

ASX ANNOUNCEMENT

Benitec Biopharma closes first stage of Placement for \$15.748 million

- **Benitec raises \$15.748 million in first tranche of placement**
- **Second tranche for \$15.748 million to be approved at a General Meeting to be held in early April**
- **10 Blue-chip US Institutional Biotech & Healthcare Funds join Benitec's register**
- **Funding accelerates development of Benitec's pipeline programs towards and into the clinic**

Sydney, Australia, February 28, 2014 - RNAi-based gene silencing therapeutics company Benitec Biopharma Limited (ASX Code: BLT), announced that today it issued 14,717,995 fully paid ordinary shares together with 6,623,099 free attaching options (each to acquire one fully paid ordinary share, having an exercise price of \$1.26 and an expiry date of 28 February 2019). The shares and options were issued at the closing of the first stage of the Placement announced on 24 February 2014, raising \$15.748 million.

An Appendix 3B and a cleansing statement (notice pursuant to Section 708A (6) of the Corporations Act 2001) in respect of the issue will be lodged directly after this announcement.

The shares and options were issued to international institutional investors as well as existing institutional and professional investors in Australia.

Benitec's Managing Director and Chief Executive Officer, Dr Peter French commented, saying "This is a transformational event for the Company as we can now advance our pipeline programs in infectious diseases, cancer, ocular and genetic diseases towards and into the clinic, to prove the value of Benitec's gene silencing technology for a range of human diseases."

As the issue included an issue of shares pursuant to Listing Rule 7.1A, which permits the issue of shares up to 10% of the issued shares of the company, the following information is provided for the purposes of the Listing Rules:

1. The number of shares issued pursuant to Listing Rule 7.1A was 8,536,599 shares.
The remaining shares and all the options were pursuant to Listing Rule 7.1 which permits the issue of shares and other securities up to 15% of the issued shares of a listed company without shareholder approval.
2. The issue price of the shares was \$1.07, which represents a 5.3% discount to the volume weighted average price for the 15 days on which trades of the Company's shares were recorded on ASX ending on Friday 21 February 2014 being the last trading day before the issue price was agreed with the participants in the Placement. The issue price was a 32.7% discount to the closing price on Friday, 21 February 2014 of \$1.59.

3. The shares issued pursuant to Listing Rule 7.1A diluted existing holders of ordinary securities pre-issue holdings by 9.1% (a 1.0 % holding immediately prior to the issue being equivalent to a 0.9% holding immediately after the issue). The dilution of pre-issue holdings by shares issued under Listing Rule 7.1 (6,181,398) is 6.8%, and by the overall issue (all shares issued today under Listing Rules 7.1 and 7.1A, being a total of 14,717,995 shares) is 14.7% (a 1% holding immediately prior to the issue being a 0.85% holding after the issue). The approximate percentages of the issued shares of the Company after the issue held by pre-issue shareholders and recipients of the new shares (issued under Listing Rules 7.1 and 7.1A) are:

Pre-issue shareholders who did not receive shares under the issue:	81.4%
--	-------

Pre-issue shareholders who received shares under the issue:	4.8%
---	------

Recipients of shares under the issue who were not shareholders before the issue:	13.8%
--	-------

4. The shares were issued for cash consideration. The Company issued the shares as a placement under Listing Rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would be eligible to participate for the following reasons:

- i) The amount to be raised gives the Company greater certainty about its cash resources and its ability to commit to incurring short to medium term expenses in connection with accelerating the clinical development of its lead compound – TT-034, and for advancing other programs in the Company’s pipeline (with particular emphasis on the lung cancer, age related macular degeneration and hepatitis B programs). In addition the Company will be able to maximise the value of its programs by being able to develop them to an advanced stage prior to entering into commercial negotiations.
- ii) Through making an offer shares under Listing Rule 7.1A, the Company was able to obtain participation from a broader range of specialist US based health care and life sciences institutional investors, than it would otherwise have been able to do had it only offered shares under Listing Rule 7.1. Participation of these specialist institutional investors provides independent market validation for the Company’s proprietary technology and development programs, and forms a key part of its long term capital management planning;
- iii) The issue to participants in the Placement was considered to be an efficient and effective method of raising funds to meet the Company’s short to medium term needs. The Placement including the issue of shares under Listing Rule 7.1A eliminated market volatility and uncertainty which may have occurred during a pro rata entitlement offer to shareholders, which would have required several weeks to execute.
- iv) The Company was able to achieve an issue price for the placement, which, whilst below the closing price on the 21 February 2014, was at a 5.3% discount to the 15 day VWAP (volume weighted average price).
- v) Had the Company sought to make a pro rata offer to shareholders the trading price may have risen or fallen between the time of making the offer and the close of the offer. Had the price fallen below the pro rata offer under an entitlement offer, it would be unlikely that the Company would have been able to achieve a

reasonable take up rate for the offer, and therefore would not have received the funds able to be obtained by the Placement.

- vi) The Placement was implemented quickly and without underwriter support, thus providing assurance that sufficient funds could be secured, an outcome which could not be assured until completion of a pro rata offer. In respect of underwriting, many underwriting agreements include a provision, which allows the underwriter to avoid its obligations if the trading price falls by a specified percentage. Uncertainty of trading prices may have meant the company was unable to receive protection expected of underwriting, without extensive negotiations with Underwriters.
 - vii) Had the entitlement offer not been substantially taken up or not been fully underwritten, a potentially large pool of shares may have remained available for placement at the discretion of the directors for up to three months after the closing date (as provided for in the Listing Rules). That capacity could only be realised at or above the offer price of the rights issue. If the take up was low because the price had fallen, it is unlikely the pool would be able to be used to raise additional funds to make up the shortfall, without pricing the entitlement offer at a deeper discount, to the disadvantage of the Company and shareholders who were unable to participate in the Entitlement Offer.
 - viii) The regulatory burden of an Entitlement Offer, and the timing of those requirements would have further delayed the ability of the Company to raise funds in a short time and with certainty.
 - ix) Having successfully placed the shares, subject to shareholder approval of the second tranche (50% of the placement) the company would receive approximately \$31.5 million before costs of the issue. At present this is considered to be sufficient for the company's short and medium cash needs. Whilst undertaking a pro rata offer would enable shareholders to participate at the same price as the placement, it would further dilute any shareholders who did not have the means or desire to acquire further shares without a countervailing benefit in providing required funds. To have reduced the amount of the placement and instead seek to raise a portion of the funds through a pro rata offer would have met with the same issues as above, and potentially meant that the company had to seek funds from other sources to make up the difference rather than having the certainty of having placed the shares.
 - x) Under the Listing Rules and applicable ASIC class order the Company was not eligible to undertake a share purchase plan, having completed a share purchase plan within the past 12 months.
5. Funds raised by the Company under the Placement will be used to accelerate the clinical development of the Company's lead compound – TT-034 – a potential "single shot" treatment for hepatitis C. Funds will also be used to advance other programs in the company's pipeline with a particular emphasis on the lung cancer, age related macular degeneration and hepatitis B programs.
6. The placement was not underwritten and no fees are payable to an underwriter.

7. The fees and costs incurred by the Company specifically with respect to the issue of the 8,536,599 shares issued under Listing Rule 7.1A are commissions and fees payable to the U.S. placement agent and the lead manager in Australia of \$608,000, and listing fees of \$37,000. Total costs incurred in connection with the Placement as a whole (including the above but excluding holding a general meeting to seek shareholder approval to issue the second stage shares and options under the Placement) are \$2,241,000, made up of commissions and fees of \$2,046,000 payable to the U.S. placement agent and the lead manager in Australia, listing fees of \$130,000, legal, accounting and registry costs of approximately \$65,000. These amounts do not include the costs of holding a general meeting as the meeting does not relate to shares issued under Listing Rule 7.1A. All amounts are plus GST, where applicable.

8. In addition to the above, a further 14,717,999 shares and 6,623,105 free attaching options (having the same terms as above) have been agreed to be issued to participants in the Placement, at the same price per share (\$1.07), subject to the Company receiving shareholder approval to issue the shares and options. The notice of the general meeting containing further details will be sent to shareholders, and a copy released to ASX as an announcement. It is anticipated the meeting will be held in about the week commencing 7 April 2014.

Not for release or distribution in the United States

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Any securities referenced in this announcement have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable state securities laws.

About Benitec Biopharma Limited

Benitec Biopharma Limited is an ASX-listed biotechnology company (ASX:BLT) based in Sydney Australia. The company has a pipeline of in-house and partnered therapeutic programs based on its patented gene-silencing technology, ddRNAi. Benitec is developing treatments for chronic and life-threatening human conditions such as hepatitis C, hepatitis B, wet age-related macular degeneration, cancer-associated pain, drug resistant lung cancer and oculopharyngeal muscular dystrophy based on this technology. In addition, Benitec has licensed ddRNAi technology to other biopharmaceutical companies who are progressing their programs towards the clinic for applications including HIV/AIDS, retinitis pigmentosa and Huntington's disease. For more information on Benitec refer to the Company's website at www.benitec.com.

Forward Looking Statements

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may', 'should', 'expect', 'anticipate', 'estimate', 'scheduled' or 'continue' or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Benitec does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

Enquiries:

Company: Carl Stubbings | Chief Business Officer | Tel: +61 (2) 9555 6986
Email: cstubbings@benitec.com

Investor Relations: Jane Lowe | Buchan Consulting | Tel: +61 (2) 9237 2807
Email: jlowe@buchanwe.com.au