



6 September 2010

Avexa responds to Calzada Limited

Avexa Limited ("**Avexa**") refers to the ASX announcement by Calzada Limited ("**Calzada**") on 2 September 2010 in relation to Avexa's notice of general meeting dated 26 August 2010. Avexa provides the following response to issues raised in Calzada's announcement.

1. Calzada rebuffed Avexa's attempts to engage with it in good faith

- On 9 July 2010 Avexa wrote to the chairman of Calzada asking for information including the experience of Calzada's proposed board nominees and an outline of Calzada's intentions in respect of its shareholding in Avexa. This was to enable Avexa to properly consider Calzada's request for board representation.
- By email on the same day Calzada's chairman, Mr David Franklyn, expressed surprise that Avexa would require such information and questioned whether Avexa was considering its request seriously. In the email, Mr Franklyn set a deadline of Monday, 12 July 2010 for Avexa to appoint himself and his fellow Calzada director, Mr George Cameron-Dow, as directors of Avexa.
- On 15 July 2010 Avexa informed Calzada that after due consideration Avexa had decided not to invite Calzada's representatives to join its board.
- On 30 July 2010 an intermediary who Calzada agreed to compensate, approached Avexa and said that if Avexa agreed to appoint a director nominated by Calzada, the intermediary was confident that Calzada would (among other things):
 - provide an apology to the directors of Avexa for Calzada's generally hostile conduct towards Avexa, including an outburst by one of its proposed nominee directors; and
 - provide an apology for specific accusations Calzada had made against Avexa's directors.
- Avexa regarded this communication as entirely inappropriate and not a proper process for appointing a director. Accordingly, Avexa did not pursue the approach.
- Avexa's correspondence with Calzada in relation to Avexa's sensible proposal that there be one shareholders' meeting instead of two, which Calzada has now made public, clearly demonstrates that Calzada would not agree to the proposal within the required time frame and without conditions. Avexa's initial letter dated 12 August 2010 can be found on Avexa's website: www.avexa.com.au

2. Calzada has still not outlined a strategy for Avexa

- Calzada has not outlined a strategy or vision for Avexa.
- Calzada has said that it broadly supports an independent strategic review, which the directors of Avexa have already announced.

3. Avexa has a strong and independent board

- The directors of Avexa have the right blend of technical, commercial and financial skills and experience to lead the company.
- Importantly, the board is fully independent and has extensive pharmaceutical industry and biotechnology experience, which is critical at this stage of Avexa's drug development programme.

The Avexa board confirms its recommendation that shareholders say **NO** to all resolutions.

Vote "**AGAINST**" all resolutions.

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www.avexa.com.au