

Avexa Limited

(ACN 108 150 750)

NOTICE OF GENERAL MEETING

CONVENED PURSUANT TO SECTION 249D OF THE CORPORATIONS ACT 2001

Time and Date: 10.00am on 28 September 2010

Location: Computershare Conference Centre
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

The business of the General Meeting may affect your shareholding and your vote is important.

You should read this document in its entirety.

**You are urged to consider the issues raised in this document
carefully and to exercise your right to vote.**

Dear Shareholder,

Calzada Limited (**Calzada**) has requisitioned a general meeting of Avexa Limited (**Avexa** or **the Company**) under section 249D of the Corporations Act to seek the appointment of four directors nominated by Calzada, the removal of all directors currently on the Board, and the removal of any director appointed between 10 August 2010 and the general meeting. The meeting is to be held on Tuesday, 28 September 2010 in Melbourne.

Calzada holds approximately 16% of the shares in Avexa. It acquired this shareholding for about \$4.06 million in May and June of this year at an approximate average price of \$0.03. This occurred after the previous Chairman announced the termination of Avexa's ATC program.

The Board of Avexa respects the right of shareholders to seek Board representation. The Board sought to liaise with Calzada to understand its intentions and vision for Avexa to enable a considered response to Calzada's request for Board representation. Unfortunately, Calzada refused to engage in any meaningful discussions in relation to its intentions. It initially insisted that Calzada's Executive Chairman, Mr David Franklyn and director Mr George Cameron-Dow be appointed directors of Avexa with immediate effect. Avexa's attempts to engage in good faith with Calzada were rebuffed.

Since the general meeting on 6 July 2010, in which shareholders overwhelmingly voted for the appointment of Mr Bruce Hewett and Mr Steven Crowley as directors, Avexa has assembled a strong and independent Board with the necessary skills and experience to run the Company for the benefit of all shareholders.

As announced last month, we are undertaking an independent review of all of Avexa's assets. Our mission is to determine and extract maximum value from Avexa's assets, including ATC, for the benefit of all shareholders. In doing so we are ever mindful of the need for the responsible management of the Company's cash resources. We will shortly update shareholders about the progress of this independent review.

As you will read in Calzada's statement attached to this Notice of Meeting, Calzada has not outlined any particular strategy to advance the interests of shareholders. We are concerned that Calzada, a shareholder with only 16% of Avexa's shares, seeks to replace the entire Board with a Board chosen exclusively by it.

The requisitioning of this general meeting by Calzada represents an unnecessary and costly distraction. The meeting will take place less than three months after the previous general meeting and less than two months before the Annual General Meeting (**AGM**) scheduled for late November 2010.

Importantly, Avexa's constitution requires all of the current directors (and any new directors appointed at this requisitioned general meeting) to stand for re-election at the November AGM in any event. Avexa therefore suggested to Calzada that it should reconsider its requisition and put its proposed resolutions to the November AGM. This would have avoided the wasted time and cost associated with having two meetings within weeks of each other. Regrettably, Calzada would not agree to this course of action in a timely manner and without seeking to impose preconditions.

The Board strongly recommends that shareholders vote 'NO' to all of Calzada's resolutions.

This is a critical decision that will determine the future of your company and we urge you to exercise your right to vote by either attending the meeting in person or lodging the enclosed proxy form before 10.00am on Monday 27 September 2010.

Yours sincerely

The Board of Avexa Limited

The Board recommends you **VOTE AGAINST** each and all of the resolutions at the General Meeting.¹ This is because of the following:

1. If Calzada's resolutions succeed it will have effectively determined the composition of the entire Board of Avexa.
2. The major shareholder of Calzada is Entrust Funds Management Limited (**Entrust**). Shortly after Entrust acquired its shares the composition of the Board of Calzada was significantly changed. Since that time shareholders have seen the share price of Calzada decline.
3. Calzada has not outlined a strategy or vision for Avexa that will benefit all shareholders.
4. The independent Board of Avexa has a clear strategy in place to restore value for all shareholders.
5. Calzada's stated concerns regarding the composition of the Avexa Board are without basis.
6. Your directors have the necessary experience and skills to lead Avexa.

Vote NO to all resolutions

¹ Given their personal interest, each Director has abstained from the Board's decision to make a recommendation on the resolution that relates to their respective removal. In the context of Board recommendations, references to the Board do not include the Director who has a personal interest in that resolution.

GENERAL MEETING

The General Meeting will commence at 10.00am on 28 September 2010.

The resolutions being put to this meeting have the potential to materially impact the future direction of your Company - YOUR VOTE COUNTS.

A detailed explanation of the Board's reasons for its recommendation is included in the Explanatory Notes to the Notice of General Meeting.

If you are unable to attend the General Meeting, we encourage you to vote on the resolutions by completing and returning the enclosed proxy form in the reply-paid envelope. Instructions for returning your proxy form may be found on page 8 of the Notice of General Meeting.

By order of the Board



Stephen Kerr
Company Secretary
Avexa Limited

DEFINITIONS

The following capitalised terms, which are used in the Meeting Documentation, have the meanings set out below:

ASX means ASX Limited ABN 98 008 624 691.	Meeting Documentation means: this letter to Shareholders; the Notice of General Meeting (including explanatory notes); and the proxy form for the General Meeting.
Avexa or Company means Avexa Limited ACN 108 150 750.	
Board means the Board of Directors as at the date of this letter.	
Calzada means Calzada Limited ACN 083 866 862.	Notice of General Meeting means the notice convening the General Meeting which forms part of the Meeting Documentation.
Corporations Act means the Corporations Act 2001 (Commonwealth).	Share means a fully paid ordinary share issued in the capital of Avexa.
Director means a Director of Avexa.	Shareholder means a holder of Shares.
General Meeting means the meeting of Shareholders to be held on 28 September 2010 to consider and if thought fit, pass the resolutions set out in the Notice of General Meeting.	

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Avexa Shareholders will be held at Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on 28 September 2010 at 10.00am.

SPECIAL BUSINESS

RESOLUTION 1 - APPOINTMENT OF MR BRUCE RATHIE AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That Mr Bruce Rathie, having consented to act, be appointed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 2 – APPOINTMENT OF DR JOHN CHIPLIN AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That Dr John Chiplin, having consented to act, be appointed a director of Avexa Limited, with immediate effect.”

RESOLUTION 3 – APPOINTMENT OF DR STEWART WASHER AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, Dr Stewart Washer, having consented to act, be appointed a director of Avexa Limited, with immediate effect.”

RESOLUTION 4 – APPOINTMENT OF DR DAVID FULLER AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, Dr David Fuller, having consented to act, be appointed a director of Avexa Limited, with immediate effect.”

RESOLUTION 5 - REMOVAL OF MR STEVEN CROWLEY AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, in accordance with the Constitution of Avexa Limited, Mr Steven Crowley be removed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 6 - REMOVAL OF MR BRUCE HEWETT AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, in accordance with the Constitution of Avexa Limited, Mr Bruce Hewett be removed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 7 - REMOVAL OF MR JOE BAINI AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, in accordance with the Constitution of Avexa Limited, Mr Joe Baini be removed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 8 - REMOVAL OF MR JET SOEDIRDJA AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, in accordance with the Constitution of Avexa Limited, Mr Jet Soedirdja be removed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 9 - REMOVAL OF MR IAIN KIRKWOOD AS A DIRECTOR

To consider and if thought fit, to pass the following ordinary resolution:

“That, in accordance with the Constitution of Avexa Limited, Mr Iain Kirkwood be removed as a director of Avexa Limited, with immediate effect.”

RESOLUTION 10 - REMOVAL OF ADDITIONAL DIRECTORS

To consider and if thought fit, to pass the following ordinary resolution:

“That subject to the passing of any or all of Resolutions 1, 2, 3 and 4, each person (if any) appointed as a director of Avexa Limited between 10 August 2010 and the time of commencement of this general meeting (other than Mr Rathie, Dr Chiplin, Dr Washer and Dr Fuller) be removed as a director of Avexa Limited, with immediate effect.”

BY ORDER OF THE BOARD



Stephen Kerr
Company Secretary
Avexa Limited

Dated 26 August 2010

Voting Instructions

Voting at the General Meeting

At the General Meeting, on a show of hands, each Shareholder present may cast one vote. 'Shareholder present' includes a person present as a proxy, attorney or body corporate representative. However, if a Shareholder holds two or more appointments and these appointments direct the proxy to vote in different ways, then the proxy cannot vote on a show of hands.

On a poll, Shareholders have one vote for every Share held.

Avexa has determined that for the purposes of voting at the General Meeting or any adjourned meeting, Shares will be taken to be held by those who hold them at 7.00pm (Melbourne time) on Sunday 26 September 2010. This means that if you are not a registered holder of a Share at that time, you will not be entitled to vote in respect of that Share.

Appointment of proxy

Each Shareholder entitled to attend and vote at the General Meeting has the right to appoint a proxy. If you are a Shareholder and you are unable to attend and vote at the General Meeting and wish to appoint a proxy, please complete and return the enclosed proxy form.

The enclosed proxy form must be completed and lodged in accordance with the instructions on the form. Proxies must be received by 10.00am on 27 September 2010.

If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise.

A proxy need not be a member of the Company and may be an individual or body corporate. A body corporate appointed proxy may appoint a representative to exercise the powers that the body corporate may exercise as the member's proxy.

The Chairman of the General Meeting for each resolution intends to vote undirected proxies *against* all the resolutions. In relation to Resolution 7, Mr Bains will stand down as Chairman of the General Meeting, and Mr Kirkwood will act as Chairman in his place. If Resolution 7 is passed, Mr Kirkwood or another director will act as Chairman for the remainder of the General Meeting.

Documents may be lodged using the reply paid envelope provided or:

by post, delivery or facsimile to the Company's share registry at:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia
Facsimile: 1800 783 447 (within Australia) 61 3 9473 2555 (outside Australia), or

by post, delivery or facsimile to the registered office of Avexa at:

Avexa Limited
576 Swan Street
Richmond Victoria 3121
Facsimile: 61 3 9208 4146.

If posting, please allow sufficient time for your proxy form to be received at least 24 hours before the commencement of the General Meeting.

EXPLANATORY NOTES

The purpose of these explanatory notes is to provide Shareholders with an explanation of the business of, and the resolutions to be considered at, the General Meeting and to assist Shareholders in deciding how they may wish to vote on the resolutions.

Background and reasons for the General Meeting

As announced to ASX on 10 August 2010, the Company received a notice pursuant to section 249D of the Corporations Act from Calzada shortly after 4.00pm on 9 August 2010.

The Company is required under the Corporations Act to call and hold a general meeting upon the request of a member (or members) with at least 5% of the votes that may be cast at a general meeting of the Company.

At the request of Calzada and in accordance with the Company's obligations under the Corporations Act, the Company is convening the General Meeting to seek the appointment of four Directors nominated by Calzada, the removal of all Directors currently on the Board and the removal of any Director appointed between 10 August 2010 and the General Meeting.

The Board recommends you VOTE AGAINST each and all of the resolutions at the General Meeting.² The reasons for the recommendation include:

- If Calzada's resolutions succeed it will have effectively determined the composition of the entire Board of Avexa.
- The major shareholder of Calzada is Entrust Funds Management Limited (**Entrust**). Shortly after Entrust acquired its shares the composition of the Board of Calzada was significantly changed. Since that time shareholders have seen the share price of Calzada decline.
- Calzada has not outlined a strategy or vision for Avexa that will benefit all shareholders.
- The independent Board of Avexa has a clear strategy in place to restore value for all shareholders.
- Calzada's stated concerns regarding the composition of the Avexa Board are without basis.
- Your directors have the necessary experience and skills to lead Avexa.

² Given their personal interest, each Director has abstained from the Board's decision to make a recommendation on the resolution that relates to their respective removal. In the context of Board recommendations, references to the Board do not include the Director who has a personal interest in that resolution.

EXPLANATORY NOTES

Resolutions 1 to 4 - Appointment of Mr Bruce Rathie, Dr John Chiplin, Dr Stewart Washer and Dr David Fuller as Directors

At the request of Calzada and in accordance with the Company's obligations under the Corporations Act, the Company is convening the General Meeting for the purposes of considering the appointment of Mr Bruce Rathie, Dr John Chiplin, Dr Stewart Washer and Dr David Fuller as Directors.

The Board recommends that Shareholders VOTE AGAINST these resolutions. The Board's reasons for the recommendation include:

- If Calzada's resolutions succeed it will have effectively determined the composition of the entire Board of Avexa.
- The major shareholder of Calzada is Entrust Funds Management Limited (**Entrust**). Shortly after Entrust acquired its shares the composition of the Board of Calzada was significantly changed. Since that time shareholders have seen the share price of Calzada decline.
- Calzada has not outlined a strategy or vision for Avexa that will benefit all shareholders.

In accordance with section 249P of the Corporations Act, Calzada has provided the Company with a statement which has been included with this Notice of General Meeting on pages 16 to 19.

EXPLANATORY NOTES

Resolutions 5 to 9 - Removal of Mr Steven Crowley, Mr Bruce Hewett, Mr Joe Baini, Mr Jet Soedirdja and Mr Iain Kirkwood as Directors

At the request of Calzada and in accordance with the Company's obligations under the Corporations Act, the Company is convening the General Meeting for the purposes of considering the removal of Mr Steven Crowley, Mr Bruce Hewett, Mr Joe Baini, Mr Jet Soedirdja and Mr Iain Kirkwood (being all Directors currently on the Board) as Directors .

The Board recommends that Shareholders VOTE AGAINST these resolutions.³ The Board's reasons for the recommendation include:

- The independent Board of Avexa has a clear strategy in place to restore value for all shareholders.
- Calzada's stated concerns regarding the composition of the Avexa Board are without basis.
- Your directors have the necessary experience and skills to lead Avexa.

In accordance with section 203D of the Corporations Act, the Directors have provided the Company with a statement which has been included with this Notice of General Meeting on pages 13 to 15.

³ Given their personal interest, each Director has abstained from the Board's decision to make a recommendation on the resolution that relates to their respective removal. In the context of Board recommendations, references to the Board do not include the Director who has a personal interest in that resolution.

EXPLANATORY NOTES

Resolution 10 - Removal of additional Directors

At the request of Calzada and in accordance with the Company's obligations under the Corporations Act, the Company is convening the General Meeting for the purpose of considering the removal of any Director appointed between 10 August 2010 and the commencement of the General Meeting (other than Mr Bruce Rathie, Dr John Chiplin, Dr Stewart Washer and Dr David Fuller). Resolution 10 is subject to the passing of any or all of Resolutions 1, 2, 3, and 4.

Between 10 August 2010 and the date of this Notice of General Meeting, no person has been appointed as a Director.

The Board recommends that Shareholders VOTE AGAINST this resolution. The Board's reasons for the recommendation include:

- Your Directors reserve their right under Avexa's constitution to appoint additional Directors should the Board be of the view that such action is required to further enhance the Board's skills and experience.
- Any Director appointed by the Board would have the necessary experience and skills to help the Board lead Avexa.
- Any Director appointed by the Board would be required under Avexa's constitution to stand for re-election at the November AGM in any event.

Statement from the Directors in accordance with section 203D(5) of the Corporations Act.

The Avexa Board has identified the following reasons why shareholders should vote NO to all resolutions.

1. If Calzada's resolutions succeed it will have effectively determined the composition of the entire Board of Avexa.
 - Calzada is proposing the removal of all existing directors and to replace them with directors selected by Calzada.
 - In this way, Calzada is attempting to determine the composition of the entire Board.
 - This scenario is not desirable and must be viewed with caution.
2. The major shareholder of Calzada is Entrust Funds Management Limited (Entrust). Shortly after Entrust acquired its shares the composition of the Board of Calzada was significantly changed. Since that time shareholders have seen the share price of Calzada decline.
 - Entrust acquired a 19.8% shareholding in Calzada at the end of March 2009.
 - Less than three weeks later, four new directors were appointed to the Calzada Board including its Executive Chairman, Mr David Franklyn.
 - Mr Franklyn is the Managing Director of Entrust.
 - Since these board appointments the share price of Calzada has fallen by nearly 17%.
3. Calzada has not outlined a strategy or vision for Avexa that will benefit all shareholders.
 - After the general meeting on 6 July 2010, Avexa sought to liaise with Calzada in respect of Calzada's request for representation on the Board of Avexa.
 - Avexa asked Calzada to outline its vision and strategy for Avexa, and the credentials of its then proposed directors Mr Franklyn and Mr George Cameron-Dow.
 - Calzada refused to engage in any meaningful discussions with the Board but simply insisted that Mr Franklyn and Mr Cameron-Dow be appointed with immediate effect.
 - In its requisition documents Calzada states that it supports an independent review.
 - If so, why does Calzada seek to remove the entire Board and replace it with appointments that it has exclusively chosen?
 - Does Calzada propose that there be any involvement in Avexa by Mr Franklyn and Mr Cameron-Dow as Calzada had initially sought?

Statement from the Directors in accordance with section 203D(5) of the Corporations Act.

4. The independent Board of Avexa has a clear strategy in place to restore value for all shareholders.
- The Board has already communicated to shareholders a clear strategy to restore value for all shareholders.
 - The Board has announced that it intends to undertake an independent review to determine and extract maximum value from Avexa's assets, including ATC, for the benefit of all shareholders.
 - To this end, the Board expects to shortly update shareholders about the progress of the independent review. The Board is also in the process of arranging a meeting with the US Food and Drug Administration to discuss the future of ATC. This important undertaking has not been previously explored.
 - In this way, the Board will ensure that all avenues for the potential realisation of value from ATC are being fully considered.
 - In addition, as already announced to the market, the Board has caused Avexa to enter into a licencing agreement with a Chinese partner, Shanghai Institute of Organic Chemistry, for one of its HIV integrase inhibitor programs. This agreement is a modest yet important step in Avexa's mission to extract value for shareholders.
5. Calzada's stated concerns regarding the composition of the Avexa Board are without basis.
- Calzada has indicated that it is concerned about the selection and suitability of the Avexa Board members.
 - At the general meeting on 6 July 2010 shareholders overwhelmingly voted for the appointment of Mr Steven Crowley and Mr Bruce Hewett as directors. Additional Board appointments since then have been with the full endorsement of Mr Crowley and Mr Hewett.
 - At that meeting Calzada had the opportunity to vote against the appointment of Mr Crowley and Mr Hewett if Calzada had any misgivings. Instead, Calzada chose to abstain. How can this be reconciled with Calzada's current position?
 - The Board is fully independent and highly skilled. It has the right blend of technical, commercial and financial experience. Importantly, the Board has extensive pharmaceutical industry experience which is critical at this stage of Avexa's drug development programmes. Brief biographies are included under point 6.

Statement from the Directors in accordance with section 203D(5) of the Corporations Act.

6. Your directors have the necessary experience and skills to lead Avexa.

- **Mr. Joe Baini** – has over 20 years commercial pharmaceutical experience. Most recently as Country Head he steered Gilead Sciences, one of the world’s largest biotechnology companies specialising in infectious diseases, to unprecedented growth and profitability in Australia. Prior to this he held senior pharmaceutical positions with Bayer Australia and Pharmacia (now Pfizer). He is currently a Board member of BioMelbourne Network (a key industry representative body) and is a director of bluechiip Ltd, an unlisted technology company.
- **Mr. Steven Crowley** – has 15 years experience in the pharmaceutical industry having held senior roles with GlaxoSmithKline, Merck and Johnson & Johnson in Australia and the Asia-Pacific region. He brings to Avexa a detailed understanding of international market requirements for clinical trial development, regulatory affairs and pricing. He also has extensive experience with infectious disease product development.
- **Mr. Jet Soedirdja** – is an experienced director in Australia and overseas and brings extensive experience in investment markets. He has been a Non-Executive Director of Mosaic Oil, an Australian oil exploration company, and PT Dragon Capital Management. He was also Non-Executive Director and Joint Chairman of PT Bumindo Energi International. He is currently an investment advisor with Bell Potter Securities and has held advisory roles at RBS Morgans (formerly ABN Amro Morgans) and Credit Suisse First Boston.
- **Mr. Iain Kirkwood** – brings extensive operational, financial and general management experience, particularly in the life sciences industry. He has vast boardroom experience currently serving as a Non-Executive Director on the Boards of Medical Developments International Ltd, Vision Group Holdings Ltd. and Broadvector Ltd, a life sciences company. He has worked with a number of ASX listed companies in senior management roles, including Woodside Petroleum and Santos, and was previously the CFO of F.H. Faulding & Co. and CEO of EpiTan.
- **Mr. Bruce Hewett** – has spent the past 25 years in the pharmaceutical industry. During his career he has held a number of senior positions including Division Manager Janssen-Cilag Australia and General Manager for Janssen-Cilag NZ and Faulding Pharmaceuticals ANZ. Currently Bruce is a non-executive director of private pharmaceutical companies Lupin Australia Pty Limited and Equity Pharmaceuticals Australia Pty Ltd and the Managing Director of Rx Connect International Pty Ltd, a business that provides licensing services to Australian and international pharmaceutical and medical device companies. He brings to Avexa access to an extensive global network within the pharmaceutical industry.

Vote **NO** to all resolutions

CALZADA LIMITED

ACN 083 866 862

Dear fellow Avexa shareholder,

Calzada Limited (**Calzada**) has requested that Avexa Limited (**Avexa**) call an Extraordinary General Meeting (**EGM**) of shareholders to consider the composition of the Avexa Board.

We call this meeting reluctantly

Calzada is aware of the cost and distraction that the calling of an EGM can cause. As Avexa's largest shareholder, we do not do this lightly.

Since early July, Calzada has sought to engage with the incumbent Board about the serious concerns it has regarding the company and its future direction. These concerns are outlined below. To date, Calzada has not received satisfactory responses to these concerns.

This EGM has been called to bring the Avexa Board to account in respect to these important issues and to provide shareholders with an alternative to guide the future direction of the company.

Whilst Calzada was open to dealing with these issues at this year's AGM, Avexa refused to meet with Calzada to discuss the terms on which the two meetings could be combined.

What are Calzada's intentions?

To date, Calzada has invested approximately \$4 million in Avexa and is motivated to ensure that value is restored to this company.

However, Calzada does not seek control of Avexa. The proposed four person board includes four highly respected professionals with exceptional biotechnology credentials, with only one Calzada representative.

Given Avexa's current predicament, Calzada believes the Avexa Board needs to:

- have the strongest mix of relevant skills and industry experience available;
- evaluate key issues from a position of independence;
- be open and transparent with all shareholders;
- act in the best interest of all shareholders.

Calzada believes that the proposed Board has the required skills and expertise to restore value for all shareholders.

Concerns and Unanswered Questions

1. Skills and experience of the existing Avexa board

Neither Mr Hewett nor Mr Crowley have been directors of an ASX listed company prior to their appointment to the Avexa Board. Calzada believes that Avexa needs experienced hands to guide it at this time.

Mr Baini's only prior ASX Board experience was as a director of Avexa. He was part of the Avexa Board that unanimously decided to terminate ATC. He resigned in May 2010 citing an inability to commit the required time to his role. Is Mr Baini the best possible Chairman for our company at this time?

Mr Soedirdja is a private client advisor at the stockbroker Bell Potter whose only apparent ASX Board experience was with an oil and gas exploration company, a role he relinquished in 2006. Is this the most appropriate experience for a Director at Avexa given the challenges it faces?

Mr Kirkwood was recently appointed to the Avexa Board on 9 August. Mr Kirkwood is a past director of Calzada (formerly Metabolic) and briefly held an executive role at PolyNovo (now a wholly owned subsidiary of Calzada). He does not represent Calzada.

2. The proposed ATC strategic review

Calzada supports an independent review of ATC's commercial potential.

However, Calzada questions the ability of the current Board to sufficiently monitor such a review given that:

- Avexa's current Chairman and interim Chief Executive Officer were part of the previous Board and management team that terminated the ATC development program;
- Messrs Hewett and Crowley were elected to the Board with the apparent support of shareholders supportive of the ATC development program.

Calzada seeks assurances that the independent review is open and transparent and that the final report is made available to shareholders.

3. The manner in which the new Avexa Board was appointed

Messrs Hewett and Crowley were appointed to the Board in July 2010 without providing any information about their intentions or strategy for the company.

On the day of their appointment, representatives of Calzada met with the Avexa Board to request representation on the Avexa Board.

At this meeting, Mr Hewett represented to Calzada that he had been appointed Chairman and that he and Mr Crowley had been requested to nominate as directors by Mr Soedirdja.

The following morning, Avexa announced the appointment of Mr Bains as Chairman, and about a week later, Mr Soedirdja was appointed to the Board.

These events raise a number of serious questions such as:

- What is the nature of the relationship between all these gentlemen?
- If Messrs Hewett and Crowley intended to appoint Mr Bains and Mr Soedirdja, then why weren't shareholders given the opportunity to consider their candidature at the July EGM?

4. Lack of shareholder representation on the Avexa Board

None of the Avexa directors have, or represent, a meaningful shareholding in Avexa. In total, the Board holds less than 0.1% of the company.

Calzada believes that a 16% shareholder should be represented on the Board so as to ensure that there is a strong alignment of interest between shareholders and the Board.

The Way Forward

Step one is to install the strongest possible independent Board who can review the current portfolio of assets and determine the best way forward.

The Board we propose comprises industry leaders with immense biotechnology experience and impressive reputations:

- **Dr John Chiplin** is one of the most successful life sciences professionals in the Australian industry. His role leading Arana Therapeutics is legendary for the value created for shareholders.
- **Dr Stewart Washer** combines very successful roles as a technology and life sciences fund manager and listed life science company CEO. He is high profile and highly respected throughout Australia's life sciences industry.
- **Dr David Fuller** possesses a combination of deep technical pharmaceutical expertise along with strong commercial acumen. His entrepreneurial drive has seen him lead many international pharmaceutical companies to adopt successful new products and generate business growth.
- **Mr Bruce Rathie** is a highly experienced and credentialed director with strong legal and financial qualifications. His background includes substantial experience as a company director and he brings strong corporate and governance expertise.

**WE ENCOURAGE YOU TO VOTE FOR THE RESOLUTIONS TO REPLACE THE
AVEXA BOARD WITH THE ABOVE DIRECTORS**

