



## **ASX/Media Release**

### **Capital Raising and Changes to Capital Funding Arrangements**

- **Fully underwritten Renounceable Rights Issue to raise up to \$8 million**
- **Termination of existing Convertible Note Facility**
- **Company recapitalised to actively pursue programs following favourable US patent ruling late 2010**

**11 April 2011, Melbourne, Australia:** Benitec Ltd (“Benitec” or “the Company”) (ASX:BLT) is pleased to announce that it is undertaking a fully underwritten Renounceable Rights Issue to raise approximately \$8 million, following an agreement reached with La Jolla Cove Investors Inc to terminate their convertible note funding arrangement with Benitec.

Benitec’s CEO, Dr Peter French, said, “This is effectively a relaunch of Benitec following the favourable decision from the US Patent and Trademark Office’s Board of Appeal late last year. Benitec has secured its position as a leader in the field of gene silencing and has engendered new confidence by the investment community in the renewed prospects for Benitec.

For the first time in many years, Benitec will now be in a position to realize value from our gene silencing technology. This is a truly transformational approach to treating diseases, and the Company is extremely excited about capitalising on this opportunity.

Benitec appreciates the support given to the Company by La Jolla Cove Investors Inc when funds were difficult to obtain, given the uncertainty at the time of the Company’s US Graham patent re-examination. The funds received from La Jolla Cove Investors Inc enabled the Company to continue its key projects and to support its key patents. With the recent reissuance of the patent, the Company has a new life and more conventional funding options are now available to us to fund the next stage of the Company’s growth.”

#### **Fully underwritten Renounceable Rights Issue for \$8 million**

Shareholders will be provided with an opportunity to participate in Benitec’s growth strategy through a renounceable rights issue of 4 new fully paid ordinary shares for every 5 shares held on 19 April 2011 at an issue price of 2 cents each, together with 1 free-attaching option for every 4 new shares accepted, having an exercise price of 4 cents and an expiry date of 31 December 2013 (“the Rights Issue”). The maximum number of shares offered under the Rights Issue is 400,643,929. The maximum number of free-attaching options offered under the Rights Issue is 100,160,982.

In addition to their entitlement, shareholders on the Company's share register by 19 April 2011 will also have the opportunity to apply for additional shares and options that are not subscribed for under the Rights Issue ("Shortfall Shares and Options"). The Company will be entitled to place any shortfall within a period of three months following closure of the Rights Issue.

A Prospectus for the offer will be provided to shareholders.

Benitec has appointed Patersons Securities Ltd ("Patersons") as Lead Manager and Underwriter to the offer. The Rights Issue is fully underwritten by Patersons. The Company has agreed to issue up to 100,160,982 options (having the same terms as the free-attaching options), on the basis of one option for every four shares sub-underwritten, to sub-underwriters appointed by Patersons for their support of the Rights Issue ("Commitment Options").

Shareholder approval is not required for the Rights Issue and the offer of Shortfall Shares and Options. The Company proposes calling a General Meeting on or about 12 May 2011 at which shareholder approval to issue the Commitment Options will be sought, however the Rights Issue and offer of Shortfall Shares and Options are not conditional upon shareholder approval being received to issue the Commitment Options. A Notice of Meeting will be issued to shareholders containing further details regarding the meeting.

Funds raised by the Rights Issue will be used to drive the Company's three key programs to the clinic: Chronic Cancer-Associated Pain; Drug-Resistant Lung Cancer, and Hepatitis B. These programs have been chosen for their strategic value in being able to rapidly demonstrate the clinical efficacy and safety of Benitec's ddRNAi technology. The funds will also be used to support the use of ddRNAi in other opportunities in cancer and infectious diseases, and in pursuing prospects for the commercialisation of Benitec's extensive patent estate. The Rights Issue will also provide the Company with funds required to terminate its funding arrangement with La Jolla Cove Investors Inc, for other working capital requirements and to pay the costs associated with the Rights Issue.

Offers of Benitec's securities will be made in a Prospectus which is expected to be lodged with the Australian Securities and Investments Commission and ASX Limited and be available on or about 11 April 2011. The Prospectus will be sent to shareholders in accordance with a timetable which will be separately announced. Anyone who is eligible to participate in the Rights Issue will need to complete an Entitlement and Acceptance Form that will accompany the Prospectus. A copy of the Prospectus will be available to be viewed on the website of ASX ([www.asx.com.au](http://www.asx.com.au)) or the Company's website ([www.benitec.com.au](http://www.benitec.com.au)) or it can be requested from the Company. Before deciding to acquire shares, you should read and consider the Prospectus in its entirety and, if in any doubt, consult with your professional advisor.

### **Termination of Convertible Note Facility**

In April 2010, La Jolla Cove Investors Inc ("LJCI") and Benitec entered into a convertible note facility to provide up to US\$6 million under four convertible notes in funding to the Company ("Facility"). The first of the four notes was paid in full by LJCI and converted into shares in Benitec, and the second Convertible Note was commenced on January 11, 2011. To date Benitec has received a total of \$766,156 from LJCI under the Facility.

The Company and LJCI have agreed to terminate the Facility on the following terms:

- The Company shall retain all funds that have been advanced to it under the Facility.
- LJCI may advance a final instalment of up to US\$200,000 to the Company under the Facility. Thereafter there will be no more advances made.
- LJCI may, at its election, convert any unconverted advances into shares in the Company, upon the terms of the Facility.
- LJCI's future sale of such shares will be restricted to not more than US\$180,000 worth of the Company's shares per month, which sale will be conducted through Patersons Securities Limited. This restriction will not apply if the Company's shares are trading at above \$0.07 (seven cents) or below \$0.01 (one cent) each at the time of the relevant disposal.
- Within 6 months of the completion and closing of the Rights Issue, US\$700,000 will be paid by the Company to LJCI, in instalments.

#### For Further Information

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#### About Benitec [www.benitec.com](http://www.benitec.com)

Benitec Limited is developing new novel treatments for chronic and life-threatening conditions based on a transformational technology, DNA-directed RNA interference (ddRNAi) - sometimes called expressed RNAi. The technology's potential to address unmet medical needs and, potentially, to cure disease results from its demonstrated ability to permanently silence genes which cause the condition.

Benitec now either owns or exclusively licences from CSIRO more than 40 granted or allowed patents in the field of RNA interference for human therapeutic applications. Patents have been granted in key territories such as the USA, the UK, Japan, Europe, Canada and Australia. In addition, Benitec has almost 50 patent applications pending for which it is the owner or exclusive licensee from CSIRO, and has further intellectual property under development as a result of its pipeline program.

Benitec is traded on the Australian stock exchange under the symbol "BLT". The Company was founded in 1997 and has been publicly held since 2001. The Company aims to deliver a range of novel ddRNAi-based therapeutics to the clinic in partnership with the pharmaceutical industry. In-house it is pursuing a focused R&D strategy in infectious diseases, cancer and chronic cancer-associated pain, as well as programs with licensees that have advanced to pre-clinical and/or clinical trials.

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