitor cells (HPC) in patients undergoing autologous hematopoietic stem cell transplantation (HCT) for intermediate and high grade AIDS lymphoma.

You don't have to understand the science to know that about 40 million AIDS sufferers around the world potentially stand to benefit from this groundbreaking research.

2007 the year of BIG RNAi collaborations

Deal: Alnylam Pharmaceuticals & Roche

Non-exclusive access to RNAi Therapeutics-related Alnylam IP, including RNAi IP from 4 out of 20 of Alnylam's focus areas: oncology, respiratory, metabolic disease, & non-viral liver diseases.

\$: \$275M in upfront cash to Alnylam + over \$40M in equity Investments & \$15M for acquisition of Alnylam's German subsidiary.

Deal: AstraZeneca & Silence Therapeutics

Three-year collaboration to discover and develop treatments against up to five specific targets provided by AstraZeneca.

\$: Worth up to \$400M in royalties .



New Benitec website is now live

The website is the medium by which your company is viewed by the outside world. It is also a tool for you to communicate with the company and for the company to communicate with you, other potential investors and the media. There is a section where you can sign up to receive electronic updates and press releases. Email me at smacleman@benitec.com if you have any suggestions for improving it further. Check it out at www.benitec.com

Benitec wins crucial court judgement in US Federal Court of Appeals — Second US court supports Benitec gene-silencing intellectual property

Benitec has been advised that the US Federal Circuit has issued its decision in the Benitec v. Nucleonics appeal, affirming the initial US District Court decision to dismiss the Nucleonics' challenge for lack of subject matter jurisdiction.

Chronology of key events:

March 2004

Benitec announced that it initiated patent infringement lawsuits in the United States District Court for the District of Delaware against Nucleonics to protect its gene silencing technologies. The lawsuit alleged Nucleonics, along with others that have since settled, were infringing issued US Patent No. 6,573,099, entitled "Genetic Constructs for Delaying or Repressing the Expression of a Target Gene."

October 2004

Nucleonics filed a request with the US Patent and Trademarks Office to re-examine Benitec's patents. This process is ongoing.

February 2005

Nucleonics issued invalidity and unenforceability counterclaims against Benitec's patents.

September 2005

The US District Court dismissed Nucleonics' counterclaims.

October 2005

The lawsuit between Benitec and Nucleonics previously pending in the United States District Court for the District of Delaware was dismissed without prejudice to future rights. This resulted because once Benitec determined that the Supreme Court's ruling re *Integra v. Merck* brought Nucleonics' drug development activities within the safe harbor exemption, it filed the motion to voluntarily dismiss on the grounds that no case or controversy existed. As stated in the Memorandum Opinion at the time, "the Court concluded that Nucleonics has not demonstrated that it has produced or prepared to produce a product that would be the target of an infringement lawsuit by Benitec" and therefore "no actual controversy" exists, making dismissal of the case the most prudent course of action. Nucleonics appealed the District Court decision to the Court of Appeals for the Federal Circuit.

December 2006

The Federal Circuit heard oral argument on the appeal.

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January 2007

The Supreme Court issued a decision in *MedImmune v. Genentech*, which addressed the question of whether a license holder could file suit against a licensor without breaching the license first. The Federal Circuit had requested Nucleonics and Benitec to provide supplemental briefing on what effect, if any, the Supreme Court's decision in the *MedImmune* case has on Nucleonics' Appeal. This was provided to the Courts in Q1 2007.

July 2007

Court of Appeals for the Federal Circuit rejects Nucleonics' appeal.

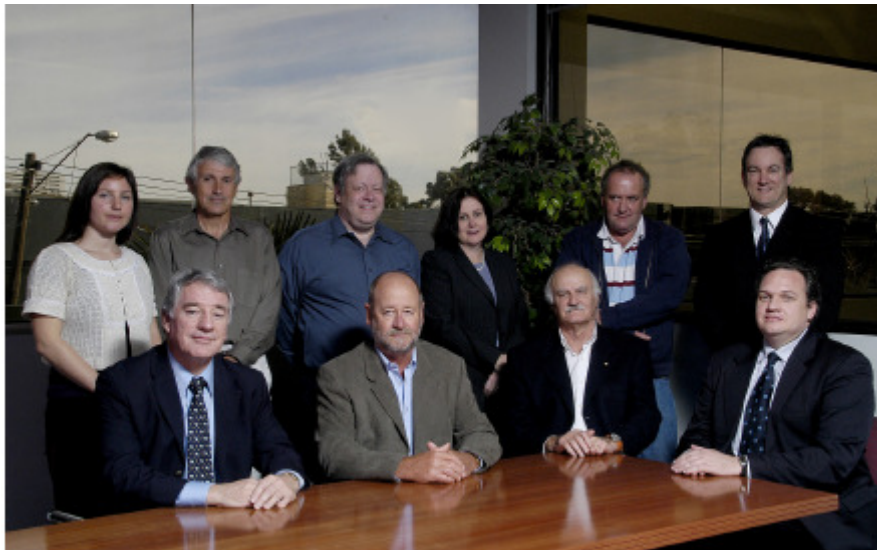
Patent Update

USPTO patent reexamination

On April 24th 2007 Benitec filed a response to the U.S. Patent and Trademark Office's January 24, 2007 Office Action for Reexamination No.: 90/007,247 concerning U.S. Patent No. 6,573,099. Benitec believes that its April 24 submission fully responds to all of the issues raised by the Patent Office and persuasively explains why the prior art did not anticipate or render obvious the claims under Reexamination.

European patent update

On April 24th the European Patent Office (EPO) refused to issue European patent application (published as EP1071762). The appeal hearing was held in Munich and heard arguments from both Benitec and CSIRO. The application was rejected for formal reasons and not for novelty and obviousness. Benitec and CSIRO will pursue these patent claims through the divisional applications already on file.



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