

ASX/Media Release

Benitec and CSIRO reach Win-Win Agreement

4 January 2010, Melbourne, Australia: Benitec Limited (ASX: BLT) today announced that it had signed a win-win agreement with Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO).

"We have successfully negotiated a win-win agreement whereby the Capital Growth Agreement and the Commercial Agreement will be terminated in exchange for providing CSIRO with a 10% equity stake in Benitec Limited" said Sue MacLeman, Chief Executive Officer, Benitec Limited.

"The renegotiated agreements further strengthen the Benitec and CSIRO relationship and allows the company to be a more attractive investment option moving forward" she added.

"Bringing CSIRO and Benitec closer together and aligning our interests will be important for the commercialisation of this important intellectual property (IP) in the dynamic and attractive RNAi market sector" said Jan Bingley, General Manager IP, Licensing and Technology Transfer Support, CSIRO Operations

"The Board are delighted that we have been able to negotiate agreements that benefit both parties. Given we now have resolution of these outstanding negotiations, the Board intends to activate a capital raising and hopes that shareholders will support their company with continued investment moving forward" said Peter Francis, Chairman, Benitec Limited.

In 2007 the Board identified that the Capital Growth Agreement and onerous terms of the Commercial Agreement were negatively impacting investment, collaboration and potential merger/acquisition options. As a result Benitec approached CSIRO with an equity offer to be provided in exchange for removal of the Capital Growth Agreement and Commercial Agreement. The other objective was to provide clarity and simplification for both parties so they could maximize value from this portfolio.

Moving forward there will only be one substantive agreement, the Licence Agreement. As part of the transition from the current arrangements this is supported by a Transition Agreement, Subscription Agreement and Escrow Agreement.

The **Licence Agreement** is the ongoing licence of the Technology in the Human Field and replaces the existing Licence Agreement and Commercial Agreement. Importantly, Benitec's involvement in patent management has been strengthened and its obligation to pay royalties has been removed. The Human Field has been further clarified, but not narrowed, and CSIRO has confirmed that Benitec's rights apply to the entire scope of the Patents and Patent Applications within this Human Field.

The **Transition Agreement** deals with transitional matters, including the termination of the Capital Growth Agreement (CGA), transfer of Sigma-Aldrich royalties back to Benitec and deferred payment of past patent expenses.

The **Subscription Agreement** deals with the issue of 10% of Benitec shareholding to CSIRO and, if Benitec issues further shares, a top up amount at six and twelve months being capped at one-fifth of the initial number of shares issued (maximum of 12% as at date of initial issue). The equity is the consideration for termination of the CGA and removal of Benitec's future royalty obligations. Pursuant to the **Escrow Agreement**, 50% of CSIRO shares will be held in escrow for 6 months. The remaining 50% of CSIRO shares will be held in escrow for 12 months.

The new agreements are effective on 4 January 2010.

Benitec retains its exclusive worldwide licence to the Human Field while CSIRO retains Animal, Plant and other rights. Of note, Benitec also retains its worldwide non revocable Human Field rights to the Graham patent. New and more precise definitions of Human Field and Technology will apply without limiting Benitec's rights.

No royalties will be payable by Benitec to CSIRO in the future and Sigma-Aldrich and sub-licencee revenues for Research Use and reagents will revert to Benitec from 31 March 2010. This will improve Benitec's revenue line and cash flow.

Moving forward there will be better aligned interests for patent prosecution and maintenance with the establishment of a Patent Management Committee. Patent costs will be paid by Benitec based upon a jointly agreed budget.

CSIRO will have rights to Research Tools and Research Services, subject to the exclusive rights in the Sigma-Aldrich Licence, but would pay Benitec 50% net revenues from commercialisation of these.

Further details of the capital raising will be released to the market in Q1 2010.

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About Benitec

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

About CSIRO

CSIRO is the Commonwealth Scientific and Industrial Research Organisation of Australia and was involved in the discovery of the ddRNAi gene silencing technology. CSIRO successfully demonstrated that this technology is a highly effective gene silencing technology in plants and has licensed the technology for a number of plant product applications. CSIRO is also active in transferring the gene silencing technology to animal production applications. For additional information about CSIRO's ddRNAi technology, visit www.csiro.au/rnai.

Benitec

LEADER IN GENE SILENCING TECHNOLOGY

CSIRO Benitec Transaction

Jan 2010

Background

- Previous agreements - 2003 and 2006
- In early 2007 recognised that for the company to grow clarification and simplification of the Benitec-CSIRO Agreements was required
- March 2007 – March 2009 negotiations then withdrawal
- October 2009 – negotiations recommenced with higher levels of engagement
- January 2010 – win-win agreements that align interests and allows for better commercialisation of this important intellectual property (IP)

New Agreements

- **Licence Agreement** - the ongoing licence of the Technology in the Human Field replaces the existing Licence Agreement and Commercial Agreement.
- **Transition Agreement** - transitional matters including the termination of the Capital Growth Agreement (CGA), transfer of Sigma royalties back to Benitec and deferred payment of past patent expenses.
- **Subscription Agreement**- Benitec to issue 10% of its shareholding to CSIRO, with six and twelve month top-ups for any additional shares issued (subject to a ceiling, being 12% of shares at initial issue). The equity is the consideration for termination of the CGA and removal of Benitec's future royalty obligations. 50% of CSIRO shares will be held in escrow for 6 months. The other 50% of CSIRO shares will be held in escrow for 12 months.

Key Aspects



- The new agreements are effective on 4 January 2010;
- Benitec retains its exclusive worldwide license to the Human Field while CSIRO retains Animal, Plant and other rights;
- Of note Benitec also retains its worldwide non revocable Human Field rights to the Graham patent;
- New and more precise definitions of Human Field and Technology will apply without limiting Benitec's rights;
- Benitec will issue 10% equity to CSIRO and the existing Licence Agreement, Commercial Agreement and Capital Growth Agreement will terminate with no further payment by Benitec;
- No royalties will be payable by Benitec to CSIRO in the future;

Key Aspects (cont)



- Sigma Aldrich and sublicensee revenues for Research Use and reagents will revert to Benitec from 31 March 2010;
- Aligned interests for patent prosecution and maintenance, including the establishment of a Patent Management Committee. CSIRO has supported past patent costs and these will be reimbursed by Benitec over coming years. Future costs will be paid by Benitec as incurred in accordance with an agreed budget;
- CSIRO will have rights to Research Tools and Research Services, subject to the Sigma Aldrich Licence, but would pay Benitec 50% net revenues from commercialisation of these.

Win-Win Outcome

- Clarity and simplification achieved
- Unnecessary and complex agreements removed
- Allows Benitec Ltd to be more investment ready and more attractive for M&A
- Allows CSIRO to share in this potential upside as a shareholder
- Improved IP prosecution and maintenance with Patent Management Committee and more aligned interests
- Potential increased Benitec revenues from Research and Reagent use licenses