

**A V E X A**

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ASX Announcement

For immediate release

Avexa to acquire TALI Health Pty Ltd

Melbourne, Australia, 12 October 2015

Avexa Limited (Avexa, ASX: **AVX**) is pleased to announce it has today entered into a binding Implementation Deed with TALI Health Pty Ltd (**TALI**) to acquire all of the ordinary voting shares in TALI in exchange for the issue to TALI shareholders of fully paid ordinary shares in Avexa.

TALI has the exclusive global license to the TALI Technology which underpins TALI's revolutionary and innovative cognitive function approach to diagnosing and treating developmental disabilities, including Autism, in modern society. Further information about TALI is set out below.

Key Transaction Terms

- TALI has been valued by agreement at \$4.5 million. Avexa has been valued at \$8.0 million based on recent ASX trading;
- The transaction is conditional on several matters including all TALI shareholders accepting the Avexa offer and satisfactory completion of the private placement (as to which, see below) as well as Avexa shareholder approval of the transaction by ordinary resolutions, including approval of issue of shares to TALI shareholders and under private placement;
- A private placement of up to \$4.0 million to sophisticated and professional investors is proposed to be undertaken by Avexa upon closing of the proposed transaction (subject to shareholder approval);
- It is expected that Avexa will ask shareholders to approve the consolidation of existing Avexa ordinary shares on issue on a ratio of 20:1.
- Two TALI directors to join the Avexa board, Professor Kim Cornish to remain as Chair of TALI's Scientific Advisory Board and Hannah Kirk to be appointed Chief Technical Officer;
- Avexa will seek all necessary shareholder approvals at its 2015 AGM scheduled for 26 November 2015 to complete the proposed share issues identified above together with other capital management initiatives;

The acquisition of TALI is consistent with the aim of restoring value for Avexa shareholders as foreshadowed by the Board in the recent ASX Release on 31 August 2015. As further clinical development on Avexa's late and early stage drug portfolio remains on hold, the Directors have been actively searching for a healthcare business undertaking that fit strict criteria including the prospect of near term returns for shareholders. The Directors believe that the TALI opportunity fits this profile.

Commenting on the acquisition Avexa's Executive Chairman, Iain Kirkwood said, *"The opportunity to acquire TALI provides an exciting opportunity for Avexa to bring a new business to refresh the Company. The commercialisation of TALI Technology delivered via a tablet based "App" has significant global potential and addresses a clear need in the area of Developmental Delay (DD)".* He added *"We are delighted that Jefferson Harcourt and Benjamin Yeo are joining the board, Professor Kim Cornish will remain as the Chair of TALI's Scientific Advisory Board and we welcome the appointment of Hannah Kirk as Chief Technical Officer. Together they bring a wealth of medical and business experience in the area of DD and commercialising technology".*



Dr Wayne Millen, Executive Chairman, TALi Health Pty Ltd said *“The Board of TALi Health is delighted that this transaction will provide a solid pathway for the unique TALi Process to be commercialised. We ensured that a strong foundation was built and we look forward to following TALi being rolled out into clinics locally and internationally. We wish Avexa and the new team every success.”*

About TALi Health Pty Ltd

TALi Health has the exclusive global license to the TALi Technology together with the option to acquire the TALi Technology outright. TALi is seeking to position itself as the global leader in the diagnosis and treatment of children with intellectual disabilities, via the unique cognitive abilities focused on in the TALi Process. The TALi Process is a result of ground-breaking research pioneered over twenty years by internationally renowned Professor Kim Cornish, Head of School of Psychological Sciences at Monash University and her team. A collaboration between Monash University, Grey Innovation Pty Ltd and Torus Games Pty Ltd, together developed the solution in response to the perceived absence of holistic approaches by the medical industry in addressing the limited awareness and treatment of intellectual disabilities, including Autism, in modern society. The front end of the TALi Process is an attention measuring and training game (accessed by downloading an “App”) for delivering interventions on tablets (or similar). The back end of the TALi Process is a Cloud based, centralised secure data collection, analysis and report back function.

Further details describing the TALi Process is available on TALi’s website at www.talihealth.com.

Acquisition Funding and Capital Raising

The acquisition is to be funded by an all script offer of Avexa shares to existing TALi shareholders. Based on an agreed valuation of TALi and Avexa of \$4.5 million and \$8.0 million respectively. Avexa will issue approximately 27.58 million new ordinary shares (based on the 20:1 consolidation) to existing TALi shareholders as consideration for Avexa’s acquisition of all the TALi shares.

The directors of TALi, who hold approximately 59% of the TALi shares have unanimously recommended the offer to all TALi shareholders. This issue of shares will be subject to shareholder approval at Avexa’s AGM to be held on 26 November 2015.

Associated with the acquisition is a proposed Placement to professional and sophisticated investors which seeks to raise up to \$4.0 million. This Placement will also be subject to shareholder approval. The funds raised in this Placement will be applied towards product development, Torus Games enhancements, clinical trials and workshops and initial rollout in targeted centres of TALi.

Novus Capital is acting as Exclusive Financial Advisor, Sponsoring Broker and Lead Manager to the Placement.

Board composition, Scientific Advisory Board Chair and appointment of Chief Technical Officer

On completion of the TALi acquisition and obtaining all shareholder approvals, Avexa current TALi directors Jefferson Harcourt and Benjamin Yeo will join the Board and Professor Kim Cornish will continue as Chair of TALi’s Scientific Advisory Board.

Hannah Kirk is to be appointed Chief Technical Officer.

Biographical details are contained in Annexure 1.



Share consolidation

The directors propose to consolidate the number of ordinary shares on issue which currently amount to 980,778,925. Subject to shareholder approval at the 2015 AGM, the number of shares will be consolidated by 20:1 resulting in approximately 49,038,945 ordinary shares (subject to rounding).

Conditionality

The completion of the acquisition is subject to the satisfaction or waiver of certain conditions precedent which includes:

- Avexa receiving all shareholder approvals required under the Corporations Act 2001 (Cth) or the Listing Rules of ASX to complete the acquisition;
- A minimum of \$2.0 million being raised in the Placement of shares;
- Completion of remaining due diligence;
- Execution of all transaction documentation in respect of the acquisition.

Timetable

An indicative timetable for the proposed transaction is as follows:

Action	Date
Despatch of Notice of Meeting	26 October 2015
General Meeting	26 November 2015
Closing	30 November 2015

About Grey Innovation Pty Ltd

Grey Innovation is a cutting edge engineering and technology commercialisation company based in Melbourne, Australia. For more information visit Grey Innovation's website at www.greyinnovation.com

The Avexa directors recommend that Avexa shareholders await receipt of the Notice of Meeting prior to taking any action with respect to their shares in Avexa.

For information please contact:

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ANNEXURE 1

Jefferson Harcourt

Jefferson has over 17 years of experience as a company director of Grey Innovation, a cutting edge engineering and technology commercialisation company based in Melbourne, Australia. He has a Bachelor of Engineering (Honors).

Through Grey Innovation, which Jefferson founded in 1998, Jefferson has worked in a wide range of industry sectors including defence, automotive, consumer electronics, and medical devices. Grey collaborates with leading Australian universities and research organisations to translate leading edge technologies into market ready product. Jefferson has brought over one hundred products to market in the past fifteen years, and their devices are sold under leading brand names around the world.

Jefferson works closely with his technical teams, and is comfortable with complex technology and product development methodologies.

In 2014 Jefferson co-founded the Verde Foundation; a not-for-profit foundation to translate medical device research into investment ready propositions. He has also raised capital and created a number of spin out companies, sits on a number of company boards, and is committed to helping create successful high-tech companies.

Benjamin Yeo

Benjamin has extensive experience in the Equity Capital Markets focusing on the small to medium enterprise sector. He has a Bachelor of Science and a Masters of Business (Commercialising Science and Technology), winning the 2008 nabCapital Science in Business Award for his work commercialising Facioscapulohumeral Muscular Dystrophy research out of Monash University in partnership with Mr Bill Moss AO.

Through Novus Capital, Benjamin has worked in a wide range of industry sectors including pharmaceutical, biotechnology, medical devices, mining, retail and technology. Through his work at Novus Capital, Benjamin actively engages in originating deal opportunities and implementing strategic business initiatives including Mergers and Acquisitions, and private and public equity capital raisings through Initial Public Offerings, Reverse Takeovers, private placements and rights issues.

Benjamin's widespread knowledge in Medical Science, Biotechnology and Information Technology, insures he is actively sought after to advise on the feasibility of these markets in question.

Benjamin is also the Vice President of Water Polo Victoria and sits on the Board of Directors for a number of other non-for-profit sporting organisations such as the University of Melbourne Sports Advisory Board and the Victorian NWPL Club Inc.

Professor Kim Cornish, BSc (Hons) PhD (Chair of Scientific Advisory Board)

Professor Kim Cornish is a developmental cognitive neuroscientist and directs the Cornish Developmental Laboratory in the Monash School of Psychological Sciences, of which she is Head of School and Deputy Dean of the Faculty of Biomedical and Psychological Sciences. Prior to this appointment, Professor Cornish was appointed the Canada Research Chair (Tier 1) in



Developmental Neuroscience and Full Professor at McGill University, one of the youngest recipients to achieve this prestigious combination of awards (2002-2009).

She currently retains an Adjunct Professorship in the Department of Neurology & Neurosurgery at the Montréal Neurological Institute and is special professor in the Division of Developmental Psychiatry at Nottingham University in the UK. Professor Cornish is recognised internationally for her work in the field of neurodevelopmental disorders, genes and atypical cognitive pathways including cognitive control deficits.

The interdisciplinary nature of her work has resulted from numerous research awards world-wide including the Wellcome Trust (UK), the National Institute of Health (NIH; USA), Canadian Institutes of Health (CIHR), Canada Foundation for Innovation (CFI), and most recently the Australian Research Council. Her work has been published in Brain, Neurology, Molecular Psychiatry, Neurobiology of Aging, and Science Translation Medicine.

In 2012, she and her collaborators (Grey Innovation and Torus Games) were awarded a prestigious Australian Research Council Linkage grant to develop TALI in children with developmental delays.

Hannah Kirk (BSc (Hons) PhD)

Hannah has a Bachelor of Psychology (First class honours) from Newcastle University, UK and has recently completed a PhD within the School of Psychological Sciences at Monash University.

In the past 5 years, Hannah has investigated the cognitive, behavioural and motor profiles of children with Developmental Delay (e.g. Williams syndrome, Down syndrome, Autism). Specifically, Hannah was heavily involved in the development and design of the TALI process. Furthermore, Hannah conducted and managed the clinical trial that assessed the scientific validity of the TALI process in 91 children with developmental and intellectual disabilities. As such, Hannah has extensive knowledge regarding children with developmental disabilities, in addition to experience in designing, running and analysing clinical research trials.

To date, Hannah's works has led to seven publications in peer reviewed journals. This research has been presented at several national and international conferences, as well as invited talks at the University of Melbourne, Newcastle University (UK) and the University of South Carolina (USA). Hannah collaborates across several disciplines, including Psychiatry and Information Technology, and has international collaborations with institutions such as Durham University (UK). Recently she was awarded the Monash Institute of Medical Engineering travel award to disseminate her research to the scientific community in London.

Hannah is committed to developing the TALI Process to create research driven, powerful and flexible tools that can be applied to wider populations with cognitive, behavioural and academic difficulties.

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