

ASX/Media Release

Benitec Delays Capital Raising

23 May 2008, Melbourne, Australia: The Directors of Benitec Limited (ASX:BLT) have decided to suspend the planned non-renounceable rights issue. The underwriter wants Benitec to restructure its relationship with CSIRO before proceeding with the raising of funds (as announced to the ASX on Friday 16 May 2008) as it believes this will add further value to Benitec.

As previously announced, the current CSIRO-Benitec relationship is governed by a series of agreements (the CSIRO Agreements) entered into between December 2003 and August 2006.

Feedback from the market and the underwriter is that these CSIRO Agreements need adjustment before further significant investment or merger and acquisition transactions can be made. This feedback has made the resolution of these matters with CSIRO in a timely manner a commercial imperative for Benitec.

Of particular concern is the Capital Growth Agreement (2003) and the Commercial Agreement (2003 and amended in August 2006).

The Capital Growth Agreement (CGA) gives CSIRO certain rights to benefit from increases in Benitec's value over a 7 year period. At the end of 7 years Benitec (or a merged entity formed with Benitec) is obligated to pay CSIRO 5% of any increase in its market capitalisation (over a base market value) up to a maximum of US\$100m at a market capitalisation of US\$2B. Certain trigger events will require an early payment calculated according to a contractual formula. These events include a change of control (more than 50%); the sale of Benitec; the disposal or placing of encumbrances over the technology other than in the normal course of business; and failure to procure a replacement CGA from a merged entity. The Commercial Agreement (CA) also has royalty rates that potential investors have considered non commercial.

The negotiations are continuing and the Board is hopeful that it will be able to restructure this relationship in a way that benefits both parties. A further announcement regarding the capital raising will be made as this matter progresses.

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About Benitec

Benitec is an Australian biotechnology company focused on licensing its extensive intellectual property portfolio and developing therapeutics to treat serious diseases using its proprietary ddRNAi technology. For additional information, please visit www.benitec.com.