



ASX Release

27 October 2006

2006 Share Purchase Plan

In accordance with ASX continuous disclosure requirements, the letter of information on the Company's 2006 Share Purchase Plan which is being mailed out to all shareholders on or around 27 October 2006 is attached hereto for general release. A copy of the most recent research report prepared by ABN AMRO Morgans is available on the Company's website at www.avexa.com.au

Under the 2006 SPP, eligible shareholders of the Company will receive an opportunity to apply for up to \$5,000 of new, fully paid ordinary Avexa shares with no brokerage costs and at a discount to the Company's share price for the last 30 days of trading to Monday 23 October 2006.

As announced on 24 October 2006, the offer is non-renounceable and will close on Thursday 30 November 2006, unless closed earlier by the Company at its sole discretion under the terms and conditions of the SPP. Avexa proposes to allot and issue shares under the SPP by close of business on Friday 8 December 2006.

Full plan details in a letter and application form which will be mailed to all eligible shareholders on or around Tuesday 14 November 2006.

Yours faithfully

Alan M Boyd
Company Secretary
Tel: +61 3 9208 4300

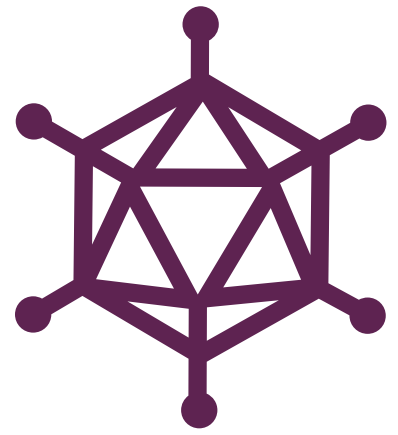
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Avexa Limited is a Melbourne-based biotechnology company with a focus on research and development of anti-infectives. The company is developing drugs for the treatment of infectious diseases which have a significant unmet medical need. Avexa has dedicated resources and funding for key projects including antiviral drugs for HIV/AIDS and an antibiotic alternative for antibiotic-resistant bacterial infections. The company's lead program is Apricitabine which is currently in Phase IIb clinical trials.



Share Purchase Plan

24 October 2006

Dear Shareholder

As announced to the Australian Stock Exchange (ASX) on Tuesday 24 October 2006, the Board of Directors of Avexa is pleased to provide eligible shareholders the opportunity to participate in Avexa's capital raising initiatives through a Share Purchase Plan (SPP). Eligible shareholders will receive full details of the SPP, the application form and participation process as part of a mail out on or around Tuesday 14 November 2006.

All eligible shareholders are encouraged to take advantage of the opportunity to apply for up to \$5,000 of Avexa shares at a discount to recent market trading and without incurring any transaction costs. This letter sets out a brief summary of the Company's forthcoming milestones, SPP eligibility criteria and the timetable for participation by eligible shareholders.

A copy of the most recent research on the Company conducted by ABN AMRO Morgans is enclosed with this letter and provides a succinct third party analysis on the status of the Company's activities and position. I encourage you to read this research report.

Shareholder Update

Over the past year Avexa has focused on driving its lead program forward to significant milestone points. Avexa is aiming to position apricitabine as the preferred drug of choice for patients failing their current therapy given the level of anti-viral activity and excellent safety profile shown by apricitabine.

The first two patients have enrolled in the Phase IIb extension study having completed their full 48 week dosing period under the Phase IIb trial. Enrolment in the extension study is entirely at the discretion of the patient and is therefore viewed as a positive endorsement of both the effectiveness and safety profile of the drug. These patients are receiving apricitabine as part of their daily treatment for HIV.

Prior to the end of the calendar year, the Company expects to conclude the following activities which have the potential to provide a significant uplift in shareholder value:

- completion of enrolment in the Phase IIb apricitabine trials;
- release of apricitabine Phase I cardiac safety study results;
- release of tipranavir co-dosing Phase I safety study results; and
- release of proof of concept animal study results for the Vancomycin Resistant Infections (VRI) project.

In addition to the above, the Company anticipates the release of preliminary Phase IIb trial data in the first quarter of 2007.

Eligible Shareholders

The Record Date for the SPP is Thursday 9 November 2006 such that all shareholders on the Share Register at 7.00pm on the Record Date with registered addresses in Australia or New Zealand represent eligible shareholders for the purposes of participating in the SPP. The existence of complex foreign securities laws renders it impractical for shareholders resident in other countries to be offered the opportunity to participate in the SPP.

Eligible shareholders are entitled under the terms and conditions of the SPP to apply for \$1,000, \$2,000, \$3,000, \$4,000 or \$5,000 of new Avexa shares. There are no brokerage or other transaction costs payable by participating shareholders.

The price of the Company's shares may rise or fall during the period between the opening of the SPP and the date that shares are issued to SPP participants. Accordingly, participants should seek their own financial advice in relation to the SPP offer.

Avexa currently has 197,854,554 ordinary, fully paid shares on issue, held by approximately 5,300 shareholders. The Company can issue up to 30 per cent of its issued share capital under the SPP without the requirement for prior shareholder approval, which represents an upper limit for Avexa of 59,356,366 shares. The SPP offer will not be underwritten and there is no minimum aggregate number of shares to be issued under the SPP.

SPP Anticipated Key Dates

The following is an indicative timetable for the SPP however the Board of Directors, at its sole discretion, reserves the right to close the offer early.

Date	Event	Activity
7.00pm Melbourne time on Thursday 9 November 2006	Record Date	Closure of register to determine entitlement to participate in the SPP
5.00pm Melbourne time on Tuesday 14 November 2006	Mail Out Date	Mail out of terms and conditions of the SPP and application form to all shareholders
9.00am Melbourne time on Wednesday 15 November 2006	SPP Opening Date	Opening of SPP for receipt of applications
5.00pm Melbourne time on Thursday 30 November 2006	SPP Closure Date	Closure of SPP for receipt of applications
5.00pm Melbourne time on Wednesday 6 December 2006	Allotment Date	Allotment of SPP shares
5.00pm Melbourne time on Friday 8 December 2006	Dispatch Date	Transaction confirmation dispatched to shareholders

Yours sincerely,



Dr Hugh Niall
Chairman, Avexa Limited

For shareholders new to the Avexa share register and seeking more detailed information on the Company, a detailed background to the Company and its origins can be found on the Company's website at www.avexa.com.au. Hard copies of the 2006 Annual Report can be obtained free of charge by calling Company Secretary Mr Alan Boyd on (03) 9208 4300 or by email at avexa@avexa.com.au.



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