



BENITEC LIMITED
ABN 64 068 943 662

NOTICE OF GENERAL MEETING

including

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

Date: 30 June 2010 at 11.00am
Venue: The Offices of RSM Bird Cameron
Level 8 Rialto South Tower
525 Collins Street
Melbourne, Victoria

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 the offices of RSM Bird Cameron, Level 8 Rialto South Tower, 525 Collins Street, Melbourne, Victoria on 30 June 2010 at 11.00am AEST.

Further details in respect of the resolutions proposed in this Notice of General Meeting are set out in the Explanatory Memorandum which accompanies and forms part of this Notice of General Meeting. The details of each resolution contained in the Explanatory Memorandum should be read together with this Notice of General Meeting.

RESOLUTIONS – ORDINARY BUSINESS

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

To consider and, if thought fit, pass the following as ordinary resolutions:

Resolution 1 - Ratification of Prior Issue to CSIRO

"THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 40,097,026 fully paid ordinary shares in the issued capital of the Company at a deemed issue price of \$0.0468 (4.68 cents) per share to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) as described in the Explanatory Memorandum that accompanied and form part of the Notice of Meeting, is ratified and approved."

Voting Exclusion – Resolution 1

The Company will disregard any votes cast on this resolution by CSIRO and any associate of CSIRO.

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the person chairing the General 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 – Ratification of Prior Issue to NewStar Ventures Limited

"THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 134,596 fully paid ordinary shares at an issue price of \$0.041 (4.1 cents) per share in the issued capital of the Company to NewStar Ventures Ltd as described in the Explanatory Memorandum that accompanied and formed part of the Notice of Meeting, is ratified and approved."

Voting Exclusion – Resolution 2

The Company will disregard any votes cast on this resolution by NewStar Ventures Limited and any associate of NewStar Ventures Limited.

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the person chairing the General 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 3 – Ratification of Prior Issue to Dr C Bremner

"THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of:

- (i) *12,000,000 fully paid ordinary shares in the issued capital of the Company; and*
- (ii) *12,000,000 options each to, upon exercise, acquire one (1) fully paid ordinary share in the issued capital of the Company having an exercise price of \$0.10 (10 cents) each and an expiry date of 10 April 2015;*

to Dr Christopher Bremner as described in the Explanatory Memorandum that formed part of and accompanied the Notice of Meeting, is ratified and approved."

Voting Exclusion – Resolution 3

The Company will disregard any votes cast on this resolution by Dr Christopher Bremner and any associate of Dr Bremner.

However, the Company will not disregard a vote if:

- it is cast by Dr Bremner as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by Dr Bremner chairing the General 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 4 – Approval for Exercise of Options by Dr C Bremner

"THAT, for the purposes of item 7 of the table in section 611 of the Corporations Act 2001 and for all other purposes, shareholders approve the acquisition by Dr Christopher Bremner (and/or his nominee) of relevant interests in up to 12,000,000 shares by the exercise of options having an exercise price of \$0.10 (10 cents) each and an expiry date of 10 April 2015 as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting."

Voting Exclusion Statement – Resolution 4

No votes shall be cast in favour of this resolution by:

- the person proposing to make the acquisition and their associates; or
- the persons (if any) from whom the acquisition is to be made and their associates.

Resolution 5 – Approval to Issue Shares on Conversion of Convertible Notes

“THAT, for the purposes of item 7 of the table in section 611 of the Corporations Act and for all other purposes, shareholders approve the issue of fully paid ordinary shares in the capital of the Company to La Jolla Cove Investors Inc (a Californian corporation) (and/or its nominees) upon conversion of the convertible notes issued pursuant to a Securities Purchase Agreement between the Company and La Jolla Cove Investors dated 1 April 2010, and/or in lieu of interest thereon, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting”

Voting Exclusion Statement – Resolution 5

No votes shall be cast in favour of the resolution by:

- the person proposing to make the acquisition and their associates; or
- the persons (if any) from who the acquisition is to be made and their associates.

Resolution 6(a) – Issue of Options to Mr P Francis

“THAT, for the purposes of Listing Rule 10.11 and for all other purposes shareholders approve the issue by the Company of a total of up to 1,500,000 free options to acquire one (1) ordinary share in the capital of the Company having an exercise price of \$0.03 (3 cents) each and an expiry date of 19 August 2014 to Mr Peter Francis (and/or nominee), as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Resolution 6(b) – Issue of Options to Mr M Bridges

“THAT, for the purposes of Listing Rule 10.11 and for all other purposes shareholders approve the issue by the Company of a total of up to 1,500,000 free options to acquire one (1) ordinary share in the capital of the Company having an exercise price of \$0.03 (3 cents) each and an expiry date of 19 August 2014 to Mr Mel Bridges (and/or nominee), as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Voting Exclusion Statement – Resolutions 6(a) and 6(b)

The Company will disregard any votes cast on these resolutions by:

- a person who is to receive securities in relation to the Company;
- 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 securities if the Resolution is passed; or
- an associate of those persons.

However, the Company need not disregard a vote 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; or
- 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.

Independent Expert's Report

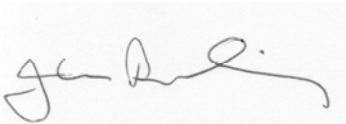
The Company has obtained an Independent Expert's Report in respect of:

- the proposed acquisition of shares by Dr Bremner that would result from the exercise of the 12,000,000 options (the subject of Resolution 4); and
- the proposed issue of shares to La Jolla Cove Investors Inc (the subject of Resolution 5).

The findings of the Independent Expert are that the two transactions are **both fair and reasonable**. The Report should be read in full and is set out in Annexure C to the Explanatory Memorandum which Accompanies and forms part of this Notice of Meeting. Shareholders should refer to the Independent Expert's Report and the matters set out in this Memorandum when considering how to vote on Resolutions 4 and 5.

Dated: 25 May 2010

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'John Rawling', is written over a light grey rectangular background.

John Rawling
Company Secretary

The accompanying Explanatory Memorandum and the Proxy and Voting Instructions form part of this Notice of Meeting.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company at the office of Francis Abourizk Lightowers, Level 16, 356 Collins Street, Melbourne, Victoria, 3000 or sent by facsimile transmission to the Company's registered office on +61 3 9499 5985 not less than 48 hours before the time for holding the General Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the General Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 11.00am on 28 June 2010 (Melbourne, Victoria time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of unexercised options are not entitled to vote in respect of their options.

BENITEC LIMITED

ABN 64 068 943 662

("the Company")

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") is dated 19 May 2010 and accompanies and forms part of the Company's Notice of the General Meeting to be held at 11.30am AEST on 30 June 2010 at the offices of RSM Bird Cameron, Level 8, Rialto South Tower, 525 Collins Street, Melbourne Vic 3000.

The Notice of General Meeting incorporates, and should be read together with, this Memorandum.

Resolutions 1, 2 and 3

Background

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 that an issue made without approval under Listing Rule 7.1 is treated as having been made with approval if the shares or other securities were issued without exceeding the limit imposed by ASX Listing Rule 7.1 and the company obtains subsequent shareholder approval, for the prior issue.

Resolutions 1, 2 and 3 have been proposed to seek ratification of the prior approval of the issue of shares pursuant to Listing Rule 7.4.

Resolution 1 – Ratification of Prior Issue to CSIRO

Resolution 1 of the Notice of Meeting proposes the ratification for the prior issue and allotment of 40,097,026 fully paid ordinary shares to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) at a deemed issue price of \$0.0468 (4.68 cents) per share, thereby satisfying the requirements of ASX Listing Rule 7.4.

The shares the subject of Resolution 1 were issued on 11 January 2010 and, at that time, represented a 10% equity stake in the issued capital of the Company. The shares were issued as consideration for the termination of the Company's Capital Growth Agreement and Commercial Agreement pursuant to an agreement reached with the CSIRO.

The termination of these agreements and the issue of the shares the subject of Resolution 1 were the subject of a previous announcement by the Company to the ASX titled 'Benitec and CSIRO reach Win-Win Agreement' made on 4 January 2010. Shareholders are encouraged to refer to that announcement for further information in respect of the agreement reached with CSIRO which resulted in the issue of the shares the subject of Resolution 1. A copy of the announcement can be obtained from the ASX website.

The shares the subject of Resolution 1 are fully paid ordinary shares ranking equally with the Company's existing listed ordinary shares. There were no funds raised by the issue of the shares.

Resolution 2 – Ratification of Prior Issue to NewStar Ventures Ltd

Resolution 2 of the Notice of Meeting proposes the ratification for the prior issue and allotment of 134,596 fully paid ordinary shares at an issue price of \$0.041 (4.1 cents) per share to NewStar Ventures Ltd (a Nevada corporation) (“NewStar”), thereby satisfying the requirements of ASX Listing Rule 7.4.

The shares the subject of Resolution 2 were issued on 11 January 2010 in consideration for consultancy services provided to the Company by NewStar. The value of the shares issued to NewStar was USD\$5,000. The number of shares issued was calculated by the Company by reference to the Company’s share price and the relevant exchange rate at the time the shares were issued.

The shares the subject of Resolution 2 are fully paid ordinary shares ranking equally with the Company’s existing listed ordinary shares. There were no funds raised by the issue of the shares.

Dr John Chiplin, a director of NewStar, was appointed as a director of the Company on 1 February 2010 however was not a director of the Company at the time the shares the subject of Resolution 2 were issued.

Resolution 3 – Ratification of Prior Issue to Dr C Bremner

Resolution 3 of the Notice of Meeting proposes the ratification for the prior issue and allotment of 12,000,000 fully paid ordinary shares and 12,000,000 free attaching options to Dr Christopher Bremner, thereby satisfying the requirements of ASX Listing Rule 7.4.

The shares the subject of Resolution 3 were issued on 24 February 2010 at an issue price of \$0.03 per share (3 cents), and each share was issued with a free attaching option. The shares the subject of Resolution 3 are fully paid ordinary shares ranking equally with the Company’s existing listed ordinary shares.

Each option the subject of Resolution 3, has an exercise price of \$0.10 (10 cents) and an expiry date of 10 April 2015 and will, upon exercise, entitle the holder to acquire one (1) fully paid ordinary share in the issued capital of the Company. Otherwise, the terms of the options issued under this resolution are set out in Annexure A to this Explanatory Memorandum.

The funds raised by the issue of the shares, being \$360,000, were allocated to working capital. Funds raised on execution of the options will be allocated to the Company’s working capital requirements at the time.

Resolution 4 – Approval for Exercise of Options by Dr C Bremner

Resolution 4 seeks shareholder approval for Dr Bremner obtaining a relevant interest in the Company in shares which would be issued as a result of the exercise of 12,000,000 options issued to him on 24 February 2010 (“the February 2010 Options”)

Corporations Act

Subject to certain exceptions, Chapter 6 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares on 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 dispute 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.

The issue of shares to Dr Bremner on exercise of the February 2010 Options would increase his percentage interest in the Company from a starting point above 20% and below 90% which, if not approved, would breach Chapter 6 of the Corporations Act.

Item 9 of the table in section 611 of the Corporations Act provide an exception to the prohibition set out above that a person whose voting power was greater than 19% for at least 6 months may increase their percentage by 3% in a 6 month period. Notwithstanding this provision, the issue of shares to Dr Bremner on conversion of the Convertible Notes may result in his total voting power being more than 3% higher than it was 6 months earlier.

Item 7 in the table of section 611 of the Corporations Act provides a further exception to the prohibition set out above if a company obtains the approval of its members at a general meeting. Resolution 4 has been proposed to approve the issue of fully paid ordinary shares issued to Dr Bremner on conversion of the options for the purposes of Item 7 in the table of section 611 of the Corporations Act.

The February 2010 Options are also the subject of Resolution 3 of the Notice of Meeting. Each February 2010 Option has an exercise price of \$0.10 (10 cents) and an expiry date of 10 April 2015 and will, upon exercise, entitle the holder to acquire one (1) fully paid ordinary share in the issued capital of the Company. The terms of the February 2010 Options are set out in Annexure A to this Explanatory Memorandum. Assuming they are fully exercised, \$1,200,000 will be raised upon exercise of the February 2010 Options.

The maximum increase in Dr Bremner's voting power which would result from the acquisition of the shares issued as a result of the exercise of the February 2010 Options the subject of Resolution 4 is set out in the Table 1 below:

Table 1

	Total Shares on Issue	Shares Held by Dr Bremner	Percentage Voting Interest
Prior to Resolution 4 *	413,104,852	117,240,932	28.38%
If February 2010 Options are exercised in full *	425,104,852	129,240,932	30.40%

* The above assumes that no other shares are issued and no other options are exercised.

Independent Expert's Report

The Company has obtained an Independent Expert's Report in respect of the proposed acquisition of shares upon exercise of the February 2010 Options by Dr Bremner.

The finding of the Independent Expert is **fair and reasonable**. The Independent Expert's Report should be read in full and is set out in Annexure C. Shareholders should refer to the Independent Expert's Report and the matter set out in this Memorandum when considering how to vote on Resolution 4.

Resolution 5 – Approval to Issue Shares on Conversion of Convertible Note

The Company and La Jolla Cove Investors Inc. (a California corporation) ("La Jolla") have entered into a Securities Purchase Agreement effective 1 April 2010 ("the Purchase Agreement"), pursuant to which the Company may raise up to USD\$6,000,000 via the purchase by La Jolla (and/or its nominee/s) of up to four tranches of convertible notes from the Company at USD\$1,500,000 each. Upon the signing of the Purchase Agreement, La Jolla agree to purchase the first tranche of convertible notes and, subject to the terms of the convertible notes, make monthly payments of at least USD\$250,000 per month until the principal sum of the first tranche of convertible notes, being USD\$1,500,000, has been advanced to the Company. Subject to the terms of the Purchase Agreement La Jolla may, at its election, acquire further convertible notes in three additional tranches each at a further cost of USD\$1,500,000.

The arrangements with La Jolla were the subject of an announcement by the Company to ASX Limited on 12 April 2010, a copy of which is available from the ASX's website.

At the election of La Jolla, and subject to the terms of the Purchase Agreement and the terms of the convertible notes, the convertible notes may be converted into fully paid ordinary shares in the issued capital of the Company. Each convertible note has a maturity date of two years from payment by La Jolla of the first instalment drawn down. At the maturity date the unconverted principal sum, plus any unpaid interest, must be repaid to La Jolla, unless La Jolla has required the conversion of the note to shares.

Interest will accrue on the outstanding funded and non-converted principal amount of the convertible notes held by La Jolla at a rate of 4.75% per annum calculated daily and payable to La Jolla in cash on the 15th day of each month. Interest may, at La Jolla's election, be paid through the issue of ordinary shares in the issued capital of the Company. The exact number of shares issued to La Jolla in lieu of interest (if any) will be dependent on the extent to which La Jolla elects to receive shares in lieu of interest.

The ordinary shares issued on conversion of a convertible note, or in lieu of interest, shall be fully paid ordinary shares ranking equally with the Company's existing listed ordinary shares. The Company will apply to the ASX for admission of the shares issued for quotation on the ASX.

The number of ordinary shares to be issued to La Jolla on conversion of the convertible notes will be equal to the dollar amount of the principal value held by La Jolla in respect of the convertible notes (up to USD\$6,000,000 plus any unpaid interest) divided by the conversion price (in Australian dollars). The conversion price shall be equal to the lesser of:

- (a) AUD\$0.15 (fifteen Australian cents); or
- (b) 80% of the average of the 3 lowest daily VWAP (volume weighted average trading (closing) price) prices during the 21 trading days prior to the date of the notice from La Jolla electing to convert the convertible notes.

The exact number of shares which will be issued to La Jolla on conversion of the convertible notes, or in lieu of interest, is a function of the above formula and dependent on the balance of the principal value of the convertible notes held by La Jolla at the date of conversion. The exact number of shares issued will also be dependent on the currency exchange rate at the time of conversion. For the purposes of the approval sought in Resolution 5, the Company has made allowance for the issue of shares to La Jolla in lieu of interest on the convertible notes.

La Jolla is under no obligation to convert the convertible notes to ordinary shares, and the Company cannot compel the conversion of the convertible notes to ordinary shares. If La Jolla seeks to convert all or a portion of the convertible notes held at a time where the VWAP of the Company's ordinary shares is less than AUD\$0.04 (four Australian cents) (subject to variations or adjustment as set out below) ("Repayment Option Price") then, as an alternative to converting the convertible notes to shares the Company may, at its discretion, elect to repay the convertible notes plus any unpaid interest in cash. If the notes are repaid in this manner, the cash sum repaid must be equal to 120% of the outstanding principal value of the convertible notes and interest in recognition of the value of the shares La Jolla would otherwise have received if the convertible notes were converted.

outstanding principal value of the convertible notes and interest in recognition of the value of the shares La Jolla would otherwise have received if the convertible notes were converted.

The terms of the convertible notes provide that the Repayment Option Price may be varied below AUD\$0.04 (four Australian cents) in circumstances including:

- where an issue of securities is made by the Company for an issue price (or in the case of an option, with an exercise price) less than the Repayment Option Price, other than certain issues which are excluded including issues made to employees, directors or officers under a share plan approved by the Board and shares issued on exercise of options outstanding at the date of the Purchase Agreement; and
- in the event of the division or reorganisation of the capital of the Company.

The terms of the convertible notes prevent the conversion of any of the Convertible Notes in circumstances where the effect of the conversion would be to increase La Jolla's percentage beneficial holding in the issued capital of the Company above 9.99%. However, La Jolla may waive this restriction by notice to the Company.

The Purchase Agreement makes the issue of the Convertible Notes conditional upon the Company obtaining shareholder approval under to the issue of ordinary shares upon conversion pursuant to section 611 of the Corporations Act. Resolution 5 has been proposed to seek approval for the issue of shares, to La Jolla on conversion of the Convertible Note(s) pursuant to section 611 of the Corporations Act.

Corporations Act

Resolution 5 is a resolution under item 7 of the table in section 611 of the Corporations Act.

That provision of the Corporations Act is described in greater detail in the Explanatory Notes to Resolution 4 set out above.

At the date of this Memorandum, neither La Jolla nor any of its associates hold an interest in the issued capital of the Company. As noted above, La Jolla will only acquire a beneficial holding in the issued capital of the Company above 9.99% if it waives the beneficial ownership restriction contained in the terms of the convertible note.

If La Jolla waives this restriction, the issue of shares to La Jolla on conversion of the convertible notes, including the issue of shares in repayment of any interest accrued on a convertible note, may increase its percentage interest in the Company from a starting point below 20% to more than 20% which, if not approved, would breach Chapter 6 of the Corporations Act.

Resolution 5 has been proposed to approve the issue of fully paid ordinary shares issued on conversion of the convertible notes, and/or in lieu of interest thereon, for the purposes of Item 7 in the table of section 611 of the Corporations Act.

The exact number of shares which will be issued to La Jolla on conversion of the convertible notes, and/or in lieu of interest thereon, is a function of the conversion formula and dependent on the balance of the principal value of the convertible notes held by La Jolla at the date of conversion and, importantly, on the extent to which La Jolla elects to convert the convertible notes, and any interest accruing on the convertible notes, into shares (if at all).

The exact number of shares issued on conversion will also depend on the currency exchange rate at the time of conversion.

The number of shares for which shareholder approval is sought is based on a currency exchange rate of 80 US cents for every Australian dollar (i.e. USD\$0.80 = AUD\$1.00). The actual currency exchange rate at the date on which ordinary shares are issued to La Jolla will affect the exact number of shares issued.

If a convertible note with a principal value of USD\$1,500,000 (i.e. the first tranche of convertible notes), together with all interest on that convertible note, is converted to ordinary shares at conversion price of 3.6 Australian cents (AUD\$0.036) (being 80% of the Repayment Option Price) at an exchange rate of 80 US cents for every Australian dollar (i.e. USD\$0.80 = AUD\$1.00) the maximum increase in La Jolla's voting power in the Company would be as set out in Table 1 below:

Table 1

	Total Shares on Issue	Shares issued to La Jolla	Percentage Voting Interest
Prior to Resolution 5 [^]	413,104,852	Nil	0%
Issue of Shares on Conversion of Convertible Note*	471,698,602	58,593,750	12.42%
Issue of in lieu of interest accrued on Convertible Note *	476,687,402 ⁺	4,988,800	1.05%
Total[^]	476,687,402	63,582,550	13.34%

[^] The above assumes that no shares are issued and no other options are exercised.

* Assumes that La Jolla holds the maximum principal value amount of USD\$1,500,000 (being the total principal amount in respect of the first tranche of convertible notes).

+ Aggregated for shares that may be issued up to the final conversion date for the convertible note in lieu of interest in accordance with, and at the time and manner specified in, the terms of the convertible note.

For the purposes of identifying the maximum potential increase in La Jolla's voting power which may arise as a result of the conversion of all the potential convertible notes, it is necessary to assume convertible notes with a principal value of USD\$6 million, together with all interest on those convertible notes, is converted to ordinary shares at conversion price of 3.2 Australian cents (AUD\$0.032) (being 80% of the Repayment Option Price). For the purpose of the below calculations an exchange rate of 80 US cents for every Australian dollar has also been assumed (i.e. USD\$0.80 = AUD\$1.00). On this basis, the maximum increase in La Jolla's voting power which would result from the acquisition of the shares the subject of Resolution 5 is set out in the Table 2 below:

Table 2

	Total Shares on Issue	Shares issued to La Jolla	Percentage Voting Interest
Prior to Resolution 5 [^]	413,104,852	Nil	0%
Issue of Shares on Conversion of Convertible Notes*	647,479,852	234,375,000	36.20%
Issue of Shares in lieu of interest accrued on Convertible Notes (total)*	667,427,252 ⁺	19,947,400	2.99%
Total[^]	667,427,252	254,322,400	38.10%

[^] The above assumes that no shares are issued and no other options are exercised, prior to the issue of shares on conversion of the Convertible Notes.

* Assumes that La Jolla converts notes with the maximum principal value amount of USD\$6,000,000 (being the total principal amount in respect of the all tranches of convertible notes).

+ Aggregated for shares that may be issued up to the final conversion date for all convertible notes in lieu of interest in accordance with, and at the time and manner specified in, the terms of the convertible notes.

Resolution 5 has been proposed to seek approval for the acquisition by La Jolla of a relevant interest in the number of ordinary shares set out in Table 2 above.

As noted above, the actual currency exchange rate may vary and may affect the exact number of shares issued to La Jolla. The USD\$-AUD\$ historical exchange rate over the 120 days prior to the preparation of this Memorandum has ranged between approximately 86.5 US cents for every Australian dollar (i.e. USD\$0.865 = AUD\$1.00) and approximately 92.5 US cents for every Australian dollar (i.e. USD\$0.925 = AUD\$1.00). By way of example, if the currency exchange rate at the time of issue of the shares were 90 US cents for every Australian dollar (i.e. USD\$0.90 = AUD\$1.00) a maximum of approximately 226,064,000 shares would be issued to La Jolla on conversion of convertible notes with a principal value of USD\$6,000,000, including shares issued in lieu of interest on the basis described above, which would result in a maximum percentage voting interest of 35.37%. Further shareholder approvals for the transactions contemplated in Resolution 5 may be required in the event of substantial variation to the currency exchange rate which resulted in more shares being required to be issued upon conversion of notes or as payments of interest in lieu of cash.

Listing Rules

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. Exception 16 in Listing Rule 7.2 provides that where an issue of securities is approved for the purposes of item 7 of the table in section 611 of the Corporations Act that issue is excluded from Listing Rule 7.1. Resolution 5 is proposed for the purposes of obtaining approval to the issue of shares to La Jolla for the purposes of item 7 of the table in section 611 of the Corporations Act therefore, subject to obtaining approval under item 7 of section 611 of the Corporations Act, the issue will be excluded from the operation of Listing Rule 7.1.

Independent Expert's Report

The Company has obtained an Independent Expert's Report in respect of the proposed acquisition of Convertible Notes and the finding of the Independent Expert is **fair and reasonable**. The Independent Expert's Report should be read in full and is set out in Annexure C. Shareholders should refer to the Independent Expert's Report and the matter set out in this Memorandum when considering how to vote on Resolution 5.

Resolutions 6(a) and 6(b) - Issue of Options to Directors Mr Peter Francis and Mr Mel Bridges

Listing Rule 10.11 requires a company to obtain the approval of shareholders for issuing options to a related party of the Company. A related party includes a director of the Company. Passing Resolutions 6(a) and 6(b) will permit the directors named in the table below (or their nominees) to acquire options in the Company.

The table below sets out the number of shares and options in the Company held by directors who will acquire the shares and, subject to approval of Resolutions 6(a) and 6(b), the number of options those directors will receive.

Director and/or Nominee	Proposed Options to be Issued	Current Shares (directly and indirectly) Held	Current Options (directly and indirectly) Held
Mr Peter Francis	1,500,000	474,350	2,474,350
Mr Mel Bridges	1,500,000	200,000	1,333,333
Total	3,000,000	674,350	3,807,683

The terms of the options the subject of Resolutions 6(a) and 6(b) are set out in Annexure B (“Directors’ Option Terms”).

Each option the subject of Resolutions 6(a) and 6(b), has an exercise price determined by reference to the volume weighted average sale price (VWAP) of the Company’s shares for the 20 days period prior to the date on which the Company resolved, subject to shareholder approval, to issue the options. The Company resolved, subject to shareholder approval, to issue the options the subject of Resolutions 6(a) and 6(b) on 19 August 2009 and, using the above formula, has determined that the options have an exercise price of \$0.03 (3 cents) per option.

Each option the subject of Resolutions 6(a) and 6(b), shall have an expiry date of 19 August 2014, although the options may expire earlier upon the retirement, resignation or dismissal of the relevant director as provided for in item 1 of the Directors’ Option Terms set out in Annexure B. Upon exercise, the holder becomes entitled to acquire one (1) fully paid ordinary share in the issued capital of the Company.

The options shall be issued to the Directors no later than one month after the date of the General Meeting. The options shall be subject to the vesting conditions set out in item 3 of the Directors’ Options Terms set out in Annexure B. In summary, half the options will vest on issue with the balance vesting on the anniversary of the date of issue subject to the relevant directors’ continued engagement with the Company.

Shareholders should refer to Annexure B for the full terms of the options the subject of Resolutions 6(a) and 6(b).

ASX Listing Rule 7.1 requires the prior approval of shareholders in General Meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12 month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Therefore, by obtaining shareholder approval, the Company retains the ability to issue further shares or options of up to 15% of its ordinary shares under Chapter 7 of the ASX Listing Rules to take advantage of opportunities to obtain further funds if required and available in the future.

No funds will be raised by the issue of options the subject of Resolutions 6(a) and 6(b). If the options are exercised the funds received will be applied to working capital requirements of the Company at that time.

The directors subject to these Resolutions 6(a) and 6(b), because of their interest, make no recommendation in relation to these Resolutions 6(a) and 6(b).

Annexure A

Option Terms (Resolution 3 and Resolution 4)

The Options will be issued subject to the following terms:

- (a) The Options shall expire at 5:00pm Australian Eastern Standard Time on 10 April 2015 for the purposes of this Schedule C, ("the Option Expiry Date") and may be transferred at any time prior to the Option Expiry Date.
- (b) Once issued, the Options may be exercised at any time up to the Option Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company the appropriate option form together with payment of the relevant exercise price.
- (c) The exercise price for each Option shall be ten cents (\$0.10).
- (d) Ordinary Shares issued pursuant to the exercise of the Options will rank equally with the then issued Ordinary Shares of the Company.
- (e) There are no participating rights or entitlements interest in the Options to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, the Investor has the right to exercise its Options prior to the date of determining entitlements to any capital issues to the existing shareholders of the Company made during the currency of the Options.
- (f) In the event of any reconstruction (including any consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Options, the exercise price of the Options or both shall be reconstructed being conferred on the Investor which are not conferred on Shareholders.
- (g) Ordinary Shares issued pursuant to the exercise of Options will be allocated and issued not more than fourteen (14) days after the receipt by the Company of a properly executed exercise form and receipt of the application monies applicable thereto at the exercise price (set out in item (c) above) for each Option.
- (h) If there is more than one Option on a certificate and prior to the Option Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.

Annexure B

Option Terms (Resolutions 6(a) and 6(b))

Each Option to take up unissued shares ('Option') shall entitle the holder of the Option ('Option Holder') to subscribe for and be allotted one fully paid ordinary share ('Share') in Benitec Limited A.C.N. 068 943 662 ('Company') on the terms and conditions set out below:

1. Each option is exercisable at any time during the period ('Option Period') from date of issue and expiring at the earliest to occur of the following dates:

- (a) 5.00pm Australian Eastern Standard Time on 19 August 2014,
- (b) the date of retirement, resignation or dismissal from the position of director or other engagement or employment (if any) of the Option Holder with the consolidated entity (as defined in the Corporations Act) of Benitec Limited ('Consolidated Entity'); and

and PROVIDED THAT the limitations on the time of exercise of the Options set out above (excluding the limitations in paragraph 13) shall be subject to the overriding conditions that:

- (c) if retirement occurs after reaching the age determined by the Board to be normal retirement age or in any other circumstances with the approval of the Board, the Option Holder may exercise his or her options in full within 90 days after the date of retirement, or such other period, being not less than 90 days, as determined by the Board of Directors (in its sole and absolute discretion) immediately following the date of retirement; and
- (d) if resignation is due to ill health or accident or a dismissal is due to redundancy, or in any other circumstances with the approval of the Board, the Option Holder may exercise his or her options in full within 90 days after the date of the resignation or dismissal, or such other period, being not less than 90 days, as determined by the Board of Directors (in its sole and absolute discretion) immediately following the date of resignation or dismissal.

2. Subject to paragraphs 1 and 13, the Options may be exercised wholly or in part by giving notice in writing ('Notice of Exercise') to the Board at any time during the Option Period.

3. The Options vest as follows:

- (a) one half of the Options are exercisable on the date of issue;
- (b) the balance of the Options are exercisable on the anniversary of the date of issue;
- (c) the vesting of the Options are subject to continued engagement or employment with the Company. Where such engagement or employment ceases with the Company between the vesting period, the Options vest pro-rata over time;
- (d) in the event of termination for cause, no new options would vest; and
- (e) in the event of the Company being the subject of a successful takeover bid or change of control, any Options which have not yet vested to the Option Holders shall be exercisable immediately.

4. Notwithstanding paragraph 1, but subject to paragraph 13, if an Option Holder dies during the Option Period applicable to the Option Holder, the legal personal representative of the Option Holder may exercise all or any of the Options held at the date of death on behalf of the estate of the Option Holder PROVIDED THAT such exercise must be made anytime after the death of the Option Holder but not later than 90 days, or such other period, being not less than 90 days, as determined by the Board of Directors (in its sole and absolute discretion) immediately following the death of the Option Holder, after the date of granting of probate or

grant or letters of administration (as appropriate) or the Options will lapse and the amount paid to acquire the Options, if any, will be forfeited. Further, in the event the Option Holder dies during the Option Period, the Company has an obligation to inform the Option Holder's legal personal representative in writing, within 30 days after the date of granting of probate or grant or letters of administration (as appropriate), of his/her right to exercise the Options in accordance with terms of this clause.

5. In respect of the Options, the exercise price per Option (which is payable immediately upon exercise) is to be calculated using the 20 day VWAP for the 20 day period immediately prior to the date on which the Company's Board resolved, subject to necessary shareholder approvals, to issue the Options. VWAP is defined as the average of the daily volume weighted average sale price of Company's ordinary shares sold on ASX excluding any transactions defined as 'special' crossings prior to the commencement of normal trading, crossings during the after hours adjust phase and any overseas trades or exchange traded option exercises.
6. The Options are not capable of being transferred or encumbered by the Option Holder, and will immediately lapse if it is transferred or encumbered, unless it is transferred or encumbered:
 - (a) by force of law upon death to the Option Holder 's legal personal representative;
 - (b) upon bankruptcy to the Option Holder 's trustee in bankruptcy; or
 - (c) with the prior written approval of the Board.
7. On receipt by the Company of the Notice of Exercise and payment of the relevant Exercise Price, the Company must, within 14 business days (as defined in the Listing Rules of Australian Stock Exchange Limited) allot to the Option Holder one ordinary share in respect of each Option exercised by the Option Holder and despatch the relevant acknowledgment of issue as soon as is reasonably practicable.
8. Shares allotted on the exercise of any Options will rank equally in all respects with the then existing issued ordinary fully paid shares in the Company and will be subject to the provisions of the Constitution of the Company.
9. Adjustments to the number of Shares over which Options exist and/or the Exercise Price may be made as described in paragraph 11 to take account of changes to the capital structure of the Company by way of pro rata bonus issues. The Company agrees to notify all Option Holders and ASX Limited within 1 month after the record date of a pro rata bonus issue, of any adjustment to the number of Shares over which the Options exist and/or any adjustment to the Exercise Price.
10. Subject to paragraphs 9, 11 and 12, Options do not confer rights to participate in new issues of securities of the Company without exercising the option.
11. The method of adjustment for the purpose of paragraph 9 shall be in accordance with Listing Rules 6.22.2 and 6.22.3 of the Official Listing Rules of the Australian Stock Exchange Limited as it currently exists and which provides:
 - (a) Pro-Rata Cash Issues

Where a pro-rata issue (except a bonus issue) is made to the holders of fully paid ordinary shares in the Company, the Exercise price of an Option may be reduced according to the following formula:

$$O' = \frac{O - E[P-(S+D)]}{N+1}$$

where:

O'	=	the new exercise price of the option.
O	=	the Old exercise price of the option.
E	=	the number of underlying securities into which one Option is Exercisable.
P	=	the average market price per share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
S	=	the Subscription price for a security under the pro rata issue.
D	=	the Dividend (in the case of a trust, Distribution) due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
N	=	the Number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities of the Company, the number of securities over which the Option is exercisable may be increased by the number of securities, which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

12. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options or the exercise price of the Options or both will be reconstructed in accordance with the Listing Rules of ASX Limited applying at the time of the reconstruction.
13. All unexercised Options will lapse in the event of the liquidation of the Company.
14. The Company will apply to the ASX (and any other stock exchange on which the Shares in the Company are quoted and listed) for, and will use its best endeavours to obtain, quotation and listing of all Shares allotted on the exercise of any Options. The Company will not apply for quotation or listing of the Options on any stock exchange.
15. Subject to paragraph 13, each Option is personal to the Option Holder named on the front of the Option Certificate and is not transferable, transmissible or assignable PROVIDED THAT the personal representative of an Option Holder may on the death of that Option Holder exercise Options in accordance with paragraph 4.

11 May 2010

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

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

The independent directors of Benitec Limited ("Benitec" or "the Company") have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of:

- (a) the approval for the issue of new shares on exercise of 12,000,000 Benitec options held by Dr. Bremner ("Bremner"); and
- (b) the issue of four convertible notes, each with a face value of US\$1,500,000, to La Jolla Cove Investors Inc. (a Californian corporation)("La Jolla").

On 24 February 2010 Bremner subscribed for 12,000,000 fully paid ordinary shares at an issue price of \$0.03 each and each share had a free attaching option (exercise price of \$0.10 and expiry date of 10 April 2015). This placement raised \$360,000 that was required for working capital. Shareholders are now being asked to approve the issue of shares to Bremner upon exercise of the attaching 12,000,000 options.

If the Non-Associated Shareholders approve the issuance of shares upon exercise of the 12,000,000 options held by Bremner, then Bremner will be permitted to increase his voting power from 29.38% to 30.4% (prior to the La Jolla convertible note conversions).

On 12 April 2010 Benitec announced that it had signed a convertible note facility with La Jolla and the key terms of the notes are detailed in Appendix E-1. Approval of the La Jolla convertible note agreement will provide an initial loan US\$1,500,000 (US\$250,000 per month for the next 6 months) and thereafter three further tranches of US\$1,500,000, if La Jolla elects to acquire the further three convertible notes.

If the Non-Associated Shareholders approve the proposed convertible note transaction, La Jolla will be permitted to increase its voting power from nil up to 38.10% (prior to the Bremner option conversion).

The transactions, as set out in Section 2 below, are permitted by Section 611 of the Corporations Act 2001 ("the Act") provided they are agreed to by shareholders, other than those involved in the proposed transaction or persons associated with such persons (i.e. the Non-Associated Shareholders).

2. The Proposed Transactions

At the forthcoming General Meeting Benitec shareholders are being asked to approve six resolutions, however we are only required to report on resolutions numbered 4 and 5, which are as follows:

Resolution 4 - Bremner Transaction

“THAT, for the purposes of item 7 of the table in section 611 of the Corporations Act 2001 and for all other purposes, shareholders approve the acquisition by Dr Christopher Bremner (and/or his nominee) of relevant interests in up to 12,000,000 shares by the exercise of options having an exercise price of \$0.10 (10 cents) each and an expiry date of 10 April 2015 as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

Resolution 5 - La Jolla Transaction

“THAT, for the purposes of item 7 of the table in section 611 of the Corporations Act and for all other purposes, shareholders approve the issue of fully paid ordinary shares in the capital of the Company to La Jolla Cove Investors Inc (a Californian corporation) (and/or its nominees) upon conversion of the convertible notes issued pursuant to a Securities Purchase Agreement between the Company and La Jolla Cove Investors dated 1 April 2010, and/or in lieu of interest thereon, as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Meeting.”

The directors have requested DMR Corporate to prepare an independent expert’s report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Transactions are fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders. We have described these transactions as ‘the Proposed Bremner Transaction’ or the ‘Proposed La Jolla Transaction’ or collectively as ‘the Proposed Transactions’ throughout the remainder of this report.

The directors have requested DMR Corporate to independently assess whether the Proposed Transactions are fair and reasonable to the Non-Associated Shareholders.

3. Summary Opinions

3.1 The Proposed Bremner Transaction

In our opinion the Proposed Bremner Transaction is **both fair and reasonable**. Our principal reasons for reaching the above opinion are:

- a) after examining the potential changes in the underlying economic interests of Bremner and the Non-Associated Shareholders before and after The Proposed Bremner Transaction, we have concluded that it will not result in the Non-Associated Shareholders forgoing the opportunity of receiving a takeover bid and sharing in any premium for control of the Company.
- b) in Section 9 we examined a range of other significant factors that shareholders should consider prior to voting on the Proposed Bremner Transaction and we consider that the Proposed Bremner Transaction is reasonable as it gives Bremner additional flexibility in participating in capital raisings and the time during which options may be exercised. This could be of benefit to all shareholders if Benitec is in need of short term funding in the future.

3.2 The Proposed La Jolla Transaction

In our opinion the Proposed La Jolla Transaction is **both fair and reasonable**. Our principal reason for reaching the above opinion is:

- a) In Section 10.4 we determined that the effective cost of the La Jolla funding arrangements represents a discount of approximately 14.55% to the market price of the shares.

In Section 10.5 we determined that the average discount for capital raisings by biotechnology companies in Australia was 17.17%.

In our opinion the discount in the La Jolla capital raising of 14.55% is less than the average discount for other Australian biotechnology companies. On this basis we consider that the Proposed La Jolla Transaction is **fair**.

- b) in Section 12.2 we examined a range of other significant factors that shareholders should consider prior to voting on the Proposed La Jolla Transaction and we consider that the Proposed La Jolla Transaction is reasonable as it provides an adequate source of funding over the next two years.

4. Structure of this Report

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

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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:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point 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 Transactions, to fall within the exceptions, the acquisition must be:

- (a) an acquisition that increases a shareholder's voting power by not more than 3% in each 6 month period; or
- (b) an acquisition that results from an issue of securities that satisfies all of the following conditions:
 - a company offers to issue securities in a particular class;
 - offers are made to every person who holds securities in that class to issue them with the percentage of the securities to be issued that is the same as the percentage of the securities in that class that they hold before the issue;
 - all of those persons have a reasonable opportunity to accept the offers made to them;
 - agreements to issue are not entered into until a specified time for acceptances of offers has closed; and
 - the terms of the offers are the same; or
- (c) an acquisition approved in advance by a resolution passed at a general meeting of the company, subject to the applicable voting restrictions.

Benitec is seeking shareholder approval for the Proposed Transactions under Section 611 of the Act, as:

- (a) Bremner could increase his interests from 28.38% at the date of this report up to 30.4%; and
- (b) La Jolla could increase its interests from nil up to 38.10%.

- **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 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.

The Proposed Bremner Transaction will result in Bremner gaining an additional 2.02% interest in Benitec's voting power.

The Proposed La Jolla Transaction will result in La Jolla increasing its interests from nil to a maximum of 38.10%, and in this situation ASIC Regulatory Guide 111 requires that the Proposed La Jolla 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 as follows:

Proposed Bremner Transaction

- Fairness - the Proposed Bremner Transaction is "fair" if Bremner does not increase his effective control over Benitec in circumstances where the Non-Associated Shareholders may forgo the opportunity of receiving a takeover bid and sharing in any 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.

Proposed La Jolla Transaction

- Fairness - the Proposed La Jolla Transaction is "fair" if the effective price paid for the Benitec shares by La Jolla represents a reasonable discount to their market price;

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 Bremner Transaction is fair and reasonable, is summarised as:

- (i) In determining whether the Proposed Transaction is fair, we have examined the potential changes in the underlying economic interests of Bremner and the Non-Associated shareholders in order to determine whether the Proposed Bremner Transaction may result in the Non-Associated Shareholders forgoing the opportunity of receiving a takeover bid and sharing in any premium for control.
- (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 Bremner Transaction.

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

- (i) In determining whether the Proposed Transaction is fair, we have:
 - valued the consideration paid/payable by La Jolla;
 - determined the discount to market value that is imputed in the transaction;
 - compared the discount to other discounts in similar capital raisings to determine if the discount was reasonable; and
 - considered the impact on the voting power of Benitec.
- (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 La Jolla Transaction.

6. Benitec - Key Information

6.1 Background

Benitec is a biotechnology company founded in 1997 to commercialise research from Queensland's Department of Primary Industries. Benitec is one of the pioneers of RNA interference (RNAi) technology, which can be used to precisely destroy RNA viruses and silence the expression of defective genes. Benitec's ongoing goal is to generate value through the commercialisation of ddRNAi in the area of human therapeutics.

Benitec's vision is to be an internationally competitive company dedicated to the development of treatments for serious human diseases including infectious diseases, neurological disorders, cancer and autoimmune diseases, through leadership in RNAi technologies and strategic partnerships with leading biopharmaceutical companies and research organisations globally.

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

Following the conclusion of Benitec's successful patent litigation against Nucleonics Inc in April 2008, Benitec is continuing to pursue the re-examination of its Graham '099 patent (90/007,247) application in the United States. Parts of this application have been allowed already and the remainder are currently under review by the US Patent Office.

In January 2010 the Company announced that it had signed an agreement with Australia's Commonwealth Scientific and Industrial Research Organisation ("CSIRO") for the termination of the Capital Growth Agreement and the Commercial Agreement in exchange for Benitec issuing the CSIRO with a 10% interest in Benitec's share capital. This agreement has cleared an outstanding issue that has been detrimental to Benitec's past capital raisings and market support.

In February 2010 Benitec's licensee company (Tacere Therapeutics, Inc.) announced that Pfizer had exercised its option under the collaboration and licence agreement to further develop and commercialise Tacere's Hepatitis C Virus compounds.

In other areas of operations, the City of Hope collaboration programs are continuing.

6.2 Share Capital and Capital Raisings

6.2.1 Share Capital

As at the date of this report Benitec had on issue 413,104,852 fully paid ordinary shares. The major shareholders of Benitec on 16 March 2010 are presented in Appendix A-1. As at that date, the top 20 shareholders held 62.06% of the issued ordinary capital of Benitec.

Benitec also has 158,072,913 options on issue of which 102,755,822 (56,081,915 BLTOA class and 46,673,907 BLTO class) options are listed – Appendices A-2 and A-3 include the top 20 holders of listed options in each class.

6.2.2 Capital Raisings

Over the past 16 months Benitec has announced the following capital raisings:

- (a) February 2009 – the issue of 13,222,222 fully paid ordinary shares with 13,222,222 unlisted options (exercise price \$0.10 and expiry date of 31 December 2012) - \$595,000.
- (b) 1 April 2009 - Rights Issue – 1 new share for every 3.142 shares held at \$0.03 each together with 1 new option for every 1 new share (exercise price \$0.10 and expiry date of 8 April 2014). The Rights issue was not underwritten and would have raised \$3,000,000 if fully subscribed.

On 4 May 2009 Benitec announced that acceptances had been received for 35,539,554 shares and the Company raised \$1,086,187. The directors reserved the right to place the remaining 64,460,446 shortfall.
- (c) 18 May 2009 - Issue of 503,973 shortfall shares and options to raise a further \$15,119.
- (d) 27 May 2009 - Issue of 1,247,380 shortfall shares and options to raise a further \$37,421.
- (e) 12 June 2009 - Issue of 1,010,000 shortfall shares and options to raise a further \$30,300.
- (f) 2 July 2009 - Issue of 1,200,000 shortfall shares and options to raise a further \$36,000.
- (g) 31 July 2009 - Issue of 7,173,000 shortfall shares and options to raise a further \$215,190.
- (h) 25 February 2010 – Issue of 12,000,000 shares and options to raise \$360,000.

6.3 Balance Sheets

Benitec's audited balance sheets as at 30 June 2008 and 2009 and the reviewed balance sheet as at 31 December 2009 are set out in Appendix B.

6.4 Operating Performance

Benitec's audited income statements for the financial years ended 30 June 2008 and 2009 and the reviewed income statement for the six months ended 31 December 2009 are set out in Appendix C.

6.5 Cash Flow Statements

Benitec's audited cash flow statements for the financial years ended 30 June 2008 and 2009 and the reviewed cash flow statement for the six months ended 31 December 2009 are set out in Appendix D.

7. Valuation of Benitec Shares

7.1 Value Definition

DMR Corporate's valuation of Benitec has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- asset based methods;
- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- comparable market transactions; and
- alternate acquirer.

7.3 Asset Based Methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net Assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

The net assets of Benitec as at 31 December 2009 as per the reviewed financial statements were \$539,046 - Appendix B. Based on the issued capital of 360,873,230 fully paid ordinary shares as at 31 December 2009, this equates to a net asset backing of \$0.0015 per share.

Since 31 December 2009 there have been the following capital movements - New Star Ventures Limited \$5,515 (issuance of 134,596 shares) and Dr Bremner \$360,000 (issuance of 12,000,000 shares and the termination of the CSIRO agreements (issuance of 40,231,622 shares). The CSIRO shares were 'fair valued' at \$1,875,000 and this sum was debited to Intangible assets. Following these transactions there are 413,104,852 shares on issue and the pro forma net assets have increased to \$2,779,561 (including \$1,875,000 of intangibles) and this equates to a net asset backing of \$0.0067 per share.

We have concluded that the value of a Benitec share, based on the net asset backing valuation methodology was \$0.0015 as at 31 December 2009 and \$0.0067 as at 25 March 2010.

(b) Orderly Realisation of Assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

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 are still being developed and the full potential of these assets would not be realised through an orderly realisation of the assets.

(c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as Benitec has significant intellectual property and it is still capable of raising equity as and when it is required.

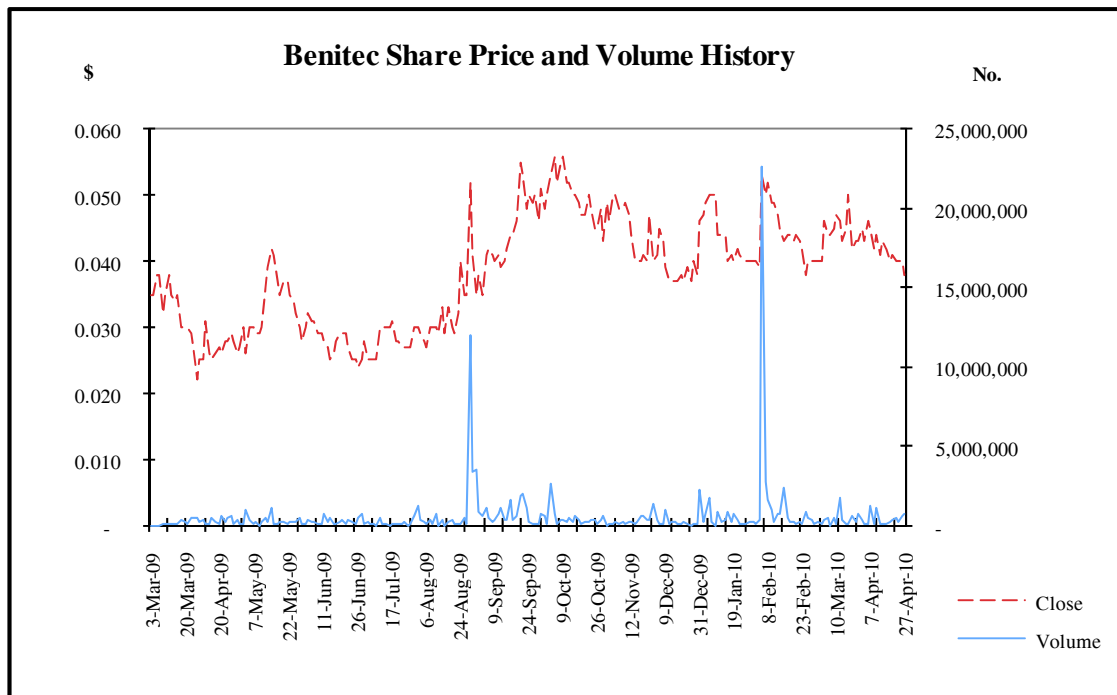
7.4 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares.

A table of the share price history of Benitec from 1 March 2009 to 28 April 2010 is as follows:

Month	Share Price			Volume	Value
	High	Low	Average		
	\$	\$	\$		\$
2009					
March	0.038	0.020	0.028	2,110,643	59,971
April	0.031	0.025	0.027	3,543,597	94,911
May	0.046	0.026	0.034	5,198,726	175,651
June	0.032	0.022	0.027	4,930,999	134,764
July	0.032	0.025	0.028	1,752,735	49,175
August	0.060	0.027	0.046	17,288,507	787,880
September	0.057	0.034	0.043	20,450,753	879,529
October	0.060	0.043	0.051	9,379,689	477,677
November	0.050	0.038	0.042	4,792,558	202,289
December	0.045	0.036	0.038	2,030,810	77,813
2010					
January	0.053	0.039	0.045	8,701,040	393,685
February	0.090	0.038	0.051	34,978,340	1,768,250
March	0.056	0.040	0.044	5,810,615	256,714
April 1-28	0.046	0.038	0.042	5,298,831	223,984
				<u>126,267,843</u>	<u>5,582,295</u>

and graphically as:



We comment on the above table and graph below:

Share Volumes

The total volume of shares traded was 126,267,843 and this equates to approximately 31% of the shares currently on issue. As the period represented above is approximately 14 months, this indicates that the stock is moderately liquid. On 5 February 2010 there were 22,665,311 shares traded following an ASX announcement that 'Benitec Licensee achieves a significant milestone with Pfizer'. As Benitec management cannot trace the majority of these sellers or buyers through the share register, we have attributed the increase in sales on 5 February 2010 to day traders.

Share Prices

The share price during the period depicted has ranged from a low of \$0.02 on 27 March 2009 to a high of \$0.09 on 5 February 2010. We noted that the high share price of \$0.09 occurred on 5 February 2010 when there were 22,665,311 shares traded. On the 5 February 2010 the price varied from a low of \$0.05 to a high of \$0.09 and closed at \$0.053. On the following trading day the price had fallen to a range of \$0.046 to \$0.055.

The volume weighted average price (“VWAP”)(based on closing prices) for the 90-day period ended 28 April 2010 was \$0.049 per share on a volume of 46,238,477 shares, the 60-day VWAP was \$0.043 on a volume of 11,109,446 shares and the 30-day VWAP was \$0.042 per share on a volume of 6,814,100 shares.

If the 5 February 2010 trading was removed from the VWAP calculations then the 90-day VWAP was \$0.045.

Summary – Share Price History

Based on the above information and the issue of shares since 31 December 2009, we have formed the opinion that the Benitec shares have a market value in a range of \$0.043 to \$0.045 per share – mid point \$0.0443.

7.5 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.

7.6 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 2010 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.

7.7 Comparable Transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

We are not aware of any rules of thumb that may be applied to a valuation of Benitec and

there are no directly comparable companies specialising in the RNA technology area. For this reason we consider that this valuation methodology is not an applicable valuation methodology to use to value Benitec.

7.8 Alternate Acquirer

The value that an alternative offeror may be prepared to pay to acquire Benitec is a relevant valuation methodology to be considered.

We are not aware of any alternative offer for Benitec and we can see no reason as to why an offer would be initiated at this time.

7.9 Conclusion

The applicable valuation methodologies are summarised as:

VALUATION METHODOLOGY	Low Per Share	High Per Share
Net Assets	\$0.0067	\$0.0067
Share Price History	\$0.043	\$0.045

Having regard to the results of the applicable valuation methodologies, we consider that the share price valuation methodology is the most appropriate methodology to use to value Benitec. We have therefore valued the Benitec shares in a range of \$0.043 to \$0.045 per share – say \$0.0443 per share.

8. Evaluation of the Proposed Bremner Transaction

- 8.1 In February 2010 Bremner subscribed \$360,000 and received 12,000,000 fully paid ordinary shares (\$0.03 per share) in the capital of the Company and 12,000,000 options to acquire one fully paid share in the issued capital of the Company having an exercise price of \$0.10 each and an expiry date of 10 April 2015.
- 8.2 The Proposed Bremner Transaction is to approve the issue of up to 12,000,000 shares to Bremner upon exercise of part or all of the 12,000,000 options received by him in February 2010 as an integral part of the February capital raising.
- 8.3 ASIC RG 111.10 states that a transaction is ‘fair’ if the value of the consideration is equal to or greater than the value of the securities the subject of the offer. In this instance Bremner is not receiving any new securities nor is he paying any monies. The shareholders are simply being asked to approve the issue of shares to Bremner if and when he exercises his options and pays the exercise price of \$0.10 per share.

Bremner is receiving the flexibility, which may enable him to participate in new placements or exercise his options without the present legal restriction, which limits any increase in his voting power in Benitec to a maximum of 3% in any six-month period.

We do not consider that it is possible to value this right or flexibility and for this reason we have adopted the following definition of fairness to enable us to evaluate the fairness of the Proposed Bremner Transaction:

“the Proposed Bremner Transaction is “fair” if Bremner does not increase his effective control over Benitec in circumstances where the Non-Associated Shareholders may forgo the opportunity of receiving a takeover bid and sharing in any premium for control.”

8.4 The relative interests of Bremner and the Non-Associated Shareholders in Benitec before and after Resolution 4 are as follows:

	Total Shares on Issue	Shares Held by Bremner	Percentage	Shares Held by Non-Associated Shareholders	Percentage
Prior to Resolution 4	413,104,852	117,240,932	28.38%	295,863,920	71.62%
Issue of Shares to Bremner on exercise of options	12,000,000	12,000,000	2.02%	-	-
Total – after Resolution 4	<u>425,104,852</u>	<u>129,240,932</u>	<u>30.40%</u>	<u>295,863,920</u>	<u>69.60%</u>

8.5 If the Non-Associated Shareholders approve Resolution 4, then Bremner will have the right to convert the 12,000,000 options into shares, on payment of the \$0.10 exercise price, at any time up to the date of expiry on 10 April 2015 without having to utilise the Act’s 3% creep provisions in any six month period.

9. Assessment as to Fairness and Reasonableness of the Proposed Bremner Transaction

9.1 We extrapolated the potential changes to the economic interests of Bremner and the Non-Associated Shareholders in Section 8.4 above and we do not consider that the increase of 2.02% in Bremner’s interests in the Company may impact on the opportunity of the Non-Associated Shareholders receiving a takeover bid and sharing in any premium for control of the Company.

As the Proposed Bremner Transaction may not impact on the opportunity for the Non-Associated Shareholders to receive a takeover bid and share in any premium for control of the Company, we consider that the Proposed Bremner Transaction **is fair**.

9.2 Prior to deciding whether to approve or reject the Proposed Bremner Transaction the shareholders should consider the following significant factors:

- in Section 9.1 above we concluded that the Proposed Bremner Transaction is fair.
- Bremner already holds the 12,000,000 options and he is not gaining a new security or asset through the Proposed Bremner Transaction.
- the Proposed Bremner Transaction does however give Bremner a greater degree of flexibility in managing the dates when he can participate in new capital raisings and the exercise of his options.
- Bremner has been a substantial shareholder for many years and his participation in capital raisings and placements over the last few years has enabled the Company to continue operating at its existing levels whilst capital has been almost impossible to raise from other sources. In the April 2009 Rights issue Bremner subscribed for his entire entitlement and his \$762,000 represented approximately 70% of all acceptances.

- when Bremner exercises his options the Non-Associated Shareholder interests will be diluted.
- if the Non-Associated Shareholders do not approve Resolution 4, then Bremner may rely on the 3% creep provisions of the Act that would enable him to increase his interests by 3% in any six-month period and the Non-Associated Shareholder interests would be diluted anyway.
- on exercise of the 12,000,000 Bremner options, Benitec will receive a capital injection of \$1,200,000, however this will only occur if the Benitec share price exceeds \$0.10 per share, otherwise we would expect Bremner to allow the options to lapse.

9.3 After considering all of the above matters we consider that the Proposed Bremner Transaction is **both fair and reasonable**.

10. Evaluation of the Proposed La Jolla Transaction

10.1 The convertible notes are debt instruments and they incorporate an option to convert the loan, plus accrued interest, into Benitec shares at any time during the life of the convertible note.

For the purposes of the evaluation of fairness in this report we have based our calculations on the Tranche 1 monies of US\$1,500,000 that will be received and no allowances have been made for the time value of money as we cannot estimate when the accrued interest and principal sum may be converted into shares.

10.2 Convertible Notes – Debt Instrument with an Option

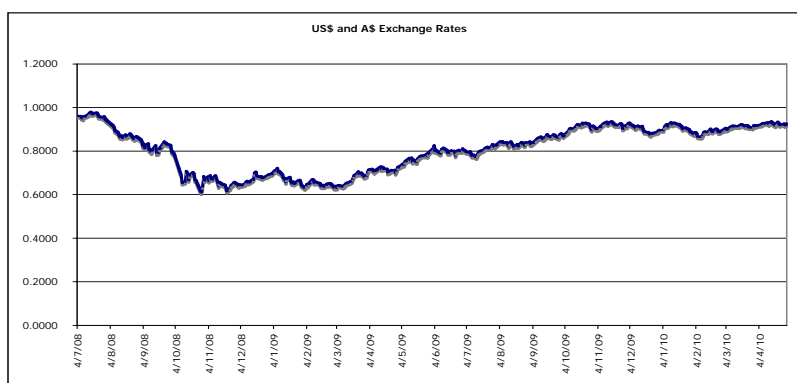
10.2.1 The first convertible note of US\$1,500,000 has been committed by La Jolla and it will provide US\$250,000 per month for the first six months of the 2-year life of the convertible note. Subject to the terms of the Securities Purchase Agreement, La Jolla may, at its election, acquire further convertible notes in three additional tranches each at a further cost of US\$1,500,000.

10.2.2 The convertible notes have a 4.75% interest rate calculated on a daily basis and payable monthly.

Given Benitec's financial position, we have concluded that the above arrangements provide funding to Benitec at a discount to normal commercial terms. In our opinion we consider that a commercial loan, if it could be arranged, would be at a rate of approximately 14% - 15% per annum – mid point 14.5%. If we compared a 14.5% interest rate to the convertible note rate of 4.75%, the difference represents interest that is being foregone by La Jolla.

Tranche 1 – US\$1,500,000	4.75%	14.50%	Difference
Daily interest accrued on a daily basis over 24 months	US\$127,730	US\$389,913	US\$262,183
Converted to A\$ at a rate of US\$1.00:A\$0.90	A\$141,922	A\$433,236	A\$291,314
Converted to A\$ at a rate of US\$1.00:A\$0.80	A\$159,662	A\$487,391	A\$327,729

We have reviewed the following graph of exchange rates and we have decided to use an exchange rate of US\$1.00:A\$0.80 throughout the remainder of this report as that is, in our opinion, the lowest exchange rate (and hence the maximum number of shares) that may reasonably be expected to apply to the transaction.



10.3 Valuation of the Option Component

10.3.1 A component of the convertible note is a call option over Benitec shares with an exercise price of \$0.1875. This exercise price is the price at which a 20% discount would be equal to the maximum conversion price of \$0.15 per the convertible note.

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

- current stock price - \$0.0443 per share – as per Section 7.4 above
- strike price - \$0.1875
- risk free interest rate – 4.915% - based on Treasury bonds
- volatility – 65% - refer below
- option expiry date – 1 June 2012

Volatility - Benitec's volatility factor as per the Australian Graduate School of Management – Centre for Research in Finance Risk ("CRIF") Measurement Service statistics for the December 2009 quarter was 101.2%. We consider that this volatility factor is too high to value the options so we have obtained the following data in respect of a basket of comparable companies:

Company	Market Capitalisation \$m	Volatility Factor %
Starpharma (SPL)	165	47.8
Avexa (AVX)	131	70.7
Bionomics (BNO)	119	46.4
Antisense (ANP)	32	58.9
Genetic Technologies (GTG)	16	68.6
Progen (PGL)	14	63.7
Benitec (BLT)	14	101.2
Viralytics (VLA)	13	50.9
Biotron (BIT)	11	56.5
Average		62.7
Median		58.9

Having considered the above information we have used a volatility factor of 65% in our Black-Scholes option pricing calculations.

10.3.3 We have determined the number of options issued and the value of the options as:

Tranche 1 Capital US\$	Tranche 1 Exchange Rate	Tranche 1 Australian Dollars	Tranche 1 Maximum Conversion Price	Tranche 1 Number of Options	Tranche 1 Value of the option
1,500,000	US\$1.00:A\$0.90	1,666,667	\$0.15	11,111,111	\$26,210
1,500,000	US\$1.00:A\$0.80	1,875,000	\$0.15	12,500,000	\$29,486

10.3.4 Based on the Black Scholes Model inputs above we have determined the value of one option as \$0.002359 and we have applied this valuation to the shares that may be issued to La Jolla to determine a value of the call option imbedded in the convertible notes.

10.4 Cost of the La Jolla Investment and Determination of the Discount on Conversion

10.4.1 The cost of the Tranche 1 US\$1,500,000 convertible note to La Jolla is represented as:

Exchange Rate	Australian Dollars	Interest @ 14.5% ¹ A\$	Interest @ 4.75% A\$	Foregone Interest A\$ ²	Option Valuation A\$	Total Cost A\$
US\$1.00:A\$0.90	1,666,667	433,236	141,922	291,314	26,210	1,931,771
US\$1.00:A\$0.80	1,875,000	487,391	159,662	327,729	29,486	2,173,243

10.4.2 Having calculated the theoretical costs of the Tranche 1 convertible note in the above table, we then determined the effective discount that La Jolla is receiving on the issue of the Benitec shares. The convertible note stipulates that the issue price of the shares will be at 80% of the average of the 3 lowest daily VWAP's (based on closing prices) during the 21 trading days prior to the date of the notice from La Jolla electing to convert the convertible notes.

This effectively results in a discount of 20% on the face value of the share price, however it does not take into account the cost of the foregone interest (say A\$291,314 to A\$327,729) nor the benefit received through holding the option (say A\$26,210 to A\$29,486). We have taken both of these additional factors into account and determined that the effective discount to the VWAP is 14.55%.

10.5 Recent Capital Raisings of Biotech Companies in Australia

The following table sets out the discount to trading prices offered in share placements, share purchase plans and rights issues by Australian biotechnology companies in the past 24 months.

¹ Interest rate as determined by DMR Corporate in Section 10.2.2 above.

² Difference between the interest calculated at 14.5% and 4.75%.

Company	Date Issue Announced	Issue Price	Trading Price Prior to Announcement	Issue Price Discount to Trading Price
Bone Medical Ltd	31/10/2008	\$0.25	\$0.30	16.67%
Bone Medical Ltd	26/3/2009	\$0.25	\$0.25	Nil
ChemGenex Pharmaceuticals Ltd	27/5/2009	\$0.43	\$0.50	14.00%
ChemGenex Pharmaceuticals Ltd	9/4/2009	\$0.43	\$0.52	17.31%
OBJ Ltd	14/10/2008	\$0.005	\$0.009	44.44%
Rockeby Biomed Ltd	30/9/2008	\$0.067	\$0.080	15.63%
Solagran Ltd	29/10/2008	\$0.200	\$0.225	11.11%
Starpharma Holdings Ltd	18/11/2009	\$0.52	\$0.576	9.70%
Viralytics Ltd	13/3/2009	\$0.04	\$0.04	Nil
Viralytics Ltd	July 2009 *			18.00%
Avexa Limited	25/3/2009	\$0.07	\$0.09	26.00%
Avexa Limited	29/5/2009	\$0.07	\$0.11	37.00%
Avexa Limited	30/11/2009	\$0.14	\$0.20	32.00%
Genetic Technologies Limited	14/4/2010	\$0.04	\$0.04	Nil
Biotron Limited	24/2/2009	\$0.08	\$0.09	15.70%
Source: BDO Kendalls & DMR Corporate data bases		Maximum discount		44.44%
		Average discount		17.17%

* Convertible Note funding of US\$6 million over 2 years with shares being issued at an 18% discount to VWAP.

The discount to the observed trading prices immediately prior to the capital raisings was in range of nil to 44.44% with an average discount of 17.17%.

11. Control Premium

- 11.1 A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 25% to 35% above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.
- 11.2 The relevant shareholding percentage interests in Benitec before and after the Proposed La Jolla Transactions are as follows:

	Total	Non-Associated Shareholders	%	Bremner	%	La Jolla	%
Per December 2009 accounts	360,873,230	255,632,298	70.84%	105,240,932	29.16%		
CSIRO	40,097,026	40,097,026		-			
NewStar Ventures	134,596	134,596		-			
Bremner -24 Feb 2010	12,000,000	-		12,000,000			
Shares on Issue - 30 April 2010	413,104,852	295,863,920	71.62%	117,240,932	28.38%		
La Jolla - Tranche 1	58,593,750					58,593,750	
	471,698,602	295,863,920	62.72%	117,240,932	24.86%	58,593,750	12.42%
La Jolla - interest on Tranche 1	4,988,800					4,988,800	
	476,687,402	295,863,920	62.72%	117,240,932	24.86%	63,582,550	13.34%
La Jolla - Tranche 2	58,593,750					58,593,750	
	535,281,152	295,863,920	62.72%	117,240,932	24.86%	122,176,300	12.42%
La Jolla - Tranche 3	58,593,750					58,593,750	
	593,874,902	295,863,920	62.72%	117,240,932	24.86%	180,770,050	30.44%
La Jolla - Tranche 4	58,593,750					58,593,750	
	652,468,652	295,863,920	62.72%	117,240,932	24.86%	239,363,800	36.69%
La Jolla interest Tranches 2 to 4	14,958,600					14,958,600	
	667,427,252	295,863,920	62.72%	117,240,932	24.86%	254,322,400	38.10%

- 11.3 Under the terms of the Proposed La Jolla Transaction, La Jolla may obtain an interest of up to 38.10% if all of the convertible notes and accrued interest were redeemed at the minimum price of \$0.032 over the next three and a half years. We consider that this is unlikely as the share price should rise over this period and if this occurs then La Jolla will hold a lower number of shares than the 254,322,400 as stated in the above table.

Assuming that no other changes in the share register take place, the second largest shareholder will be Bremner who will hold a 24.86% interest prior to the exercise of any of his options.

- 11.4 Taking all of the above factors into account we consider that La Jolla may hold significant influence over Benitec, however we do not consider that La Jolla will control the Company. On this basis we do not consider that La Jolla should be paying a premium for its interests in Benitec.

12. Assessment as to Fairness and Reasonableness of the Proposed La Jolla Transaction

- 12.1 In Section 10.4 above we determined that the effective cost of the La Jolla funding arrangements represents a discount of approximately 14.55% to the market price of the shares.

In Section 10.5 above we determined that the average discount for capital raisings by biotechnology companies in Australia was 17.17%.

In our opinion the discount in the La Jolla capital raising of 14.55% is less than the average discount for other Australian biotechnology companies. On this basis we consider that the Proposed La Jolla Transaction is **fair**.

12.2 Prior to deciding whether to approve or reject the Proposed La Jolla Transaction the shareholders should consider the following significant factors:

- we concluded that the Proposed La Jolla Transaction is fair.
- the La Jolla convertible note funding package will provide Benitec with approximately \$6 million over the next 2 years. These funds will be used to continue operating, pursuing its patent portfolio and the re-examination of the Graham '099 patent application by the US Patents Office and the collaboration with the City of Hope projects. A capital raising of a similar scale to the La Jolla funding proposal may not otherwise be available to Benitec at the current time through debt or equity placements.
- the Company's cash on hand as at 31 March 2010 would only fund the business for the next 4 to 5 months given the current burn rate of approximately \$165,000 per month.
- the face value of the convertible notes is denominated in US dollars. When funds are drawn down through the note facility, they will be converted from US dollars to Australian dollars at the exchange rate prevailing at the time of the draw down. Consequently Benitec is exposed to movements in the Australian/US dollar exchange rate.
- if La Jolla elects to convert its convertible notes (and accrued interest) into Benitec shares then the Non-Associated Shareholder interests will be diluted.
- the convertible notes are effectively loans made by La Jolla to Benitec and if La Jolla does not convert the loan funds to equity then Benitec will have to repay the convertible notes in 2 years time from the date of the first drawn down. If Benitec is unable to repay these loans then La Jolla may take action that may result in the winding up of the Company. The issue of the convertible notes would provide La Jolla with certain rights that would rank La Jolla ahead of equity holders in the event that Benitec is wound up.
- if La Jolla elects to convert its convertible notes and accrued interest into Benitec shares throughout the life of the note then they may end up holding a significant number of Benitec shares. La Jolla could sell these shares on the ASX and this may depress the trading prices of the Benitec shares if there are an insufficient number of buyers to absorb the quantities sold.
- If the Australian dollar depreciates against the US dollar to below US\$1.00:A\$0.80, La Jolla takes up the remaining tranches of the convertible notes and La Jolla converts all of the convertible notes and accrued interest into Benitec shares then La Jolla could end up holding more than 38.10% of Benitec's voting power.

12.3 After considering all of the above matters we consider that the Proposed La Jolla Transaction is **both fair and reasonable**.

13. Financial Services Guide

13.1 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.

13.2 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.

13.3 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.

13.4 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

13.5 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 Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 132 issued by ASIC on 30 October 2007.

13.6 Remuneration

DMR Corporate is entitled to receive a fee of \$18,000 for the preparation of this report. We were also involved in the preparation of an earlier report for a proposed transaction that was cancelled and our fees in respect of that assignment were \$20,000. 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.

13.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides 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 16 March 2010**

Name	Number of Fully Paid Ordinary Shares
Dr Christopher Bremner	117,240,932
Anziex Nominees Pty Limited	21,000,000
CSIRO	20,048,513
Sigma-Aldrich Pty Limited	19,531,250
Citicorp Nominees Pty Limited	17,132,589
Promega Corporation	12,996,339
ANZ Nominees Ltd <Cash Income A/C>	7,910,293
HSBC Custody Nominees (Australia) Ltd	7,092,043
National Nominees Ltd	4,873,756
Mr Jeffrey Connor	4,000,000
UBS Wealth Management Australia Nominees Pty Ltd	3,656,653
Mr Trevor Gregory Burke	3,362,144
Kanilo Pty Limited	2,800,000
Mr Andrew David Macknamara	2,585,000
Deponent Services Pty Ltd <Lambert Super Fund A/C>	2,489,641
Done Nominees Pty Limited <Done Super Plan>	2,292,515
Clifton Garages Nominees Pty Ltd <Clifton Garages Nom Unit A/C>	2,141,712
Mr John Alexander Hunt & Mrs Irene Lucy May Hunt <J & I S/F A/C>	1,779,091
Feta Nominees Pty Limited	1,736,124
Dr Warna Karunasena + Mrs Alankarage Sriyani Karunasena	1,720,230
	<u>256,388,825</u>
The percentage of the total holding of the twenty largest holders of ordinary shares was 62.06%	
Source: Share register as at 16 March 2010	

Benitec Limited

20 Largest Holders of Listed Options as at 18 March 2010

ASX: BLTOA

Name	Number of Options
Dr Christopher Bremner	19,969,200
Anziex Nominees Limited	11,000,000
Arkwright Developments Pty Ltd <Findlay Fund Account>	7,496,440
ANZ Nominees Limited <Cash Income A/C>	4,008,504
Dr Warna Karunsena & Mrs Alankarage Sriyani Karunsena	911,820
UBS Wealth Management Australia Nominees Pty Ltd	671,135
Mr David Burton Gibson	653,883
Mrs Jennifer Mollett	500,000
Mr Ian Horrocks & Mrs Jenni Lightowers <Lightowers Family Super A/C>	474,350
Clifton Garages Nominees Pty Ltd <Clifton Garages Nom Unit A/C>	462,663
Fitel Nominees Limited	454,545
Mr John Alexander Hunt & Mrs Irene Lucy May Hunt <J & I Hunt Super Fund A/C>	375,758
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
International Business Network (Services) Pty Ltd	200,000
Aerofen Pty Ltd <Hoole Super Fund A/C>	182,300
HSBC Custody Nominees (Australia) Limited	164,654
	<u>41,736,647</u>

Listed options BLTOA on issue expiring on 3/4/2011 (Exercise price \$0.15) – 56,081,915

The percentage of the total holding of the twenty largest holders of listed options was 86.84%

Source: Benitec Option Register 18 March 2010

Benitec Limited

20 Largest Holders of Listed Options as at 18 March 2010

ASX: BLTO

Name	Number of Options
Dr Christopher Bremner	25,408,240
Mr Jeffrey Connor	4,000,000
Citicorp Nominees Pty Limited	2,080,368
Mr Ian Domaille	1,666,000
Mr Mathew Burford	1,550,000
Dr David Burton Gibson	1,259,959
Goffacan Pty Ltd	800,000
Mr Ahmet Aykenar	600,000
Ms Seiko Furuse & Mr Savas Turem	592,620
Resolute Securities Pty Ltd <Blue Family Super Fund A/C>	480,942
Dr Warna Karunasena + Mrs Alankarage Sriyani Karunasena	425,982
Goffacan Pty Ltd <KMM Family A/C>	400,000
Mr Flara Raffoul	316,382
HSBC Custody Nominees (Australia) Limited	295,772
Mr Adam Mathew Philippe	241,000
Queenstown Unlimited Limited	240,268
UBS Nominees Pty Ltd <TP 00014 15 A/C>	240,000
ANZ Nominees Limited <Cash Income A/C>	215,406
Mr Simon John Moran & Mrs Christine Joyce Moran <Wirrilda Super Fund A/C>	186,708
Mr Aidan Moore	152,999
	<u>41,152,646</u>

Listed options BLTOB on issue expiring on 8/4/2014 (Exercise price \$\$0.10) – 46,673,907

The percentage of the total holding of the twenty largest holders of listed options was 88.17%

Source: Benitec Option Register 18 March 2010

Benitec Limited**Details of Unquoted Options**

Details of Security	Grant Date	Expiry Date	Exercise Price	Number
Options - Other	30-Sep-03	30-Sep-13	\$0.03	17,560
Options – Other	06-Nov-08 & 06-Feb-09	31-Dec-12	\$0.10	22,244,444
Strategic Advisor Warrants	4-Aug-04	4-Aug-14	\$0.90	6,126,962
Options – Directors	17-May-04	30-Sep-13	\$0.17	1,953,125
Options – NED	28-Nov-08	31-Dec-12	\$0.131	4,666,666
Options – ESOP	4-Sep-06	4-Sep-11	\$0.0224	3,000,000
Options – ESOP	14-Dec-06	14-Dec-11	\$0.0599	1,000,000
Options – ESOP	21-Feb-08	8-Oct-12	\$0.114	1,000,000
Options – ESOP	21-Feb-08	31-Dec-12	\$0.115	3,308,334
Capital Raising – shares & options	25-2-2010	10-Apr-15	\$0.10	12,000,000
			Total	<u>55,317,091</u>

Source: Benitec Annual Report 2009 and Appendix 3B released 25/2/2010

Benitec Limited

Balance Sheets

	Audited 30/6/2008 \$	Audited 30/6/2009 \$	Reviewed 31/12/2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	1,844,226	1,866,605	1,168,236
Trade and other receivables	116,618	106,921	74,909
Other current assets	45,366	15,640	74,758
Total Current Assets	<u>2,006,210</u>	<u>1,989,166</u>	<u>1,317,903</u>
Non-Current Assets			
Property, plant and equipment	14,018	8,782	6,568
Total Non-Current Assets	<u>14,018</u>	<u>8,782</u>	<u>6,568</u>
TOTAL ASSETS	<u>2,020,228</u>	<u>1,997,948</u>	<u>1,324,471</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	607,671	444,570	434,032
Provisions	54,522	56,859	61,612
Total Current Liabilities	<u>662,193</u>	<u>501,429</u>	<u>495,644</u>
Non-Current Liabilities			
Trade and other payables	-	347,735	289,781
Total Non-Current Liabilities	<u>-</u>	<u>347,735</u>	<u>289,781</u>
TOTAL LIABILITIES	<u>662,193</u>	<u>849,164</u>	<u>785,425</u>
NET ASSETS	<u>1,358,035</u>	<u>1,148,784</u>	<u>539,046</u>
EQUITY			
Issued capital	72,728,840	74,836,046	75,075,127
Reserves	2,411,191	2,565,405	2,602,320
Retained earnings	(73,781,996)	(76,252,667)	(77,138,401)
TOTAL EQUITY	<u>1,358,035</u>	<u>1,148,784</u>	<u>539,046</u>

Source: Benitec Annual Report 2009 and Half Yearly Report December 2009

Benitec Limited
Income Statements

	Year Ended 30/6/2008 Audited \$	Year Ended 30/6/2009 Audited \$	Half Year Ended 31/12/2009 Reviewed \$
Revenue	482,969	311,476	239,357
Other Income	76,725	50,091	-
	<u>559,694</u>	<u>361,567</u>	<u>239,357</u>
Royalties & licence fees	(115,625)	(89,813)	(9,633)
Research and development	(752,622)	(1,127,019)	(522,037)
Employment related expenses	(1,353,299)	(1,050,149)	(357,087)
Travel related costs	(163,603)	(56,072)	(12,238)
Consultants costs	(270,139)	(108,864)	(18,726)
Occupancy costs	(114,240)	(70,630)	(18,459)
Corporate expenses	(564,856)	(425,021)	(122,952)
Other expenses	-	-	(63,959)
	<u>(3,334,384)</u>	<u>(2,925,568)</u>	<u>(1,125,091)</u>
Loss before income tax	<u>(2,774,690)</u>	<u>(2,564,011)</u>	<u>(885,734)</u>
Income tax (expense)/benefit	-	93,330	-
Loss from continuing operations	<u>(2,774,690)</u>	<u>(2,470,671)</u>	<u>(885,734)</u>
(Loss) / profit for the period attributable to equity holders of the company	<u>(2,774,690)</u>	<u>(2,470,671)</u>	<u>(885,734)</u>

Source: Benitec Annual Report 2009 and Half Year Report December 2009

Benitec Limited
Cash Flow Statements

	Year Ended 30/6/2008 Audited \$	Year Ended 30/6/2009 Audited \$	Half Year Ended 31/12/2009 Reviewed \$
Cash Flows Used in Operating Activities			
Receipts from customers	380,632	237,243	159,556
Payments to suppliers and employees	(3,663,821)	(2,610,735)	(1,073,468)
Receipt of government grants	-	50,000	-
Income tax rebate received	-	93,330	-
Borrowing costs	-	-	(1,869)
Net Cash used in operating activities	<u>(3,283,189)</u>	<u>(2,230,162)</u>	<u>(915,781)</u>
Cash Flows From / (Used In) Investing Activities			
Interest received	196,674	77,402	19,865
Purchase of property, plant & equipment	(10,803)	(180)	-
Net Cash from / (used in) investing activities	<u>185,871</u>	<u>77,222</u>	<u>19,865</u>
Cash Flows from Financing Activities			
Proceeds from issue of securities	14,117	2,107,206	203,081
Proceeds from borrowings	-	36,234	-
Net Cash from financing activities	<u>14,117</u>	<u>2,143,440</u>	<u>203,081</u>
Net increase in cash and cash equivalents	(3,083,201)	(9,501)	(692,835)
Exchange rate changes	(32,924)	31,879	(5,534)
Cash at beginning of the period	4,960,351	1,844,226	1,866,605
Cash at end of the period	<u>1,844,226</u>	<u>1,866,605</u>	<u>1,168,236</u>
Source: Benitec Annual Report 2009 and Half Year Report December 2009			

Benitec Limited**Key Terms of the Convertible Notes**

La Jolla has agreed to acquire one Benitec convertible note for the sum US\$1,500,000, and it may, at its election, acquire further convertible notes in three tranches each at a further cost of US\$1,500,000. Once a note is acquired, and subject to the terms of the convertible note, La Jolla will advance US\$250,000 on a monthly basis until the principal sum of the note has been advanced to the Company.

Conversion as repayment

- At the option of the note holder, the note may be converted, either in whole or in part, up to the full principal amount into Benitec ordinary shares and the conversion price shall be the lesser of:
 - (a) A\$0.15; or
 - (b) 80% of the average of the 3 lowest daily VWAP's (based on closing prices) during the 21 trading days prior to the date of the notice from La Jolla electing to convert the convertible notes.

If the VWAP of the Company's ordinary shares is less than \$0.04 then, as an alternative to converting the convertible notes to shares the Company may, at its discretion, elect to repay the convertible notes plus any unpaid interest in cash. If the notes are repaid in this manner, the cash sum repaid must be equal to 120% of the outstanding principal value of the convertible notes and interesting recognition of the value of the shares La Jolla would otherwise have received if the convertible notes were converted.

Redemption

- The convertible notes must be repaid upon maturity unless converted to ordinary shares within the terms of the convertible note.

Interest

- interest accrues on the outstanding balance of the loan at a rate of 4.75% per annum calculated daily and payable to La Jolla in cash on the 15th day of each month. Interest may, at La Jolla's election, be paid through the issue of ordinary shares in the capital of the Company. The exact number of shares issued to La Jolla (in lieu of an interest payment) will be dependent on a number of factors including the exchange rate on the date that the US\$1,500,000 is received in respect of each note, the total amount of funds invested by La Jolla in the convertible notes (tranches 1, 2, 3 and 4 combined) during the month and the average of the 3 lowest daily VWAP's during the 21 days prior to the date of La Jolla's notice to convert.

Expiry Date

- the expiry date means the date 24 months after receipt of the US\$1,500,000.

Benitec Limited

Convertible Note Agreement – Likely Draw Downs

	Tranche 1 US\$	Tranche 2 US\$	Tranche 3 US\$	Tranche 4 US\$	Total US\$
Jun-10	250,000				250,000
Jul-10	250,000				250,000
Aug-10	250,000				250,000
Sep-10	250,000				250,000
Oct-10	250,000				250,000
Nov-10	250,000				250,000
Dec-10		250,000			250,000
Jan-11		250,000			250,000
Feb-11		250,000			250,000
Mar-11		250,000			250,000
Apr-11		250,000			250,000
May-11		250,000			250,000
Jun-11			250,000		250,000
Jul-11			250,000		250,000
Aug-11			250,000		250,000
Sep-11			250,000		250,000
Oct-11			250,000		250,000
Nov-11			250,000		250,000
Dec-11				250,000	250,000
Jan-12				250,000	250,000
Feb-12				250,000	250,000
Mar-12				250,000	250,000
Apr-12				250,000	250,000
May-12				250,000	250,000
	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000

Benitec Limited**Sources of Information**

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

- Draft Notice of General Meeting and Explanatory Memorandum;
- Securities Purchase Agreement dated 1 April 2010;
- Convertible Note dated 1 April 2010;
- Audited financial statements of Benitec for the financial years ended 30 June 2008 and 2009;
- Reviewed half year financial statements for the six months ended 31 December 2009;
- Benitec's announcements to the ASX since 1 January 2009;
- Benitec's listing of top 20 shareholders as at 16 March 2010;
- Benitec's options register as at 18 March 2010;
- Benitec's ASX share price and trade volumes for the period from 1 March 2009 to 28 April 2010 supplied by Commonwealth Securities Limited;
- Other company share prices 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 Transactions are fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

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")

PROXY FORM

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

I/We _____

of _____

being a member(s) of Benitec Limited

and entitled to _____ shares appoint:

Name of Proxy:

[write the name of the person you are appointing if this person is someone other than the Chair of the meeting]

Address of Proxy:

or in his/her absence or if no person is named, the Chair of the meeting as my/our proxy act generally at the meeting on my/our behalf and to vote on my/our behalf at the General Meeting of the Company to be held at the offices of RSM Bird Cameron, Level 8 Rialto South Tower, 525 Collins Street, Melbourne Vic 3000 on 30 June 2010 at 11.00am 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.

By marking the box above, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution(s) and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chairman intends voting undirected proxies in favour of the resolutions in which he is permitted to vote. The Chairman does not intend to cast a vote in respect of undirected proxies on Resolution 6(a) as he has an interest in the outcome of that resolution and is a person to whom the voting exclusion statements in respect of Resolution 6(a) applies.

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	Ratification of Prior Issue to CSIRO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue to NewStar Ventures Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue to Dr C Bremner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Exercise of Options by Dr C Bremner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Shares on Conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(a)	Issue of Options to Mr P Francis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(b)	Issue of Options to Mr M Bridges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a person:</p> <p>_____</p> <p>(Signature)</p> <p>_____</p> <p>Name (print)</p> <p>Date: ____/____/____</p>	<p>If a company:</p> <p>EXECUTED by: _____</p> <p style="text-align: right;">Name of company (print)</p> <p>in accordance with the Corporations Act</p> <p>_____</p> <p>(Signature) _____</p> <p style="text-align: right;">(Signature)</p> <p>Date: ____/____/____</p>
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

- (a) at the office of Francis Abourizk Lightowlers, Level 16, 356 Collins Street, Melbourne Vic 3000; or
- (b) by facsimile on (03) 9499 5985 (international: +61 3 9499 5985),

by 11.00 am (Melbourne time) on 28 June 2010, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.