



ASX Release

Chairman's speech

Dr Hugh Niall

Avexa Annual General Meeting

24 October 2006

This is the Company's second Annual General Meeting and also my second as Chairman and I am proud of what we have achieved in our first two years of operation.

I think everyone is now aware of the problems for patients, doctors and the health system generally that are caused by drug-resistant viruses and antibiotic-resistant bacteria. Viruses and bacteria continually mutate into new strains that frustrate attempts to prevent or cure serious infectious diseases – AIDS, Hepatitis and so-called super bugs found in hospitals. New drugs and new combinations of drugs are badly needed to deal with these threats. This is the focus of your Company, Avexa.

It is what we know, what we are good at, where we see an unmet medical need and valuable commercial opportunities.

It was a major step in the development of Avexa, when Julian Chick, our CEO, with scientists Drs Jonathan Coates and Susan Cox (both also here today) found and licensed-in the drug candidate formerly known as AVX754. I should tell you that it has recently been assigned the international non-proprietary name of apricitabine by the World Health Organisation.

The adoption of this name will see the phasing out of all references to AVX 754 over the coming months in favour of apricitabine, or ATC for short.



You will shortly hear from Dr Chick about the status of ATC and of our other projects. There has been exciting progress, with more important milestones coming up over the next few months. As projects advance, risks are reduced or eliminated, and value is correspondingly added to the project and the Company.

If the Phase 11B trial and the accompanying Phase 1 trials turn out as we hope, Avexa will have taken a drug to the point of entering a Phase 111 trial.

We are not there yet, but the goal is within reach. Very few Australian-based biotech companies have achieved this goal.

I will now hand over to our CEO Dr Julian Chick who will give you an update on the Company's operations.

Thank you Julian

During the year the Board was strengthened by the appointments of Dr Malta and Mr Cooper, each of whom has brought invaluable insight and expertise to the Board. Thanks is given to Ms Helen Cameron who stepped down in December 2005. Helen was one of the initial director appointments prior to the demerger of Avexa from what was formerly Amrad, now known as Zenyth.

The management team and all staff, in both the discovery and development groups, have contributed strongly to a very positive year for the Company and the Board thanks them for their tireless efforts. The Board also would like to thank the Company's shareholders for their loyalty and support, not only as demonstrated in the capital raising but throughout the year, through participation at meetings, enquiry of the company, and positive feedback to all shareholder communications.



I am pleased to announce today the launch of the Company's 2006 Share Purchase Plan. This is a plan which provides an opportunity for all shareholders to apply for up to \$5,000 worth of new Avexa shares at a discount to recent market prices and without incurring any brokerage or other transaction costs.

The share purchase plan has been timed to coincide with the distribution of the 21 million Avexa shares held by Zenyth Therapeutics Limited to its shareholders as part of the acquisition of that company by CSL. In addition to receiving Avexa shares, Zenyth shareholders will also receive a cash return in exchange for their shares.

Many Zenyth shareholders will already be existing Avexa shareholders as a result of the demerger of Avexa in 2004. However there will also be many new shareholders joining the Avexa register. We are keen to welcome and retain these new investors to the register and provide them with an opportunity to re-invest their biotechnology investment dollars into Avexa and build up a more substantial holding. The share purchase plan facilitates this and is part of proper share registry management practice to ensure there is minimal or no overhang arising from the release of such a large holding.

It is also critical to ensure that loyal, existing shareholders also have the same opportunity to supplement their holdings with a discounted pricing and zero transaction cost and consequently the plan is open to all shareholders.

Details of the plan will be mailed out in the next week together with an up to date research report prepared by ABN AMRO Morgans. This mail out will be followed by formal terms and conditions and application forms in the second week of November. I encourage all shareholders, new and existing, to take up their entitlements in this SPP.

**A V E X A**

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I concluded last year's AGM with the statement that our Company has, and I quote, "an aggregation of talent competitive with any in the world in the field of antiviral drugs." I believe standing here today, that with the additional personnel we have recruited during the year both at staff and Board level and the investors we have attracted to our register, we are now in an even stronger position to propel this Company forward and generate real and tangible shareholder value in the foreseeable future.

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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.