



BENITEC LIMITED
ABN 64 068 943 662

NOTICE OF GENERAL MEETING

including

- 1. Notice of General Meeting**
- 2. Explanatory Memorandum**
- 3. Proxy Form**

BENITEC LIMITED

ABN 64 068 943 662

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Members of Benitec Limited ("Benitec" or "the Company") will be held at Level 1, 123 Camberwell Road, Hawthorn East, Victoria on 7 January 2009 at 10am AEDST.

Further information in respect of the Resolutions proposed in this Notice of Meeting is set out in the Explanatory Memorandum that accompanies and forms part of this Notice of Meeting. The information contained in the Explanatory Memorandum, including the Independent Expert's Report annexed to the Explanatory Memorandum, should be read with this Notice of Meeting.

BUSINESS

To consider, and if thought fit, to pass (with or without amendment) the following as ordinary resolutions.

Resolution 1: Proposed Issue of Shares and Options to Dr C Bremner

"That Members authorise the issue of 34,771,010 fully paid ordinary shares at an issue price of 4.5 cents (\$0.045) per share together with 34,771,010 1 for 1 free attaching options (each option having an exercise price of 10 cents (\$0.10) and an expiry date of 31 December 2012) to Dr Christopher Bremner, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting, and for the purposes of Chapter 6 of the Corporations Act (in particular, without limitation, item 7 of the table in section 611 of the Corporations Act) and for all other purposes Members approve:

- (a) the acquisition by Dr Bremner of relevant interests in 34,771,010 shares, being the shares proposed to be issued pursuant to this Resolution;
- (b) the acquisition by Dr Bremner of relevant interests in up to 43,793,232 further shares, being shares which may be issued upon the exercise of the options which are to be issued to Dr Bremner pursuant to this Resolution or the exercise of options held by Dr Bremner."

Information regarding Resolution 1 and Dr Bremner's interests in voting shares of the Company is set out in the Explanatory Memorandum.

*The Company has obtained an Independent Expert's Report in respect of the proposed acquisition of shares and options by Dr Bremner. **The finding of the Independent Expert is that the proposal is not fair but reasonable.** The Report should be read in full and is set out in Annexure B to the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.*

Voting Prohibition (Corporations Act 2001):

No votes in favour of Resolution 1 are to be cast by:

- *Dr Christopher Bremner or any other person or persons proposing to make the acquisition of shares and options or of a relevant interest in the shares and their associates; or*
- *the persons (if any) from whom the acquisition is to be made and their associates.*

Any votes cast in contravention of this prohibition will be disregarded.

Voting Exclusion Statement (ASX Listing Rules):

The Company will disregard any votes cast on Resolution 1 by:

- *Dr Christopher Bremner or any other person or persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 1 is passed; or*
- *an associate of those persons.*

However, (unless the person is prohibited from voting in favour of Resolution 1 by the Corporations Act) the Company need not disregard a vote on Resolution 1 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Resolution 2: Prior Issue of Shares and Options to Dr C Bremner

“That Members approve the prior issue of 9,022,222 fully paid ordinary shares at an issue price of 4.5 cents (\$0.045) per share together with 9,022,222 1 for 1 free attaching options (each option having an exercise price of 10 cents (\$0.10) and an expiry date of 31 December 2012) to Dr Christopher Bremner, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Information regarding Resolution 2 is set out in the Explanatory Memorandum.

Voting Exclusion Statement (ASX Listing Rules):

The Company will disregard any votes cast on Resolution 2 by:

- *Dr Christopher Bremner or any other person or persons who participated in the issue; or*
- *an associate of those persons.*

However, (unless the person is prohibited from voting in favour of Resolution 2 by the Corporations Act) the Company need not disregard a vote on Resolution 2 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

OTHER BUSINESS

To consider any other business that may be brought before the Meeting in accordance with the Constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD

John Rawling
Company Secretary
Dated: 3 December 2008

INFORMATION FOR MEMBERS

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on the member's behalf. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half the member's votes.
2. A proxy need not be a member of the Company.
3. A proxy form (and the power of attorney (if any) under which it is signed or satisfactory proof of that power) must be received at the registered office not less than 48 hours before the time for holding the meeting:
 - By hand or mail: at Level 1, 123 Camberwell Road, Hawthorn East Vic 3123 or the Registered Office of the Company, Level 16, 356 Collins Street, Melbourne Vic 3000; or
 - By facsimile: (03) 9642 2272.
4. Corporate members must either:
 - Appoint a proxy, as set out above;
 - Appoint a representative; or
 - Appoint an attorney.

The instrument of appointment of a representative or attorney must be produced at the meeting.
5. All shareholdings recorded in the Company's share register at the close of business on Monday 5 January 2009 will be taken, for purposes of the Meeting, to be held by the persons who were registered as members at that time.

ADMISSION TO MEETING

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

BENITEC LIMITED

ABN 64 068 943 662

("the Company")

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Notice of the General Meeting of Members of Benitec Limited ("Benitec" or "the Company") to be held at Level 1, 123 Camberwell Road, Hawthorn East, Victoria on 7 January 2009 at 10am AEDST. The Notice of the Meeting incorporates, and should be read together with, this Memorandum.

Resolution 1: Proposed Issue of Shares and Options to Dr C Bremner

Chapter 6 of the *Corporations Act 2001* prohibits a person acquiring a relevant interest in the issued voting shares in a listed company if because of that acquisition, that person's or someone else's voting power increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

"Relevant interest" is extensively defined in the *Corporations Act*. It includes holding voting shares, being able to exercise control over voting shares and having the power to dispose of or control the disposal of voting shares. It does not matter how remote the relevant interest is or how it arises. If two or more persons can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 in the table in section 611 of the *Corporations Act* provides an exception to the prohibition if the public company obtains the approval of its members at a general meeting. Resolution 1 is a resolution under item 7 in the table in section 611 of the *Corporations Act*.

The Company has obtained an Independent Expert's Report in respect of the proposed acquisition of shares and options by Dr Bremner. **The finding of the Independent Expert is that the proposal is not fair but reasonable.** The Report should be read in full and is set out in Annexure B. Members should refer to the Independent Expert's Report and the matters set out in this Memorandum when considering how to vote in respect of Resolution 1.

Under Listing Rule 7.1 of ASX Ltd [ABN 98 008 642 691] ("ASX"), an entity must not issue or agree to issue equity securities exceeding 15% of the share capital of the Company within a 12 month period without shareholder approval. Resolution 1 is proposed for the purposes of obtaining that approval in respect of the shares and options proposed to be issued to Dr Bremner.

Resolution 1 authorises the issue of:

- (a) 34,771,010 fully paid ordinary shares in the capital of the Company to Dr Christopher Bremner at an issue price of 4.5 cents (\$0.045) per share, to raise \$1,564,695 before costs of the issue;

- (b) 34,771,010 free attaching options having an exercise price of \$0.10 and an expiry date of 31 December 2012.

The full terms of the options are set out in Annexure A to this Memorandum.

Passing Resolution 1 also authorises the acquisition by Dr Bremner of:

- (a) relevant interests in the 34,771,010 voting shares of the Company which will be issued if Resolution 1 is passed;
- (b) further relevant interests in voting shares of the Company which would be issued if the 34,771,010 options to be issued under Resolution 1 are exercised, together with relevant interests in voting shares which would be issued if the 9,022,222 existing options held by Dr Bremner are exercised.

The person proposing to make the acquisitions to which Resolution 1 applies is Dr Bremner.

At the time of preparation of this Memorandum Dr Bremner holds 66,610,470 shares of the Company and 9,022,222 options to acquire shares of the Company. The existing shares represent 22.13% of the voting power of holders of shares of the Company. Dr Bremner was able to acquire an interest in greater than 20% of the issued voting shares of the Company without prior approval as he had held shares representing greater than 19% of the voting power for at least 6 months before he acquired 9,022,222 shares on 6 November 2008. The *Corporations Act* provides that a person whose voting power was greater than 19% for at least 6 months may increase their holding by 3% in a 6 month period.

However, Dr Bremner would not be able to exercise options held by him if doing so resulted in his total voting power being more than 3% higher than it was 6 months earlier. Therefore Resolution 1 includes authorisation for Dr Bremner to increase the number of voting shares he holds by exercising options to be issued if Resolution 1 is passed and options already held by him.

Dr Bremner's relevant interests in voting shares of the Company will increase from 22.13% (66,610,470 shares) to 30.20% (101,381,480 shares) upon the issue of the 34,771,010 shares. Dr Bremner's relevant interests in voting shares of the Company would increase to up to 38.25% (145,174,712 shares) if he exercised all the 9,022,222 options he presently holds and all the 34,771,010 options he will receive if Resolution 1 is passed. The above percentages assume the Company issues no other shares and that no existing options are exercised by other option holders.

Dr Bremner has informed the Board that his intentions regarding the future of the Company if members agree to the issue of shares and options to him are that the Company maintains and continues its present activities under the management of the Board, including applying the funds to be raised by the issue of shares and options to him to the previously announced purposes described below.

The funds raised by the issue of the shares and free attaching options (after costs of the issue) will be applied towards the general working capital requirements of the Company including:

- (a) Corporate activities including continued negotiations with CSIRO;
- (b) Intellectual property prosecution and maintenance including continuing activities associated with the US patent re-examination most recently described in an announcement to the market on 28 November 2008. The Company has a substantial patent estate of 98 patents and patent applications in the RNAi area. The Company will continue to review options for in-licensing and outlicensing of this estate.
- (c) Support of the two City of Hope collaboration programs including the human trial for the stem cell HIV lymphoma project and the filing of an IND and commencement of human trials for the T cell HIV project.
- (d) Support of operations and ongoing corporate communication to support business development and licensing activities.

The Company expects to maintain both its current activities and the activities of its subsidiaries within its existing structures.

Dr Bremner was issued with 9,022,222 shares and 9,022,222 1 for 1 free attaching options on 6 November 2008. The shares and options were issued at the same price, and have the same terms as, the shares and the options which are the subject of Resolution 1. The \$406,000 raised by the issue of the shares and options to Dr Bremner, after costs of the issue, will also be applied to the above purposes described above. Resolution 2 has been proposed for the purposes of obtaining shareholder approval of the prior issue of those shares and options to Dr Bremner. Further information regarding Resolution 2 is set out below.

The shares which are the subject of Resolution 1 will be issued at 4.5 cents (\$0.045) each. The shares will be fully paid ordinary shares in the capital of the company having the same terms and rights as and ranking equally with the Company's existing ordinary shares.

The free attaching options will have an exercise price of 10 cents (\$0.10) and an expiry date of 31 December 2012. Each option will entitle the holder one fully paid ordinary share upon exercise. Shares issued upon the exercise of options will have the same terms and rights as the Company's existing issued ordinary shares. The Company will apply to ASX for admission to official quotation of shares issued upon exercise of the options. The options will be unlisted unless and until the requirements of ASX for a new class of options are satisfied.

Funds received upon the exercise of options (if any) will be applied to the Company's then working capital requirements.

The shares and options will be issued on a date, or progressively on dates, not more than three (3) months after the date of the Meeting.

The Notice of Meeting which this Memorandum accompanies and forms part of incorporates a statement that votes cannot be cast by certain shareholders, in accordance with item 7 of the table in section 611 of the *Corporations Act*, and a voting exclusion statement pursuant to the ASX Listing Rules. Dr Bremner (as the person proposing to acquire the shares and options), and any associates of Dr Bremner, are not permitted to vote on Resolution 1.

Resolution 2: Prior Issue of Shares and Options to Dr C Bremner

Under ASX Listing Rule 7.1, an entity must not issue or agree to issue equity securities exceeding 15% of the share capital of the Company within a 12 month period without shareholder approval. ASX Listing Rule 7.4 provides for a Company to refresh its 15% capacity by obtaining subsequent approval for a prior issue of securities, at the time of the issue, the Company did not breach ASX Listing Rule 7.1. As such, the Company is seeking shareholder approval of prior issues of ordinary shares in order to have the flexibility to issue up to 15% of the Company's share capital in the future.

Resolution 2 is proposed for the purposes of obtaining shareholder approval for a prior issue of shares and options to Dr Bremner. The Company issued 9,022,222 fully paid ordinary shares together with 9,022,222 1 for 1 free attaching options to Dr Christopher Bremner on 6 November 2008. The issue raised \$406,000 before costs.

The shares and options have the same terms as the shares and options which are the subject of Resolution 1, described above. The funds raised by the issue have been, are to be, applied to the purposes described above in respect of Resolution 1.

The Notice of Meeting which this Memorandum accompanies and forms part of incorporates a voting exclusion statement pursuant to the ASX Listing Rules. Dr Bremner (as the person proposing to acquire the shares and options), and any associates of Dr Bremner, are not permitted to vote on Resolution 2.

BENITEC LIMITED

ABN 64 068 943 662

("the Company")

NOTICE OF GENERAL MEETING

ANNEXURE A OPTION TERMS

- Each Option entitles the holder to one ordinary fully paid share in the capital of the Company.
- The Options are exercisable at any time prior to 5.00pm Melbourne, Victoria time on 31 December 2012 (the Expiry Date) by written notice delivered to the registered office of the Company together with the payment for the number of Options exercised. Any Option that has not been exercised prior to the Expiry Date automatically lapses.
- The exercise price of the Options is \$0.10 (10 cents) per Option payable in full on exercise.
- Subject to the Corporations Act, the Listing Rules of ASX, the Constitution of the Company and any restriction obligations Options are freely transferable. The Company may, at its election, apply to ASX Ltd [ABN 98 008 642 691] ("ASX") for official quotation of the Options, which application shall be subject to the requirements ASX.
- All ordinary fully paid shares in the Company issued upon exercise of Options will rank pari passu in all respects with, and will have the same terms as, the Company's then issued ordinary fully paid shares. The Company will apply for official quotation by ASX of all shares in the Company issued upon exercise of Options, subject to any restriction obligations imposed by ASX.
- The Options will not give any right to participate in dividends until shares in the Company are issued pursuant to the exercise of the relevant options.
- There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. The Company will give that Option holders at least seven (7) business days notice to allow for the conversion of Options prior to the record date in relation to any offer of securities made to shareholders.
- In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

BENITEC LIMITED

ABN 64 068 943 662

(“the Company”)

NOTICE OF GENERAL MEETING

ANNEXURE B

INDEPENDENT EXPERT’S REPORT

D M R Corporate Pty Ltd
470 Collins Street
Melbourne
Victoria 3000
Australia

A.C.N. 063 564 045
Telephone (03) 9629 4277
Facsimile (03) 9629 4598
Email derek@dmrcorporate.com.au

2 December 2008

The Directors
Benitec Limited
Level 16
356 Collins Street
Melbourne
Vic 3000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

You have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of Dr Christopher Bremner's ("Bremner") acquisition of shares and options in Benitec Limited ("Benitec" or "the Company"). The transaction, as set out in Section 2 below, is permitted by Section 611 of the Corporations Act 2001 ("the Act") provided it is agreed to by shareholders.

On 16 May 2008 Benitec announced that it proposed to raise approximately \$5.1 million by undertaking a fully underwritten non-renounceable rights issue. The Company announced that these funds were to provide working capital to be applied to:

"Intellectual property prosecution and maintenance including continuing activities with the US patent re-examination. The Company has a substantial patent estate of 98 patents and patent applications in the RNAi area. Benitec will continue to review options for in-licensing and out-licensing of this estate;

Support of the two City of Hope collaboration programs including human trial for the stem cell HIV lymphoma project and the filing of an IND and commencement of human trials for the T cell HIV project;

Support of the Benitec proprietary R & D program including further evaluation of the Hepatitis B, Huntington disease and cancer projects; and

Support of operations and ongoing corporate communication to support business development and licensing activities."

The above rights issue was to be underwritten, however due to the volatile nature of the share market at the time, the brokers approached to underwrite the rights issue refused to proceed with the underwriting. This left Benitec in a difficult financial position.

Since that time the Company has been utilising its cash reserves to continue to fund its operations. This form of funding could not continue for the medium term and several major shareholders were approached to contribute further equity. It was only Bremner who committed to support the Company with further injections of capital.

DMR

On 22 October 2008 Bremner agreed to contribute a capital sum of \$406,000 to acquire 9,022,222 fully paid ordinary shares with a free attaching option¹ for each share issued. This acquisition was permitted by the Act, as the Act allows for a “person whose voting power was greater than 19% for at least 6 months to increase their holding by 3% in a 6 month period”. This acquisition of shares increased Bremner’s voting power from 19.73% to 22.13%.

On 22 October 2008 Bremner also committed to contribute a further capital sum of \$1,564,000 in exchange for an issue of 34,771,010 fully paid ordinary shares with a free attaching option¹ for each share issued, subject to shareholder approval.

2. The Proposed Transaction

Benitec shareholders are asked to approve the following:

- (a) the acquisition by Bremner of 34,771,010 fully paid ordinary shares with 34,771,010 free attaching options (at a price of \$0.045 per share); and
- (b) the acquisition by Bremner of relevant interests in up to 9,022,222 shares, being shares that may be issued upon the exercise of the options pursuant to the capital injection of \$406,000 made on 22 October 2008.

Paragraphs (a) and (b) above together represent the Proposed Transaction.

Shareholder approval for the issue of the 9,022,222 shares on 22 October 2008 is not a requirement of the Act however approval will allow the Company to issue up to a further 15% of the issued capital over the next 12 months without the need to seek further shareholder approval.

If shareholders approve the Proposed Transaction Bremner will be permitted to increase his voting power in Benitec from his present level of 22.13% to 36.09% on a fully diluted basis.

The directors have requested DMR Corporate to prepare an independent expert’s report in accordance with ASIC Regulatory Guide 111 – Content of expert reports.

3. Summary Opinion

In our opinion, the Proposed Transaction is **not fair however we consider that it is reasonable**.

This opinion has been formed after giving due consideration to our assessment that:

- a) the Proposed Transaction is not fair as we have valued one Benitec share and one option at an aggregate value of \$0.068, including a premium for the control and influence that Bremner will gain from holding 30.20% of Benitec’s voting power. Bremner is paying \$0.045 for one Benitec share and one option and this represents a discount of \$0.0366 or 45% on our valuation. As the underlying value of the shares and options being acquired (including a control premium) is greater than the acquisition price, we consider that the Proposed Transaction is not fair.

¹ The terms of the free options are detailed in Appendix E.

DMR

- b) The Proposed Transaction is reasonable as it provides Benitec with the cash resources necessary to meet its short-term cash flow requirements, which it has not been able to secure from alternative sources.

Having considered all of the matters in the attached report we consider that shareholders should approve the Proposed Transaction, as it appears to be the only way in which the required funding will be raised to finance Benitec over the next 12 months.

4. Structure of this Report

The remainder of this report is divided into the following sections:

| <u>Section</u> | | <u>Page</u> |
|---------------------|------------------------------------------------------|-------------|
| 5 | Purpose of the Report | 3 |
| 6 | Benitec - Key Information | 5 |
| 7 | Valuation of the Benitec Shares | 6 |
| 8 | Valuation of the Benitec Options | 8 |
| 9 | Assessment as to Fairness | 8 |
| 10 | Other Significant Factors | 10 |
| 11 | Financial Services Guide | 11 |
| <u>Appendix</u> | | |
| A-1 | Benitec - 20 Largest Shareholders – 12 November 2008 | 13 |
| A-2 | Benitec – 20 Largest Option Holders – 31 August 2008 | 14 |
| B | Benitec – Balance Sheets | 15 |
| C | Benitec – Income Statements | 16 |
| D | Benitec - Cash Flows Statements | 17 |
| E | Key Terms of the Options | 18 |
| F | Benitec - Share Price and Volume History | 19 |
| G | Sources of Information | 20 |
| H | Declarations, Qualifications and Consents | 21 |

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company that is above 20% and below 90%.

Section 611 of the Act contains various exceptions to the Section 606 prohibition. For the acquisition of shares, pursuant to the Proposed Transaction, to fall within the exceptions, the acquisition must be:

- (a) an acquisition that increases Bremner's voting power by not more than 3% in each 6 month period; or
- (b) an acquisition approved in advance by a resolution passed at a general meeting of the company.

Benitec is seeking shareholder approval for the Proposed Transaction under Section 611 of the Act, as Bremner could increase his interests from 22.13% at the date of this report to 36.09% on a fully diluted basis.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports (“RG111”)

RG 111.21 An issue of shares by a company otherwise prohibited under S606 may be approved under item 7 of S611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of S611 that are comparable to takeover bids under Ch 6 include:

(a) a company issues securities to the vendor of another entity or to the vendor of a business and, as a consequence, the vendor acquires over 20% of the company incorporating the merged businesses. The vendor could have achieved the same or a similar outcome by launching a scrip takeover for the company

RG111.24 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account is assessing whether the issue price is ‘reasonable’ if it has assessed the issue price as being ‘not fair’ applying the test in RG111.10.

RG111.9 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in S640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

That is, ‘fair and reasonable’ is not regarded as a compound phrase.

RG111.10 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the ‘target’ and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the ‘bidder’ or its associates in the target entity when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or ‘portfolio’ parcel of shares.

RG111.11 An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

As the Proposed Transaction will result in Bremner gaining a 30.2% interest in Benitec’s voting power (36.09% on a fully diluted basis), ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of Benitec.

- **General**

The terms fair and reasonable are not defined in the Act so we have defined them for the purpose of this report as:

DMR

- Fairness - the Proposed Transaction set out in Section 2 is fair if the acquisition price for the shares and options is equal to or greater than the underlying value of the shares and options (plus a premium for control).
- Reasonableness - the Proposed Transaction may be reasonable whether or not it is fair as it involves consideration of other significant factors that shareholders might consider prior to voting on the resolution.

Under ASIC Regulatory Guides, what is fair and reasonable should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as:

- (i) In determining whether the Proposed Transaction is fair, we have valued the shares and options to be acquired by Bremner and concluded whether the proposed consideration for those shares and options is greater than the acquisition price.
- (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors, which shareholders should consider prior to accepting or rejecting the Proposed Transaction.

6. Benitec - Key Information

- 6.1** The Company was incorporated in April 1995 as Queensland Opals NL. In April 2002 the Company changed its name to Benitec and its status to that of a limited company. Benitec is a biotechnology company specialising in gene silencing technology, which relates to co-suppression, a technology for shutting down (silencing) a single specific gene. This process prevents the formation of proteins and may have applications for combating disease.

Part of Benitecs' strategy is to issue licenses to other companies that want to use their technology for both commercial research and therapeutic development.

The Company has two major issues outstanding that appear to be making investors cautious about making further investments in Benitec and they are:

Patents

In April 2008 the Nucleonics Inc litigation was finalised in favour of Benitec. The US patent office is now conducting a re-examination and progression of Benitec's fully owned patents. This re-examination places a degree of uncertainty over part of Benitec's patent portfolio.

CSIRO

Benitec has been renegotiating the terms of its agreements with CSIRO with a view that should benefit both parties and improve the opportunity for further collaboration moving forward.

DMR

6.2 Share Capital

As at the date of this report Benitec had on issue 300,977,101 fully paid ordinary shares. The major shareholders of Benitec on 12 November 2008 are presented in Appendix A-1. As at that date, the top 20 shareholders held 61.08% of the issued ordinary capital of Benitec.

Benitec also has 87,068,450 options on issue – Appendix A-2

6.3 Balance Sheets

Benitec's audited balance sheets as at 30 June 2007 and 2008 are attached as Appendix B.

6.4 Operating Performance

Benitec's audited income statements for the financial years ended 30 June 2007 and 2008 are attached as Appendix C

6.5 Cash Flow Statements

Benitec's audited cash flow statements for the financial years ended 30 June 2007 and 2008 are attached as Appendix D.

7. Valuation of Benitec Shares

7.1 Net Assets

The net assets of Benitec as at 30 June 2008 as per the audited financial statements were \$1,358,035 - Appendix B. Based on the issued capital of 291,954,879 fully paid ordinary shares as at 30 June 2008, this equates to a net asset backing of \$0.0047 per share.

We have concluded that the value of a Benitec share, based on the net asset backing valuation methodology was \$0.0047 as at 30 June 2008.

7.2 Orderly Realisation of Assets

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. Consequently, this method may ignore the ability of the asset base of the business to generate ongoing future earnings at a level sufficient to justify a value in excess of the value of its assets in an orderly realisation.

We do not consider that this valuation methodology is an appropriate methodology to use to value Benitec as the majority of its assets are in its patent portfolio and the portfolio is currently being re-examined by the US patents office. Furthermore the patents and the underlying intellectual property is still being developed and the full potential of these assets would not be realised through an orderly realisation of the assets.

7.3 Share Price History

A table of the share price history of Benitec from 1 November 2007 to 21 October 2008 (the last trading day before the announcement of the Proposed Transaction) is presented in Appendix F. We comment thereon below:

DMR

Share Volumes

The table in Appendix F shows that the total volume of shares traded was 254,974,096 and this equates to approximately 87.3% of the shares currently on issue. As the period represented in Appendix F is approximately one year, this indicates that the stock is moderately liquid. It should also be noted that approximately 55% of these shares were sold in early January 2008 when Thorney Pty Ltd ceased to be a substantial shareholder.

Share Prices

The share price during the period depicted in Appendix F has ranged from a high of \$0.305 on 8 January to a low of \$0.030 in October 2008. We noted that the high share price of \$0.305 occurred on 8 January and that the daily VWAP for all trades on that date was \$0.22. The share price has been falling consistently over the last 6 months in much the same way that the general share market indices have been falling.

The volume weighted average price ("VWAP")(based on closing prices) for the 90-day period ended 21 October 2008 was \$0.059 per share on a volume of 5,667,821 shares and the 30-day VWAP was \$0.048 per share on a volume of 2,031,546 shares.

Summary – Share Price History

Based on the above information, we have formed the opinion that the Benitec shares had a market value of \$0.048 per share on 21 October 2008.

7.4 Earnings Based Valuation

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Benitec does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Benitec shares.

7.5 Net Present Value of Projected Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

Benitec has not been generating positive cash flows and has not released to the market long-term cash flow forecasts. We have reviewed the budget for the 2009 financial year however we have not obtained any long-term financial forecasts or assumptions upon which forecasts could be based and we have therefore been unable to complete a valuation based on this methodology.

DMR

7.6 Conclusion

The above valuation methodologies are summarised as:

| VALUATION METHODOLOGY | Low Per Share | High Per Share |
|-------------------------------------------|--------------------------|---------------------------|
| Net Assets | \$0.0047 | \$0.0047 |
| Orderly Realisation of Assets | N/A | N/A |
| Share Price History | \$0.048 | \$0.048 |
| Earnings based Valuation | N/A | N/A |
| Net Present Value of Projected Cash Flows | N/A | N/A |

Having regard to the results of the applicable valuation methodologies, we have valued the Benitec shares at \$0.048 per share as at 21 October 2008.

8. Valuation of the Benitec Options

The Proposed Transaction is for the issuance of 34,771,010 fully paid shares with 34,771,010 free attaching options, together with the shareholder approval for the issuance of 9,022,222 shares at such time as when the 9,022,222 options issued on 22 October 2008 are exercised. The detailed option terms are included in Appendix E.

We have used the Black-Scholes option pricing model and the following assumptions to value the options:

- stock price - \$0.048 per share – as per Section 7.6 above
- strike price - \$0.10
- risk free interest rate – 4.74% - based on Treasury bonds
- volatility – 91% - Benitec’s volatility factor – AGSM Risk Management Service
- option expiry date – 31 December 2012

The option value as calculated by the Black-Scholes model of \$0.026 per option represents the value of an option over issued shares. As these options are over unissued shares the values have to be adjusted for the dilutive effect of the potential issue of additional shares on the share price. The options are also unlisted and we consider that the value of the options should be reduced to allow for the lack of transferability. Combining these two factors together we consider that the option valuation should be reduced by 22.5% to \$0.020 per option.

9. Assessment as to Fairness

9.1 Acquisition Price of Shares and Options

Bremner is paying \$0.045 per share for each fully paid share with one free attaching option.

DMR

9.2 Valuation of the Benitec Options and Shares

In Section 7.6 we valued the Benitec shares at \$0.048 and in Section 8 we valued the free attaching options at \$0.020 each. In our opinion, the value of one Benitec share and one option is valued at \$0.068.

The \$0.068 represents the value of one share and one option, however in aggregate these acquisitions will increase Bremner's voting power to 30.20% (36.09% if Bremner exercises all of his options). This represents significant influence and possible control of Benitec and we consider that a premium should be paid for gaining this position of control.

In recent years, takeover bids for companies listed on the ASX have usually attracted premiums of between 15% and 40% to the share market price at the time of the takeover announcement. The higher premiums are generally paid when significant synergies can be obtained following the takeover or the acquirer obtains 100% control of the cash flows of the target.

In our opinion a 30.20% interest (when the next largest shareholder has a 6.25% interest) represents control and we have determined that a premium of 20% would be reasonable in these circumstances.

Applying the control premium of 20% to our valuation of one Benitec share and one option (\$0.068) we consider that Bremner should be paying \$0.0816.

9.3 Conclusion as to Fairness

Benitec shareholders have been asked to approve the following two matters within the one resolution and our conclusions on each of these matters is as follows:

- (a) **the acquisition by Bremner of 34,771,010 fully paid ordinary shares with 34,771,010 free attaching options (at a price of \$0.045 per share).**

In Section 9.2 we valued one Benitec share and one Benitec option, together with a control premium, at \$0.0816.

Bremner is paying \$0.045 for one Benitec share with a free attaching option and this represents a discount of \$0.0366 or 45%.

As the underlying value of the shares and options being acquired (including a control premium) (\$0.0816) is greater than the acquisition price for the shares and options (\$0.045), **we consider that the Proposed Transaction is not fair.**

- (b) **the acquisition by Bremner of relevant interests in up to 9,022,222 shares, being shares that may be issued upon the exercise of the options received pursuant to the capital injection of \$406,000 made on 22 October 2008.**

In our opinion this approval has no financial impact on either Bremner nor the Company as the options have already been issued as a part of the \$406,000 capital raising and Bremner can exercise these options at any time between June 2009 and the option expiry date of 31 December 2012 under the 3% creep provisions. It does however provide Bremner and the Company with some added flexibility should the options be exercised.

DMR

10. Other Significant Factors

10.1 Prior to deciding whether to approve or reject the Proposed Transaction the shareholders should consider the following significant factors;

- In Section 9.3 we concluded that the Proposed Transaction is not fair.
- The equity markets are currently in turmoil and many companies are experiencing difficulties in raising capital. Some examples of recent capital raisings are:
 - * The Commonwealth Bank raised \$2 billion in mid October 2008 at a discount of 11.2% to the current 30 day VWAP before placement costs.
 - * Goodman Group raised \$955 million in late October 2008 at a price that was 54% below the 30 June 2008 net tangible asset backing per share and 56.1% below the 30 day VWAP immediately prior to the capital raising.
- Alternative sources of funding have been sought by the Company (underwriters for the May 2008 rights issue and direct approaches to the 5 largest shareholders), however none of these have eventuated with firm commitments to fund the Company. If funds are not received in the next 3 months then the Company may have to be placed in administration.
- Without adequate working capital, the current negotiations with CSIRO may falter and this could jeopardise the future viability of the Company.
- The Proposed Transaction will give Benitec certainty of funding until 30 June 2009 and by that date the US patent office re-examination should be complete and the outstanding issues with CSIRO should have been resolved. The resolution of these two matters should assist in obtaining shareholder support for future capital raisings.
- The interests of the other Benitec shareholders will be diluted, as they will not be given the opportunity to participate in the capital raising.

10.2 Conclusion

The Proposed Transaction provides Benitec with the cash resources necessary to meet its short-term cash flow requirements. In return for providing these cash resources, Bremner will attain a 30.20% interest in Benitec's voting power and if he exercises all of his options then his interests could increase to 36.09%.

Having considered all of the above together with the current state of the equity markets, **we consider that the Proposed Transaction is reasonable**, as it appears to be the only way in which the required funding will be raised to finance Benitec over the next 12 months.

DMR

11. Financial Services Guide

11.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

11.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide reports for the purposes of acting for and on behalf of investors in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale investors.

11.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate’s independence of the Entity commissioning the report and other parties to the transaction.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

11.4 General Financial Product Advice

DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

11.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with Benitec, Bremner or their associates.

Drafts of this report were provided to and discussed with a Director of Benitec and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR

11.6 Remuneration

DMR Corporate is entitled to receive a fee of \$18,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fees referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

11.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have a system for handling complaints from persons to whom DMR Corporate provide financial services. All complaints must be in writing and sent to DMR Corporate at the above address.


DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Derek Ryan
Director



Paul Lom
Director

Benitec Limited

20 Largest Shareholders as at 12 November 2008

| Name | Number of Fully Paid Ordinary Shares |
|-------------------------------------------------------------------------------------------------|-----------------------------------------|
| Dr Christopher Bremner | 66,610,470 |
| Merrill Lynch (Australia) Nominees Pty Limited <Berndale A/C> | 21,000,000 |
| Sigma-Aldrich Pty Limited | 19,531,250 |
| Promega Corporation | 15,996,339 |
| Citicorp Nominees Pty Limited | 14,153,594 |
| ANZ Nominees Ltd <Cash Income A/C> | 7,375,646 |
| HSBC Custody Nominees (Australia) Ltd | 6,371,001 |
| Mr Robert Lakelin & Mrs Roslyn Lakelin <Super Fund TM A/C> | 4,515,268 |
| National Nominees Ltd | 4,309,830 |
| UBS Wealth Management Australia Nominees Pty Ltd | 3,578,666 |
| Kanilo Pty Limited | 2,800,000 |
| Mr Andrew David Macknamara | 2,700,000 |
| Done Nominees Pty Limited <Done Super Plan> | 2,292,515 |
| Ms Anne Tang | 2,205,000 |
| Mr Manfred Adolf Reiter & Ms Elisabeth Christine Meixner <Skymar Super Fund> | 2,000,000 |
| Mr John Alexander Hunt & Mrs Irene Lucy May Hunt <J & I S/F A/C> | 1,779,091 |
| Feta Nominees Pty Limited | 1,726,124 |
| Clifton Garages Nominees Pty Ltd <Clifton Garages Nom Unit A/C> | 1,722,014 |
| Mr Trevor Harold Ahern & Mrs Suzanne Margaret Ahern <Ahern Pastoral Co PL S/F> | 1,650,000 |
| Merrill Lynch (Australia) Nominees Pty Limited | 1,565,288 |
| | <u>183,882,096</u> |
| The percentage of the total holding of the twenty largest holders of ordinary shares was 61.08% | |
| Source: Share register as at 12 November 2008 | |

Benitec Limited

20 Largest Holders of Listed Options as at 12 November 2008

| Name | Number of Options |
|-----------------------------------------------------------------------------------------------------------------|-------------------|
| Dr Christopher Bremner | 19,969,200 |
| Merrill Lynch (Australia) Nominees Pty Limited <Berndale A/C> | 11,000,000 |
| Arkwright Developments Pty Ltd <Findlay Fund Account> | 7,496,440 |
| Invia Custodian Pty Limited <White A/C> | 1,785,039 |
| Invia Custodian Pty Limited <Black A/C> | 1,359,126 |
| ANZ Nominees Ltd <Cash Income A/C> | 864,339 |
| Dr Warna & Mrs Alankarage Sriyani Karunasena | 861,820 |
| David Burton Gibson | 791,155 |
| UBS Wealth Management Australia Nominees Pty Ltd | 671,135 |
| Mrs Jennifer Mollett | 500,000 |
| Mr Peter Francis & Mrs Jenni Lightowlers <Lightowlers Family Super A/C> | 474,350 |
| Fitel Nominees Limited | 454,545 |
| Mr John Alexander Hunt & Mrs Irene Lucy May Hunt <J & I S/F A/C> | 375,758 |
| Clifton Garages Nominees Pty Ltd <Clifton Garages Nom Unit A/C> | 287,663 |
| Fayara Securities Pty Limited | 278,730 |
| Mr Michael Dalling & Mr Neil Bishop <Michael Dalling Super A/C> | 273,266 |
| Mr Glen Johnson | 220,000 |
| A J McDonald Pty Ltd | 202,273 |
| Mr Andrew Robert Brown | 200,000 |
| Rajeshkumar Harikrushna Soni | 200,000 |
| | 48,264,839 |
| Listed options on issue at 31 August 2008 – 56,081,915 – expiry date 3/4/2011 with an exercise price of \$0.15. | |
| The percentage of the total holding of the twenty largest holders of listed options was 86.07% | |
| Source: Option Holder Register 12 November 2008 | |

Unquoted Options:

There are also 21,964,313 unquoted options outstanding with expiry dates varying between 28 July 2009 and 31 December 2012 and exercise prices varying from \$0.50 to \$0.90. Details are included in the 2008 Annual Report.

On 22 October 2008 a further 9,022,222 unlisted options were issued to Dr Bremner (on the same terms as detailed in Appendix E) as part of the consideration for his capital injection of \$406,000.

Benitec Limited

Balance Sheets

| | Audited 30/6/2007 \$ | Audited 30/6/2008 \$ |
|--------------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 4,960,351 | 1,844,226 |
| Trade and other receivables | 241,508 | 116,618 |
| Other current assets | 6,191 | 45,366 |
| Total Current Assets | <u>5,208,050</u> | <u>2,006,210</u> |
| Non-Current Assets | | |
| Property, plant and equipment | 8,002 | 14,018 |
| Total Non-Current Assets | <u>8,002</u> | <u>14,018</u> |
| TOTAL ASSETS | <u>5,216,052</u> | <u>2,020,228</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 1,541,894 | 607,671 |
| Provisions | 30,765 | 54,522 |
| Total Current Liabilities | <u>1,572,659</u> | <u>662,193</u> |
| TOTAL LIABILITIES | <u>1,572,659</u> | <u>662,193</u> |
| NET ASSETS | <u>3,643,393</u> | <u>1,358,035</u> |
| EQUITY | | |
| Issued capital | 72,475,990 | 72,728,840 |
| Reserves | 2,174,709 | 2,411,191 |
| Retained earnings | (71,007,306) | (73,781,996) |
| TOTAL EQUITY | <u>3,643,393</u> | <u>1,358,035</u> |
| Source: Benitec – 2008 Annual Report | | |

Benitec Limited
Income Statements

| | Year Ended 30/6/2007 Audited \$ | Year Ended 30/6/2008 Audited \$ |
|------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Revenue | 485,987 | 482,969 |
| Other Income | - | 76,725 |
| | <u>485,987</u> | <u>559,694</u> |
| Royalties & licence fees | (116,061) | (115,625) |
| Research and development | (741,482) | (595,012) |
| Employment related expenses | (913,618) | (1,353,299) |
| Travel related costs | (160,448) | (163,603) |
| Consultants costs | (206,411) | (270,139) |
| Occupancy costs | (69,146) | ((114,240) |
| Corporate expenses | (287,147) | (722,466) |
| | <u>(2,494,313)</u> | <u>(3,334,384)</u> |
| Loss before income tax | <u>(2,008,356)</u> | <u>(2,774,690)</u> |
| Income tax expense | - | - |
| Loss from continuing operations | <u>(2,008,356)</u> | <u>(2,774,690)</u> |
| Loss from discontinued operations | (738,397) | - |
| (Loss) / profit for the period attributable to equity holders of the company | <u>(2,746,753)</u> | <u>(2,774,690)</u> |
| Source: Benitec – 2008 Annual Report | | |

Benitec Limited
Cash Flow Statements

| | Year Ended 30/6/2007 Audited \$ | Year Ended 30/6/2008 Audited \$ |
|---------------------------------------------------------|------------------------------------------|------------------------------------------|
| Cash Flows Used in Operating Activities | | |
| Receipts from customers | 730,847 | 380,632 |
| Payments to suppliers and employees | (2,708,111) | (3,663,821) |
| Net Cash used in operating activities | <u>(1,977,264)</u> | <u>(3,283,189)</u> |
| Cash Flows From / (Used In) Investing Activities | | |
| Interest received | 82,209 | 196,674 |
| Purchase of property, plant & equipment | (9,030) | (10,803) |
| Net Cash from / (used in) investing activities | <u>73,179</u> | <u>185,871</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of securities | 4,984,464 | 14,117 |
| Proceeds from borrowings | 1,000,000 | - |
| Net Cash from financing activities | <u>5,984,464</u> | <u>14,117</u> |
| Net increase in cash and cash equivalents | 4,080,379 | (3,083,201) |
| Exchange rate changes | (20,768) | (32,924) |
| Cash at beginning of the period | 900,740 | 4,960,351 |
| Cash at end of the period | <u>4,960,351</u> | <u>1,844,226</u> |
| Source: Benitec – 2008 Annual Report | | |

Benitec Limited**Key Terms of the Options**

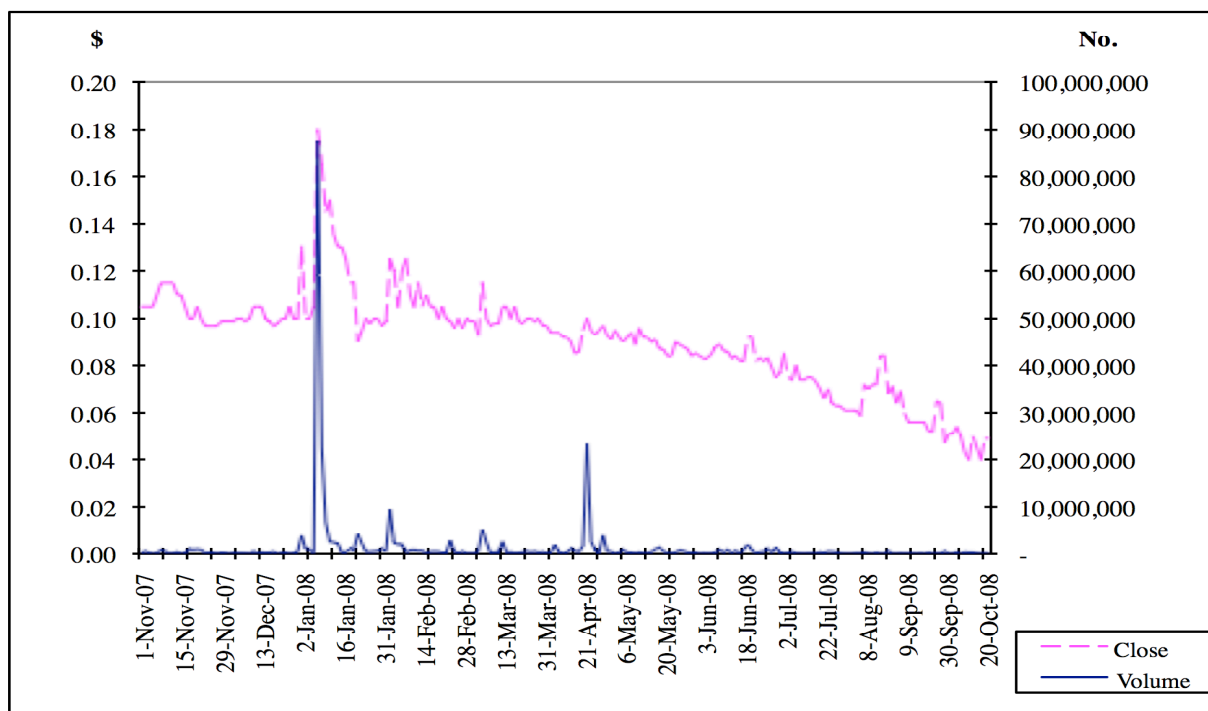
- Each Option entitles the holder to one ordinary fully paid share in the capital of the Company.
- The Options are exercisable at any time prior to 5.00pm Melbourne, Victoria time on 31 December 2012 (the Expiry Date) by written notice delivered to the registered office of the Company together with the payment for the number of Options exercised. Any Option that has not been exercised prior to the Expiry Date automatically lapses.
- The exercise price of the Options is \$0.10 (10 cents) per Option payable in full on exercise.
- Subject to the Corporations Act, the Listing Rules of ASX, the Constitution of the Company and any restriction obligations Options are freely transferable. The Company may, at its election, apply to ASX [ABN 98 008 642 691] for official quotation of the Options, which application shall be subject to the requirements ASX.
- All ordinary fully paid shares in the Company issued upon exercise of Options will rank pari passu in all respects with, and will have the same terms as, the Company's then issued ordinary fully paid shares. The Company will apply for official quotation by ASX of all shares in the Company issued upon exercise of Options, subject to any restriction obligations imposed by ASX.
- The Options will not give any right to participate in dividends until shares in the Company are issued pursuant to the exercise of the relevant options.
- There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. The Company will give that Option holders at least seven (7) business days notice to allow for the conversion of Options prior to the record date in relation to any offer of securities made to shareholders.
- In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

Benitec Limited

Share Price and Volume History

A summary of Benitec's share price and volume history from 1 November 2007 to 21 October 2008

| Month | Share Price | | | Volume | Value |
|--------------|-------------|-----------|---------------|--------------------|-------------------|
| | High \$ | Low \$ | Average \$ | | |
| 2007 | | | | | |
| November | 0.120 | 0.097 | 0.104 | 7,228,385 | 755,318 |
| December | 0.105 | 0.097 | 0.101 | 3,255,216 | 328,418 |
| 2008 | | | | | |
| January | 0.305 | 0.090 | 0.165 | 141,368,561 | 23,287,659 |
| February | 0.155 | 0.095 | 0.114 | 24,760,137 | 2,833,571 |
| March | 0.135 | 0.093 | 0.106 | 14,648,597 | 1,548,315 |
| April | 0.130 | 0.076 | 0.098 | 37,708,721 | 3,686,095 |
| May | 0.097 | 0.083 | 0.089 | 8,207,995 | 732,749 |
| June | 0.094 | 0.075 | 0.085 | 10,425,490 | 887,556 |
| July | 0.085 | 0.061 | 0.071 | 3,233,534 | 228,037 |
| August | 0.084 | 0.055 | 0.070 | 855,439 | 59,822 |
| September | 0.071 | 0.047 | 0.059 | 1,884,377 | 110,597 |
| October 1-21 | 0.060 | 0.030 | 0.047 | 1,397,644 | 65,800 |
| | | | | <u>254,974,096</u> | <u>34,523,939</u> |



Benitec Limited

Sources of Information

The key documents we have relied upon in preparing this report are:

- Draft Notice of General Meeting, Explanatory Memorandum and Terms of the options;
- Audited financial statements of Benitec for the financial years ended 30 June 2007 and 2008;
- Benitec's announcements to the ASX since 1 January 2008;
- Benitec's listing of top 20 shareholders as at 12 November 2008;
- Benitec's options register as at 12 November 2008;
- Benitec's ASX share price and trade volumes for the period from 1 November 2007 to 21 October 2008 supplied by Commonwealth Securities Limited;
- Other share price and trade volumes supplied by Commonwealth Securities Limited; and
- Discussions with the Company Secretary and the Chief Executive Officer and Managing Director.

Benitec Limited**Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of the Directors of Benitec pursuant to Section 611 of the Act to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards, nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 35 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 30 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

BENITEC LIMITED

ABN 64 068 943 662
("the Company")

NOTICE OF GENERAL MEETING

PROXY FORM

I/We _____

of _____

being a member(s) of Benitec Limited

and entitled to _____ shares appoint:

Name of Proxy: _____

Address of Proxy: _____

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends voting undirected proxies in favour of the resolutions on which he is permitted to vote.

or in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the General Meeting of the Company to be held at Level 1, 123 Camberwell Road, Hawthorn East, Victoria on 7 January 2009 at 10am AEDST and at any adjournment of that meeting.

If two proxies are appointed, complete the following sentence:

This proxy is authorised to exercise votes/ % of my/our total voting rights.

Proxy Instructions

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

For Against Abstain

Resolution 1. Proposed Issue of Shares and Options to Dr C Bremner

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Resolution 2. Prior Issue of Shares and Options to Dr C Bremner

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

| | |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| If a person: _____ (Signature) _____ Name (print) Date: ____/____/____ | If a company: EXECUTED by: _____ Name of company (print) in accordance with the Corporations Act _____ (Signature) _____ (Signature) Date: ____/____/____ |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:
(a) Level 1, 123 Camberwell Road, Hawthorn East, Victoria, 3123; or
(b) the Registered Office of the Company, Level 16, 356 Collins Street, Melbourne, Victoria, 3000; or
(c) by facsimile on (03) 9642 2272
by 10 am AEDST on 5 January 2009, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.