



ASX Release

Companies Announcements Office
Australian Stock Exchange Limited

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Avexa's Capital Raising Oversubscribed

Avexa Limited (ASX: AVX) announced today, that through a combination of a placement to overseas investors and a fully underwritten rights issue to existing shareholders it has raised a total of \$14.2M.

The 1 for 4 non-renounceable rights issue of approximately 39,500,000 ordinary shares closed on 5 May 2006, with subscriptions from approximately 64% of shareholders (totalling 25,366,601 shares of the shares offered).

The rights issue was fully underwritten by ABN AMRO Morgans Corporate Limited and Wilson HTM Corporate Finance Limited. The shortfall of 14,163,501 shares will be placed to new institutional investors by the underwriters.

Avexa Limited Chairman, Dr Hugh Niall said, "The take up of the rights issue by existing shareholders together with participation by North American investors has been very encouraging".

"Whilst a small number of shareholders including the Victorian State Government and Zenyth Therapeutics did not exercise their rights, this was more than balanced by the involvement of new overseas investors and strong demand for the stock. This has resulted in an oversubscription of the issue".

The CEO of Avexa, Dr Julian Chick said "I am delighted by the support of our existing shareholders and the interest from new local and US investors".

In commenting further he said that "The funds will be used to prepare for Avexa's Phase III clinical trials of our lead compound AVX754 which is for the treatment of patients infected with HIV virus that has become resistant to existing drugs".

AVX754 also known as apricitabine is currently in an advanced Phase II clinical trial (Phase IIb) with the results of this trial expected to be known in the second half of 2006".

**A V E X A**

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About Avexa

Avexa Limited is an ASX-listed Melbourne-based biotechnology company with a focus on research and development of anti-infectives. Avexa is focused on developing therapies for the treatment of HIV/AIDS and other viral infections, and an antibiotic alternative for antibiotic-resistant bacterial infections. The company in-licensed the Phase II drug AVX754, with the company expecting to complete enrolment by mid year 2006. Avexa has followed the ASX Code of Best Practice for Biotechnology Companies in preparing this announcement.

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