



29 August 2005

PROPOSED OFFER OF OPTIONS TO AVEXA EMPLOYEES

In accordance with Listing Rule 3.10.3, Avexa Limited (**Avexa**) (ASX:AVX) provides the following information in respect of a proposed grant of securities to all permanent and part time Avexa employees, excluding the Chief Executive Officer. The purpose of the proposed offer is to provide an incentive to Avexa employees for future performance.

It is proposed to grant options to Avexa employees to acquire up to 750,000 fully paid ordinary shares in the company as follows:

The maximum number of options estimated to be granted, assuming all employees accept the offer when it is made, is 750,000 options.

The principal terms of the offer proposed to be made to Avexa employees are:

- No consideration is payable by employees for the options;
- the options are proposed to be granted on or around 5 September 2005;
- the options will be granted under and in accordance with Avexa's Employee Share Option Plan (ESOP) except that progressive vesting of the options will occur over a two year period; and
- the exercise price of the options will be \$0.40 per share for 50,000 options and \$0.19 for 700,000 options.

Avexa will not seek further shareholder approval in respect of this proposed offer of options to company employees.

RM Fry
Company Secretary

About Avexa

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 AVX754, in-licensed from Shire Pharmaceuticals in January 2005 and has recently entered into a Phase IIb clinical trial.

www.avexa.com.au