



12 August 2010

Mr David Franklyn  
Chairman  
Calzada Limited  
Unit 2  
320 Lorimer Street  
Port Melbourne VIC 3207

[DFranklyn@calzada.com.au](mailto:DFranklyn@calzada.com.au)

Dear Mr Franklyn

**RE: Requisition to replace the Board of Avexa Limited (Avexa)**

I refer to your letter dated 9 August 2010 (with enclosures) (**Requisition Documents**) (**Requisition**).

1. **General**

The Requisition Documents request that a General Meeting of Avexa shareholders (**Requisitioned General Meeting**) be convened for the purposes of removing the current Board and appointing four Directors nominated by Calzada Limited (**Calzada**) (**Nominee Directors**).

2. **Annual General Meeting**

The Board proposes to hold its 2010 Annual General Meeting in late November 2010 (**AGM**).

The Board notes the following:

- In accordance with Avexa's constitution, each current Director must retire, and is re-eligible for re-election, at the AGM. Similarly, any Nominee Director appointed at the Requisitioned General Meeting must retire, and is re-eligible for re-election, at the AGM
- The costs associated with convening and holding the Requisitioned General Meeting are considerable. In that regard, the Board recognizes the importance of preserving Avexa's available resources. Holding the Requisitioned General Meeting and the AGM will result in a duplication of costs to the detriment of all shareholders.

Accordingly and having regard to the relatively short period of time between the Requisitioned General Meeting and the AGM (potentially no more than 6 weeks, depending on the dates of the meetings), the Board believes that the resolutions in the Requisition Documents (i.e. removal of the Board and the appointment of the Nominee Directors) (**Proposed Resolutions**) should be dealt with at the AGM.

If Calzada accepts this proposal and subject to the Requisition being withdrawn, the Board will:

- include the Proposed Resolutions as items of business at the AGM.



Avexa Limited  
ABN 53 108 150 750  
576 Swan Street Richmond  
Victoria Australia 3121

Telephone 61 3 9208 4300  
Facsimile 61 3 9208 4146  
Website [www.avexa.com.au](http://www.avexa.com.au)

- include in the Notice of AGM, any written statement from Calzada that Avexa would be required to include in the Notice of the Requisitioned General Meeting (so long as it is received in time to send to shareholders with the Notice of AGM).
- investigate the earliest possible date to hold the AGM to achieve this outcome.

3. **Next steps**

I request your urgent response to this proposal. Please respond by no later than 12.00 noon on Friday, 13 August 2010.

If no response is received by that time, the Board will proceed with the Requisitioned General Meeting.

Yours sincerely

Joe Bains  
Chairman