

Notice of Annual General Meeting

Thursday 26 November 2015 at 10.00am (AEDT)



A V E X A

Notice is given that the Annual General Meeting (**AGM**) of Avexa Limited ACN 108 150 750 (**Avexa** or **Company**) will be held at the offices of KPMG, 147 Collins Street, Melbourne, Victoria on Thursday, 26 November 2015 at 10.00am (AEDT).

Notice of Annual General Meeting

The Explanatory Statement which accompanies, and forms part of, this Notice of Meeting more fully describes the matters to be considered at the Annual General Meeting.

Ordinary Business

Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report of Avexa for the financial year ended 30 June 2015.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the Remuneration Report forming part of the Directors' Report for the financial year ended 30 June 2015 be adopted.

Note: The vote on this resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing Avexa's remuneration policies.

Voting Exclusion

The Company will not accept any votes cast on Resolution 1 by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including the Directors), or a closely related party of that person (as these persons are not entitled to vote on the resolution in their own capacity) unless the vote is cast:

- (a) as a proxy for a person who is entitled to vote, in accordance with a direction on the accompanying proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote in accordance with an express authority to vote undirected proxies as the Chairman sees fit.

Resolution 2 – Re-election of Director (Mr Bruce Hewett)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Bruce Hewett, a Director retiring in accordance with Rule 5.2 of the Company's constitution be re-elected as a Non-Executive Director of the Company.

Note: Biographical details for Mr Hewett are set out in the attached Explanatory Statement.

Special Business

Resolution 3 – Share Consolidation

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

For the purposes of Section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every twenty (20) existing Shares on issue be consolidated into one (1) Share and, where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share, with the Consolidation taking effect as described in the Explanatory Statement.

Note: An explanation of the proposed resolution is set out in the attached Explanatory Statement.

Resolution 4 – Acquisition of TALI Health Pty Ltd

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to the passing of Resolutions 3 and 5, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to acquire all of the issued Shares in TALI pursuant to the terms and conditions of the Implementation Deed and to allot and issue the Consideration Shares to the TALI Vendors (or their nominees) in proportion to their holdings in TALI in the numbers and on the terms and conditions set out in the Explanatory Statement.

Note: An explanation of the proposed resolution is set out in the attached Explanatory Statement.

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by or on behalf of any of the following persons:

- the TALI Vendors (or the TALI Vendors' nominee(s)) and a party to the transaction and any associate of that party (or those parties).
- a person who may participate in the proposed issue of Shares under Resolution 4 and a person who might obtain a benefit and any associate of those persons, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or,
- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As Resolutions 4 and 5 are inter-conditional, votes which are disregarded on Resolution 5 will also be disregarded on Resolution 4.

Resolution 5 – Approval of proposed Private Placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to the passing of Resolutions 3 and 4, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Placement Shares (post consolidation) at an issue price of no less than \$0.16 per Share on the terms and conditions set out in the Explanatory Statement.

Note: An explanation of the proposed resolution is set out in the attached Explanatory Statement.

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by or on behalf of any of the following persons:

- a person (and their associates) who may participate in the proposed issue and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Election of Director (Mr Benjamin Yeo)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That subject to the passing of Resolutions 4 and 5, Mr Benjamin Yeo, being eligible and having consented to act, be elected as a Director of the Company on and from Completion under the Offer Document.

Note: Biographical details for Mr Yeo are set out in the attached Explanatory Statement.

Resolution 7 – Election of Director (Mr Jefferson Harcourt)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That subject to the passing of Resolutions 4 and 5, Mr Jefferson Harcourt, being eligible and having consented to act, be elected as a Director of the Company on and from Completion under the Offer Document.

Note: Biographical details for Mr Harcourt are set out in the attached Explanatory Statement.

Resolution 8 – Approval of Additional 10 per cent Placement Facility

To consider, and, if thought fit, to pass with or without amendment, as a special resolution:

That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of Shares up to 10 per cent of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions contained in the Explanatory Statement.

Note: An explanation of the proposed resolution is set out in the attached Explanatory Statement.

Voting Exclusion

The Company will disregard any votes cast on Resolution 8 by a person (and their associates) who may participate in the Additional 10 per cent Placement Facility and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 5 is passed and, an associate of that person.

However, the Company need not disregard a vote on Resolution 8 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Lee Mitchell
Company Secretary

Date 25 October 2015

Notes Regarding Proxies and Voting

Voting Entitlement

The Board has determined, in accordance with regulation 7.11.37 of the Corporations Regulations, that for the purpose of voting at the AGM, the shares held by each Shareholder will be as they appear on the Company's share register at **7.00pm AEDT on Tuesday, 24 November 2015**. This means that if you are not the registered holder of a share at that time you will not be entitled to vote in respect of that share.

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by Proxy

IMPORTANT: The Board recommends that shareholders vote in favour of each item of business. **The Chairman intends to vote all available undirected proxies in favour of each item of business.**

Each Shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on behalf of that Shareholder. The proxy may be an individual or a body corporate. A proxy need not be a Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion, or number, of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes (disregarding fractions). If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.

A proxy appointment form is enclosed with this Notice of AGM. For the appointment of a proxy to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed must be received either at Avexa's registered office or at the Company's share registry, Boardroom Pty Limited, **no later than 24 hours prior to the AGM:**

By facsimile: +61 2 9290 9655

By mail: Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

By delivery: Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, SYDNEY, NSW, 2000

Your proxy appointment form is enclosed.

Further Information for Proxyholders (Directed Proxies)

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair- the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Undirected Proxies

If you appoint the Chairman of the meeting as your proxy and do not direct the Chairman of the meeting how to vote on Resolution 1 (Adoption of Remuneration Report)(which you may do by marking any one of 'For', 'Against' or 'Abstain' on the proxy form for those items of business), you will be expressly authorising the Chairman of the meeting to exercise your proxy even if those resolutions are directly or indirectly connected with the remuneration of a member of the KMP for Avexa.

Bodies Corporate

A Shareholder which is a body corporate and entitled to attend and vote at the AGM, or a proxy which is a body corporate and is appointed by a Shareholder entitled to attend and vote at the AGM, may appoint an individual to act as its representative at the AGM.

If a representative of a corporate Shareholder or a corporate proxy is to attend the AGM, a certificate of appointment of the representative must be produced prior to admission to the AGM. A form of certificate of appointment can be obtained from the Company's share registry, Boardroom Pty Limited.

Defined Terms

Capitalised terms in this Notice of Meeting and Explanatory Statement are defined either in the 'Glossary' section or where the relevant term is first used.

Explanatory Statement Part 1 (General Information)

1. Important Notices

1.1 General

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice of AGM), is to provide Shareholders with an explanation of the business of the AGM and of the resolutions to be proposed and considered at the AGM at 10.00am on Thursday, 26 November 2015 and to assist shareholders in deciding how they may wish to vote on the resolutions.

Shareholders should read this Explanatory Statement in full before making a decision on how to vote on the proposed resolutions to be considered at the AGM.

In addition to the usual business to be conducted at the AGM, the purpose of the meeting is to seek from shareholders the various approvals necessary to effect the TALI Acquisition and other associated items of business.

1.2 Input from TALI

Certain information in this Explanatory Statement is information that has been provided to Avexa by TALI and its directors and advisers. In particular TALI has provided much of the information in Section 3.1 and 3.6. Avexa has received confirmation from TALI that the information provided by it is correct. While Avexa has not verified this information, it has received assurances from TALI, and has no reason to believe that the information is not correct or that any material facts relevant to TALI have been omitted.

2. Background to the TALI Acquisition

Over the last year the Company's principal activities have been the pursuit of its drug development programmes with the establishment and support of an Early Access Program (**EAP**) for apricitabine (**ATC**) and the active monitoring of the performance of the Company's investments, most particularly the North Pratt coal mine in Alabama, USA which commenced production during the year.

Shareholders will recall that the Company invested in the North Pratt coal mine with the objective of the mine becoming the primary source of funds for the remaining clinical development of ATC and its other pre-clinical research projects.

Given the severity and extent of the weakness in global commodities including the demand for coal, it is not possible or reasonable for the Directors to advise with any confidence the likely time frame for ATC's clinical advancement nor progression of its two pre-clinical, early stage drugs.

Having regard to these factors and continued low investor sentiment, cash preservation has been front of mind and this has been reflected in reduced expenditure over the most recent reporting periods for the Company. While the Company has been continuing its activities, as noted in the Company's 2015 Annual Report, the Company and its advisors have also been considering potential complementary opportunities that could meet the criteria capable of adding significant shareholder value in the near term.

This has culminated in the announcement on 12 October 2015 of the proposed acquisition by the Company of all the issued share capital of TALI on the terms set out in the Implementation Deed. The Board believes that the TALI Acquisition has the potential to add significant value for Avexa shareholders.

3. Overview Of the TALI Acquisition

3.1 Information on TALI

TALI is a Australian proprietary limited company based in Melbourne. TALI is seeking to position itself as a global leader in the diagnosis and treatment of children with intellectual disabilities, via the unique cognitive abilities focused TALI Process.

The TALI Process is a result of collaboration between Monash University, Grey Innovation Pty Ltd and Torus Games Pty Ltd, who together developed a 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.

TALI is an innovative solution to mental health problems aimed at providing a platform for a more calibrated diagnosis tool and treatment for Developmental Delay (**DD**).

The Company seeks to position TALI as the prime supplier of digital as well as face-to-face cognitive functioning services. In order to achieve this prompt and penetrative affect on the marketplace, extensive digital marketing, business development and brand strategies will be adopted to coincide with the product life cycle incline.

Fundamental to the TALI Process is a recognition that not all children with DD will have the same degree or type of attention difficulty. The TALI Process identifies the position of a particular child on the DD spectrum and works with the child and his or her family, clinicians and educators improving relative attention strengths and building attention skills, and also improving cognitive functions relating to memory, literacy and numeracy.

Improvements in inattentive behaviours in the classroom and home as well as improvements in literacy and numeracy are anticipated outcomes and have been proven in the extensive clinical trials conducted by Monash University's School of Psychological Sciences, School of Clinical Sciences and Department of Information Technology, as well as Durham University's Department of Psychology in the United Kingdom.

The objective is to ensure that the TALI Technology becomes the most used tool to identify and differentiate between sufferers on the DD spectrum.

The TALI Technology

There is now a deeper, fundamental knowledge about the mechanisms and behavioural profiles of children with DD. However, rarely is this new knowledge applied to enhance skills that will impact on emerging academic and cognitive skills of a child with DD.

The TALI Process does just that by targeting a striking behavioural deficit, namely inattention, with a state-of-the-art computer program aimed at improving components of attention to enhance learning capacity and academic outcomes – based upon a unique cognitive approach that up until now has not been available to the general public.

The TALI Technology is accessed by downloading an 'App' from the internet. This is generally provided under licence through the treating clinical professional, via everyday electronic devices (e.g. tablet, computer). The TALI Technology is portable and able to be used at home or school. This makes it accessible to children in metropolitan and rural regions, particularly areas that often cannot access intervention services which are located predominantly in metropolitan regions.

The back end of the TALI Process is a powerful computer program that collects and analyses data each time a patient interacts with one of the computer games provided by the app. The analysis of this data is used to prepare reports for clinical professionals, teachers and parents to use for diagnostic and therapeutic purposes and then to monitor the progress of their patients, and, where necessary, adjust the treatment.

Unlike other technology, the TALI Technology recognises that not all children with DD will have the same degree or type of attention difficulty. In some children, the ability to remain focused on a given task may be especially weak but other attention skills, such as selection of salient information may be less vulnerable to impairment. These relative strengths, once identified, can be harnessed and used to help a child improve and build better attention skills and also improve cognitive functions related to working memory, literacy and numeracy.

By avoiding a 'one-size-fits all' approach to intervention which is neither satisfactory nor likely to produce a sustained long-term improvement in attention functions, the TALI Technology enables intervention uniquely designed for children with DD. In addition, the TALI program is sensitive in distinguishing between age related changes in attention skills and early developmental impairment.

3.2 Implementation Deed

On 12 October 2015, the Company announced to the ASX that it had signed a binding Implementation Deed with privately owned TALI to acquire 100 per cent of the issued shares of TALI.

Key Offer Terms

- (a) Shareholders will be asked to approve a consolidation of capital on the basis of 1 new Share for each existing 20 Shares in the Company. This consolidation will reduce Avexa's existing Share capital from 980,778,925 Shares to approximately 49,038,947 Shares (based on rounding) before taking into account Shares to be issued to the TALI Vendors on completion of the TALI Acquisition and to investors under the Capital Raising.
- (b) In exchange for their shares in TALI the Company will issue to TALI Vendors a total of 27,584,420 Consideration Shares (post Consolidation). This is on the basis that TALI has been valued by agreement at \$4.5 million and Avexa has been valued at \$8 million based on recent share market trading.

Conditions

Completion of the TALI Acquisition and the issue of Shares to the TALI Vendors is subject to certain conditions being achieved. These include:

- (a) The passing of resolutions at a general meeting of the shareholders of the Company approving:
 - (i) the purchase by the Company of all of the issued capital of TALI;
 - (ii) the issue to the TALI Vendors of the Consideration Shares for the purposes of ASX Listing Rule 7.1; and
 - (iii) the Company issuing the Shares under the Private Placement;
- (c) All TALI Vendors accepting Avexa's offer to acquire their shares in TALI;
- (d) Avexa raising a minimum of \$2,000,000 under the Private Placement; and
- (e) the obtaining of all other necessary shareholder and regulatory approvals.

3.3 Board Changes

On completion of the TALI Acquisition the Company proposes to appoint to the Board, Messrs Benjamin Yeo and Jefferson Harcourt. The existing Directors of Avexa will continue in their respective roles with Mr Iain Kirkwood also remaining as Chairman.

3.4 Proposed Capital Raising and Pro-forma Capital Structure

A condition of the TALI Transaction is the completion of a Capital Raising. The Company intends to raise between \$2,000,000 and \$4,000,000 pursuant to a Private Placement to sophisticated and professional investors identified by the Directors with the assistance of the Company's corporate advisers.

The Capital Raising will comprise the issue of up to 25 million Shares at a minimum of \$0.16 cents per Share to raise up to \$4,000,000. The minimum subscription will be the issue of 12,500,000 Shares at an issue price of no less than 16 cents each to raise \$2,000,000.

Please see paragraph 4.2 for more details on the effects of the capital structure of the Company arising from the Consolidation and TALI Acquisition.

3.5 Information on TALI and its Assets

TALI was incorporated on 3 July 2014 as a special purpose vehicle to acquire the TALI Technology from Monash University and Grey Innovation Pty Ltd. TALI has the exclusive global licence to the TALI Technology, together with the option to acquire the TALI Technology outright.

TALI's key assets comprise the TALI Technology, over which the Company has a 20 year exclusive worldwide licence to commercially exploit and an option to acquire it outright. The TALI Technology is currently owned by Monash University and is subject to an ongoing obligation to pay royalties to Monash University of 9 per cent of gross revenues relating to sales of the TALI Process. The Intellectual Property elements include the following:

Patents

TALI has made application for:

- (a) Australia – Provisional Patent No. 35222132 and dated 8 April 2015
- (b) International – As per PCT for Global coverage-Patent No. 35233240 and dated 8 April 2015

Trademark

TALI has applied for the registration of the trademark 'TALI' under classes 9, 10, 41 and 44. These classes deal with medical services, mental health assessment services, Autism including diagnosis, management, treatment monitoring and detection using computers, tablets and games software.

Know-how

TALI has deep expertise in the subject matter based on the research from Monash University supported by over 100 peer reviewed publications and proprietary background IP from Grey Innovation.

Copyright

Subsisting in research, database, gaming experience, software (research and analysis development tool; analysis engine).

3.6 The Need for the TALI Technology

A conservative estimate of more than 650,000 Australians, including 437,000 children and adolescents, are likely to have Developmental Delay that places them at considerable risk from poor academic achievements, compromised social integration and reduced vocational opportunities.¹ At this point in time, families suffer from considerable expense for treatment of loved ones and are forced to seek treatment from clinical professionals often located at different sites.

Currently, the assessment process for diagnosing specific forms of DD, such as Autism Spectrum Disorder (ASD), can be a lengthy one, not least because it requires the involvement of multiple clinical health professionals.

Research in the UK shows that in the case of Autism, often receiving the basic diagnosis is proving to be a difficult and lengthy process. In a survey of more than 1,000 parents in the UK who had experienced the diagnostic process for their child, it was found that on average, parents had to wait three and a half years before their child got a confirmed diagnosis of ASD.² Given these lengthy delays, it is perhaps not surprising that just over half the parents who were surveyed were dissatisfied with the diagnostic process as a whole – and most found the process stressful.

Currently, once DD is suspected by a parent, teacher or clinician, the child is referred to a multidisciplinary team for assessment. Within Australia, in order for this assessment to be government funded the referral must be made by a paediatrician or a child/adolescent psychiatrist. If the child is under 12 years of age, the multidisciplinary assessment team must be comprised of a psychologist, speech pathologist, and either a paediatrician or a child/adolescent psychiatrist. Occupational therapists are also part of an integrated professional team – the cost of these treatments and diagnostics vary from \$5,000 to over \$20,000.

Example prices of existing services and typical spend include the following:

- Applied Behaviour Analysis intervention program with fortnightly email/phone support can cost \$1,100 per month;
- Parents pay \$1,500 for a 5 week home based Cogmed intervention;
- \$400-600 per session is paid for assessment and testing, between 20–60 sessions can be needed;
- \$600 for literacy program FastForWord or \$240 per month for use 3–5 days a week for approximately 8–12 weeks; and
- \$2,000 for three month access to a simple device for Auditory Integration Training.

1. Economic Burden of Childhood Autism Spectrum Disorders, American Academy of Pediatrics, 5 December 2013.

2. Crane, L., Chester, J., Goddard, L., Henry, L.A., & Hill, E.L. (in press, 2015). Experiences of autism diagnosis: A survey of over 1000 parents in the United Kingdom. *Autism: The International Journal of Research and Practice*.

3.7 Proposed Business Model

The TALI Technology is a clinician enabling tool for the process of diagnosis and treatment of children with DD (the **TALI Process**). In Australia the potential beneficiaries of the TALI Technology are conservatively estimated at 437,000 children and adolescents with DD.

Initially, in Australia, TALI's target market will be selected clinical professionals practicing in the DD sector and in strategically identified locations in each of the major cities of Australia.

Clinical professionals who operate in individual or other collective practices will also be targeted to adopt the TALI Technology. These clinical professionals include Paediatricians, Teachers, Psychologists, Occupational and Speech Therapists.

As an immediate focus, international markets will be rigorously explored with the objective of creating joint venture relationships with operators within the DD professional community to enable the distribution of the TALI Technology to the highest possible level. For example in Europe there are an estimated 3.5 million children and adolescent sufferers with DD, and approximately 1.8 million child and adolescent sufferers in the USA.³

The Business Objectives are as follows:

First Year	First 3 Years
Sell licences to clinical professionals domestically;	Continue to roll out domestically;
Expand clinical trial program;	Intensify international marketing program;
Continue to develop software; and	Continue clinical trials; and
Commence international sales of licences	Continue to develop software.

The Company intends to deliver the TALI Process (i.e. application of the TALI Technology, assessment of results and reporting on results) simultaneously within Australia and internationally.

Within Australia, the process will be delivered through the direct sale of licences to individual sufferers through their clinical professionals (Psychologists, Speech Pathologists, Teachers, and either a Paediatrician or a Child/ Adolescent Psychiatrist).

The sale of licences to international markets is an integral part of the business model. Simultaneous with the sale of licences, it is planned to initiate joint venture/distribution relationships internationally for the sale of licences – in particular within the United Kingdom, Europe and in the United States of America.

(a) Reimbursement Plan

Currently, the following reimbursement plans support current sufferers of Development Delay and their families:

Helping Children With Autism Funding (HCWA).*

- \$12,000, with an additional top-up of \$2,000 for regional/rural children.
- \$6,000 can be spent in one financial year.
- Targeted at early learning- child must be under 7.
- Each child may spend \$2,100 per year to purchase evidence based equipment or resources recommended by an approved early intervention service provider.

* Administered by Federal Government's Department of Families, Housing, Community Services, and Indigenous Affairs (FaHCSIA).

Medicare

For children up to 12 years, Medicare items cover:

- Paediatricians and Psychiatrists to diagnose and develop a treatment plan.
- Psychologists and Speech Pathologists to assist with the assessment.
- Allied health providers such as Psychologists, Speech Pathologists and Occupational Therapists to provide early intervention treatment following diagnosis (up to 20 services per child).

National Disability Insurance Scheme

The scheme covers sufferers with Developmental Delay and pays the cost of early intervention programs.

(b) Revenue Streams

TALI Health intends to generate revenue from the sale of licences through its software licence stream and payment for reports generated. Several reports on a sufferer's condition will be required to be produced through the clinical professionals and fees will be charged for these further reports.

3. Journal Of Autism and Developmental Disorders, vol 38, pp 961-971. 1 May 2008.

(c) Key Cost Groups

Under its proposed model, TALI intends to sell the licences to the TALI Technology through the clinicians to parents of the sufferers. With the exception of royalty payments, under its proposed model, TALI anticipates that it will have no material exposure to variable costs within Australia. The cost of doing business is based upon staff wages and superannuation, marketing and distribution costs, and other normal operating expenses. Internationally, TALI anticipates variable costs with its joint venture/distribution relationships.

3.8 Relevant Industry and Competitor Information

The TALI Technology involves a tablet-based program designed to:

- Improve attention levels and cognitive skills among children, particularly those with a diagnosis of DD; and
- Clinically assess attention related issues among children by way of a game-based system.

In conjunction with the development of the TALI Technology, Monash University undertook market scan research to identify potential competitors to the TALI Technology. The market scan involved examining apps currently listed for sale on Google Play and iTunes and searching products listed for sale on online stores geared towards the general education, special needs, or Autism markets.

Competitor technology takes a number of different forms:

Apps

- Smartphone/tablet apps

General Products

- Computer games
- Electronic devices
- Paper based assessment tools

None of the apps or general products identified in the market scan conducted by Monash University featured the TALI Technology combination of attributes, which are the following:

- Trained attention using empirically supported methods.
- Clinically assessed attention-related issues.

Target purchasers and users have been identified as health professionals including Psychologists, Occupational Therapists, Families and Teachers with market research delivering the optimum pathway of funding and chain of purchase.

According to a Findings of Market Survey undertaken by Monash University, "although there are a variety of existing apps to assist children with Developmental Delay, TALI is the first game of its kind to be clinically trialled in this way and to be so thoroughly designed specifically for children with Developmental Delay. The use of such a game in the assistance of diagnosis is unique in Australia."

3.9 Market Size (for Autism)

	Australia	United States	United Kingdom	South Korea
Prevalence	62.5 per 10,000, 1 in 160 children aged 6–12 yrs (~ 10,625 children) 125,000 people in Australia with ASD – or half a million Australians in families affected by ASD ⁴ 53,500 children under 16 with ASD (Centrelink Data 2012) – 1 in 61.5, prevalence of 1.63% ⁵	1 in 68 children have ASD ⁶	Studies in Asia, Europe and North America have identified an average prevalence of about 1% ⁷	1 child in every 38 (2.6%) ⁸
Cost	Annual cost \$8.1 – 11.2 billion ⁹	\$126 billion ¹⁰	£34 billion (equivalent to \$54 billion US) ¹	
Rate of Change	Number of people diagnosed with ASD has at least double every 5 years over the last decade ¹²			

4. <http://www.autismadvisoryboard.org.au/uploads/Autism%20Prevalence%20Study%20FINAL%20Feb%202007.pdf>

5. <http://a4.org.au/a4/node/695>

6. www.cdc.gov/ncbddd/autism/data.html

7. Ibid

8. www.newscientist.com/blogs/shortsharpscience/2011/05/autism-prevalence-may-be-higher.html

9. [www.parliament.nsw.gov.au/prod/parliament/publications.nsf/0/B2142391F94516FECA257B78001FB961/\\$File/Autism%20Spectrum%20Disorder.briefing%20paper.pdf](http://www.parliament.nsw.gov.au/prod/parliament/publications.nsf/0/B2142391F94516FECA257B78001FB961/$File/Autism%20Spectrum%20Disorder.briefing%20paper.pdf)

10. www.autismspeaks.org/about-us/press-releases/annual-cost-of-autism-triples

11. Ibid

12. Op cit, n. 2

4. Effect of the Acquisition

4.1 Effect of the Proposed Transaction on Avexa's Assets and Liabilities

Following is a pro-forma unaudited consolidated statement of financial position of the Company taking into account the TALJ Acquisition. The pro-forma statement of financial position illustrates the effect of the TALJ Acquisition and the Private Placement as if they had occurred on 30 September 2015.

Statement of Financial Position as at 30 September 2015

	Avexa Limited Unaudited Financials	TALJ Health Unaudited Financials	Pro-forma on Consolidation*	Pro-forma on Consolidation*
	30 September 2015	30 September 2015	30 September 2015 (at Minimum Raise)	30 September 2015 (at Maximum Raise)
Current assets				
Cash and cash equivalents	588,130	99,644	687,774	687,774
Cash proceeds from issue of share capital net of capital raising costs	-	-	1,850,000	3,730,000
Investments	74,400	-	74,400	74,400
Receivables	428,571	389,960	818,531	818,531
Other assets	90,900	-	90,900	90,900
Total current assets	1,182,001	489,604	3,521,605	5,401,605
Non-current assets				
Equity accounted investments	1,096	-	1,096	1,096
Receivables	5,826,358	-	5,826,358	5,826,358
Intangible assets	-	457,770	457,770	457,770
Plant and equipment	14,760	300,000	314,760	314,760
Total non-current assets	5,842,213	757,770	6,599,983	6,599,983
Total assets	7,024,214	1,247,374	10,121,588	12,001,588
Current liabilities				
Trade and other payables	333,913	343,085	676,998	676,998
Employee benefit provisions	71,965	-	71,965	71,965
Total current liabilities	405,877	343,085	748,962	748,962
Non-current liabilities				
Employee benefit provisions	-	-	-	-
Total non-current liabilities	-	-	-	-
Total liabilities	405,877	343,085	748,962	748,962
Net assets	6,618,337	904,289	9,372,626	11,252,626
Equity				
Share capital	184,232,523	1,822,564	186,055,087	186,055,087
Issue of ordinary shares pursuant to placement net of transaction costs	-	-	1,850,000	3,730,000
Foreign currency translation reserve	539,550	-	539,550	539,550
Accumulated losses	(178,153,735)	(918,275)	(179,072,010)	(179,072,010)
Total equity	6,618,337	904,289	9,372,626	11,252,626

Pro-forma Adjustments

- Acquisition of TALJ – The acquisition of TALJ by the issue of 27,584,420 ordinary shares in Avexa to the TALJ Vendors in accordance with the Implementation Deed.
- The pro-forma Group incorporates the assets and liabilities of Avexa and TALJ with the Group headed by Avexa. At acquisition date the assets and liabilities of Avexa are recorded at fair value while the assets of TALJ are recorded at their book value.
- Shares issued under the Private Placement – As part of the TALJ Acquisition the Company is seeking shareholder approval to conduct a Capital Raising by issuing up to 25,000,000 Shares at a minimum price of \$0.16 per share to professional and sophisticated investors to raise at least \$2,000,000 and up to \$4,000,000.
- The estimated costs of the Capital Raising have been deducted from the total amount of the Capital Raising.

4.2 Effect of the Proposed Transaction on Avexa's Capital Structure

A condition of the Transaction is the completion of a Capital Raising. The Company intends to raise between \$2,000,000 and \$4,000,000 via the Private Placement (**Capital Raising**).

The Capital Raising will comprise the issue of up to 25,000,000 Shares at no less than \$0.16 cents to raise up to \$4,000,000. The minimum subscription will be 12,500,000 Shares at an issue price of 0.16 cents to raise \$2,000,000.

When both the TALI Acquisition and the Capital Raising are approved and completed, Avexa shareholders will, after completion of the Capital Raising be entitled to a voting interest of between 55 per cent (minimum Capital Raising) and 48 per cent (maximum Capital Raising) in the Company.

The following table shows the effect on the share capital of the Company after the completion of the Proposed Transaction:

Shareholder	Current Capital Structure		Effect of 20:1 Consolidation of Capital		Effect of Issue of Consideration Shares		Effect of Private Placement (at Minimum Subscription)		Effect of Private Placement (at Maximum Subscription)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Current AVX Shareholders	980,778,925	100	49,038,947	100	49,038,947	64	49,038,947	55	49,038,947	48
TALI Vendors	-	-	-	-	27,584,420	36	27,584,420	31	27,584,420	27
Participants in Private Placement	-	-	-	-	-	-	12,500,000	14	25,000,000	25
Total	980,778,925	100	49,038,947	100	76,623,367	100	89,123,367	100	101,623,367	100

4.3 Related Parties and their Interests

Mr Benjamin Yeo

Mr Yeo is currently a Director of TALI. It is proposed that following completion of the TALI Acquisition Mr Yeo will join the board of the Company as a Non-Executive Director.

Mr Jefferson Harcourt

Mr Harcourt is currently a Director of TALI. It is proposed that following completion of the TALI Acquisition Mr Harcourt will join the Board of the Company as a Non-Executive Director.

Details of the Shares that Messrs Yeo and Harcourt (and their related entities) will hold in the Company immediately following completion of the TALI Acquisition are set out below.

Party	Avexa Shares Currently Held (Expressed on a Post Consolidation Basis)	TALI Shares (Current)	Avexa Shares (Post Consolidation and Completion of the Acquisition but Without Taking Into Account the Private Placement)
Benjamin Yeo	-	-	-
Jefferson Harcourt (held via Grey Innovation Holdings Pty Ltd)	-	7,852,000	4,769,820 (6%)

4.4 Effect of the TALI Acquisition on the Avexa Board

The present Board of Avexa comprises Messrs Iain Kirkwood, Allan Tan and Bruce Hewett. On completion of the TALI Acquisition the Company proposes to appoint to the Board, TALI Non-Executive Directors Messrs Benjamin Yeo and Jefferson Harcourt.

Accordingly, the Board of the Company would then comprise:

- Mr Iain Kirkwood (Chairman);
- Mr Allan Tan (Non-Executive Director);
- Mr Bruce Hewett (Non-Executive Director);
- Mr Benjamin Yeo (Non-Executive Director); and
- Mr Jefferson Harcourt (Non-Executive Director).

5. Advantages, Disadvantages and Other Considerations

5.1 Advantages of the Acquisition

The acquisition of TALI offers Shareholders:

- the opportunity to become shareholders in a larger business. The Company is operating at a loss and currently has limited financial capability;
- an exciting and innovative technology. This will diversify the Company's existing portfolio of assets and has the potential to provide beneficial synergies and value to Avexa;
- industry experience and business relationships brought to the Company by the TALI Vendors and Directors that may assist the Company with its business strategy;
- the potential to provide profits and operating cash flows in the near term, as the TALI Technology is well advanced and the expectation is that it will be able to be readily commercialised; and
- greater market capitalisation that may provide for greater liquidity of securities trading.

5.2 Disadvantages of the TALI Acquisition

The Directors consider the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed resolutions:

- (a) the acquisition of TALI will result in the issue of additional Shares to the TALI Vendors which will have a dilutionary effect on the holdings of existing Shareholders;
- (b) the Company will, to a degree, be altering the nature of its activities to include a focus on commercialising the TALI Technology, which may not be consistent with the objectives of all Shareholders;
- (c) current Shareholders will have their interests in the Company diluted by the Capital Raising and any further equity funding undertaken by the Company;
- (d) TALI may not be commercially viable and thus losses may be incurred; and
- (e) there are other risks associated with the TALI Acquisition, some of which are set out in Section 5.3 below.

5.3 Risk Factors

Shareholders should be aware that if the proposed TALI Acquisition is approved, the Company will be subject to various risk factors. TALI's business activities are subject to risk factors both specific to its business activities and those of a general nature.

If any of the risks associated with TALI occur, the Company's business, results of operations, financial condition and prospects could be materially and adversely affected. Some of these factors can be mitigated by appropriate commercial action, but many are outside the control of the Company and cannot be mitigated.

The TALI Technology is still in the development stage and may never be commercialised. Any profitability in the future will be dependent on the successful future sales, distribution and marketing of the TALI Process.

Based on the information available, a list of the identified major risk factors is set out below. The list is not exhaustive.

Industry

The ability to research, develop, manufacture, distribute and market the TALI Process and other products or applications based on the core technology used in those products will depend on a number of critical factors including, in particular:

- the success of TALI's research and development;
- prompt regulatory approval of TALI's products;
- TALI's ability to market its products; and
- the success of sales and marketing and adequate market uptake of TALI's products.

Marketing and Sales

TALI will be required to enter into commercial agreements with others to market, distribute and sell the TALI Process and other products and services developed by TALI. There can be no assurance that TALI will be able to enter into any such commercial agreements on acceptable terms, if at all. Furthermore, there can be no assurance that any third parties would perform their obligations under any such agreement and comply with any regulatory requirements or requirements imposed by TALI. If TALI is not able to enter into commercial agreements it could encounter delays in the sale of TALI's products.

Market Acceptance of the TALI Process

The market's acceptance of the TALI Process is uncertain. These uncertainties can be caused by difficulties in marketing including problems with market acceptance associated with price, or the claims that can be made about the TALI Process and other competitive products.

The failure to obtain the support of key clinicians and patient support foundations may make it more difficult to market the TALI Process which could have a material adverse effect on the Company.

Technological Developments

The medical devices industry is characterised by change, evolving industry standards, frequent introduction of new products and services, continuing advances in technology and changes in customer requirements and preferences. A failure by the Company to secure a market leading position for its products and adapt to these changes could lead to a loss of market opportunities and adversely impact on the Company's operating results and financial position. No assurance is given that technological developments will not cause the TALI Technology to be rendered obsolete or non-competitive.

Competition

TALI will be operating in a highly competitive environment in which there are a number of well established organisations that have substantially greater financial resources, sales and marketing organisations, market penetration and research and development capabilities, as well as broader product offerings and greater market presence and name recognition.

No assurance can be given that the actions of existing and future competitors will not have material adverse effects on TALI's ability to implement its business plan and on TALI's operating and financial performance. Competition and new technologies can reduce product prices and profit margins and decrease the financial value of products or research projects and render costly research and development obsolete.

Patents and Proprietary Rights

The ability of TALI to defend granted patents, to obtain new patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties is an integral part of TALI's business.

Competition in obtaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. In addition, the granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to avoid the patented technology. There can be no assurance that any patents which TALI may own or control will afford TALI commercially significant protection of its technology or its products or have commercial application.

No guarantee can be given that the patents currently applied for or that may be sought in the future will be granted nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others.

Key Personnel

The key personnel engaged by TALI have a high degree of expertise and TALI is reliant on their continued service to maintain and develop its technology. The loss of a key employee or the inability to recruit and retain high calibre staff to manage future anticipated growth could have a material adverse effect on TALI. The additions of new employees and departures of existing employees, particularly in key positions, can be disruptive and could also have a material adverse effect on the Company.

Product Liability

TALI's business activities could result in claims against TALI including product liability claims from clinical trials, manufacturing, marketing and use of TALI's products. The Company will attempt to reduce this risk through disclaimers and liability limitation clauses. The Company will also seek to maintain adequate product liability insurance. There can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts. In the event of product liability claims, insufficient insurance coverage could have a material adverse effect on TALI's results of operations and financial condition.

If there is a problem that is attributable to TALI's products or services, the market perception of the effectiveness of TALI's products and services could also be harmed.

Additional Funding Requirements

The Company may require in the future further financial resources in addition to the amount proposed to be raised under the Capital Raising and as the Capital Raising is not underwritten there is no guarantee the Company will be able to raise the full subscription sought. Any additional equity financing will relatively dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the growth, scale or scope of its operations.

Regulatory Compliance

The medical devices industry is a highly regulated industry with stringent regulatory oversight and requirements. Laws and regulations may also change rapidly to enhance such regulatory oversight and requirement. In ensuring compliance at all times, the Company may incur significant costs, which may in turn have adverse impact on the Company's operational and financial results.

General Risks

(a) General Economic and Political Risks

Changes in the general economic and political climate in Australia, North America and on a global basis could impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, and domestic security which may affect the value and viability of any business activity that may be conducted by the Company.

(b) Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with operational and contract services is not always available and where available the costs can be prohibitive. To mitigate these risks, the Company will seek to include provisions limiting its liability under each relevant contract it enters into as part of its operations.

(c) Market Risk

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook; interest rates and inflation rates;
- (ii) currency fluctuations; commodity price fluctuations;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism and other hostilities.

(d) Government

Government action or policy change, in Australia and any country the Company provides services to in the health sector, particularly in relation to compliance with regulations, reporting requirements or in relation to funding/reimbursement of medical expenses, may adversely affect the Company's operations and financial performance.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

5.4 Board Recommendation

For the reasons set out above and elsewhere in this Explanatory Statement the Avexa Board unanimously recommends that Shareholders vote in favour of all Resolutions at the AGM and, in respect of all shares owned or controlled by them, each of your current Directors intends to vote in favour of all the Resolutions (subject to any voting restrictions imposed by law).

Explanatory Statement Part 2 (Explanation of the Proposed Resolutions)

6. Agenda Item 1: Financial Statements and Reports

Pursuant to the Corporations Act, the Directors of a listed company that is required to hold an Annual General Meeting must table the financial statements and reports of the Company (including the Directors' Report, Remuneration Report and Auditor's Report) for the previous financial year before the members at that Annual General Meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements, the Directors' Report, Remuneration Report and Auditor's Report in the Annual Financial Report of the Company for the year ended 30 June 2015. The Company will not provide a hard copy of the Annual Report unless specifically requested to do so. The Annual Report can also be viewed, printed and downloaded from the Company's website www.avexa.com. A copy of the financial statements, the Directors' Report, the Remuneration Report and the Auditor's Report will also be tabled at the meeting.

Shareholders should note that the sole purpose of tabling the financial statements and the relevant reports of the Company at the AGM is to provide shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements and/or reports at the meeting. It is not the purpose of the meeting that the financial statements or the reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the reports will be put to the shareholders at the meeting.

Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on the financial statements and the reports. The Company's auditor will also be available to receive questions and comments from shareholders about the preparation and content of the financial statements and the Auditor's Report and the conduct of the audit generally.

Shareholders may submit written questions to the Company's Auditor in advance of the meeting. Any such questions must be submitted to the Company by no later than 5.00pm on 19 November 2015, addressed to the Company Secretary, Avexa Limited, Suite 8, Level 1, 61–63 Camberwell Road, Hawthorn East, VIC 3123.

A reasonable opportunity will be allowed at the meeting for a representative of the Company's Auditor to answer any written questions submitted in accordance with the above procedure.

7. Resolution 1: Adoption of Remuneration Report

7.1 General

The Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company. Under the Corporations Act, if at least 25 per cent of the votes cast on the resolution are voted against adoption of the Remuneration Report at the AGM, and then again at the Company's 2016 AGM, the Company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50 per cent of shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2016 Annual General Meeting. All of the Directors who were in office when the Company's 2016 Directors' Report was approved, other than any managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Financial Report of the Company for the period ending 30 June 2015.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

7.2 Voting and Proxy Restrictions

A vote on Resolution 1 (Adoption of Remuneration Report) must not be cast by or on behalf of a member of the KMP or by any of their closely related parties (such as certain of their family members, dependants and companies they control).

However, this does not prevent a member of the KMP, details of whose remuneration are included in the Remuneration Report, or any of their closely related parties from voting as a proxy for a person who is not a member of those KMP or any of their closely related parties if:

- the person specifies the way the proxy is to vote on Resolution 1 (Adoption of Remuneration Report) in the proxy form; or
- the person voting as a proxy is the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for Avexa.

If you choose to appoint a proxy, you are strongly encouraged to direct your proxy how to vote on Resolution 1 (Adoption of Remuneration Report) by marking any one of 'For', 'Against' or 'Abstain' on the proxy form for that item of business. **As set out in the section on Appointing a Proxy, if you have appointed the Chairman of the meeting as your proxy and you do not mark any of 'For', 'Against' or 'Abstain' on the proxy form, you will be expressly authorising the Chairman to vote any proxies held by him in favour of Resolution 1 (Adoption of Remuneration Report), even if that item is connected directly or indirectly with the remuneration of a member of the KMP for Avexa.**

The Chairman of the meeting intends to vote any available undirected proxies held by him in favour of Resolution 1 (Adoption of Remuneration Report).

Explanatory Statement Part 2 (Explanation of the Proposed Resolutions)

continued

8. Resolution 2: Re-election of Director (Mr Bruce Hewett)

Mr Bruce Hewett retires in accordance with Rule 5.2 of the Constitution and, being eligible, offers himself for re-election.

Mr Hewett joined the Board on 6 July 2010 as a Non-Executive Director of the Company and is a member of the Avexa Audit Committee and Chairman of the Avexa Remuneration and Nomination Committee. He brings more than 25 years' experience in the pharmaceutical and healthcare industries.

He is currently Managing Director of RxConnect International Pty Ltd, a pharmaceutical industry consulting firm.

Mr Hewett has held senior roles with Janssen-Cilag, Faulding Pharmaceutical and founded specialist pharmaceutical company Max Pharma.

Board Recommendation

The Directors (with Mr Bruce Hewett abstaining given his personal interest in the matter) consider that Mr Hewett is an Independent Director and unanimously recommend that Shareholders vote in favour of Resolution 2.

Special Business

9. Resolution 3: Share Consolidation

9.1. Background

The Company is seeking Shareholder approval to consolidate the number of Shares on a one (1) for twenty (20) basis (**Consolidation**). The Directors propose the Consolidation for the following reasons:

- (a) the Company currently has approximately 980,778,925 Shares on issue which represents a relatively large number when compared to its peer group listed on the ASX; and
- (b) the Consolidation will result in a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors, particularly institutional, globally.

If Resolution 3 is passed, the number of Shares on issue will be reduced from 980,778,925 to approximately 49,038,947. The Company currently has no options on issue.

9.2 Legal Requirements

Section 254H of the Corporations Act provides that a company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

9.3 Effect on Capital Structure

If the Resolution is approved, every 20 Shares on issue will be consolidated into one (1) Share (subject to rounding). Overall, this will result in the number of Shares on issue reducing from 980,778,925 to approximately 49,038,947 (subject to rounding).

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding).

Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder. The effect that the TALI Acquisition, the Consolidation and the Capital Raising will have on the capital structure of the Company is set out in Section 4.2 of this Explanatory Statement.

9.4 Fractional Entitlements and Taxation

Not all Shareholders will hold a number of Shares which can be evenly divided by 20. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share.

It is not considered that any taxation consequences will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation, and neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

9.5 Timetable

The consolidation will take effect from the second Business Day after shareholder approval is received pursuant to the Notice of Meeting (**Effective Date**).

As from the date that is four Business Days after the Effective Date, the Company may not register transfers on a pre-Consolidation basis. In the case of certificated holdings, this is the last day for the Company to accept transfers accompanied by certificates issued before the Consolidation. The Company will send a notice to all shareholders not earlier than the fifth Business Day after (but not including) the Effective Date and not later than the ninth Business Day after (but not including) the Effective Date advising of the number of Shares held by each Shareholder both before and after the Consolidation.

Uncertificated security holding statements or certificates (as applicable) for the Shares will be sent to Shareholders not earlier than the fifth Business Day after (but not including) the Effective Date and not later than the ninth Business Day after (but not including) the Effective Date.

The Company will from the date that is five Business Days after the Effective Date, reject transfers accompanied by a certificate or holding statement that was issued before the Consolidation.

Where a security holder has sold his or her securities in the Company prior to the Consolidation and the Company receives a valid transfer executed by the security holder together with a certificate (if applicable) for those Shares, the Company will send a security holding statement or certificate (as applicable) for the new Shares to the transferee named in the transfer.

Based on the above, an indicative timetable for the Consolidation (assuming shareholder approval is obtained) will be as follows:

Date	Event
26 November 2015	Following shareholder approval Company announces shareholder approval of Consolidation.
27 November 2015	Last day for trading pre-Consolidation Shares.
30 November 2015	Effective Date. Trading in post-Consolidation Shares begins on a deferred settlement basis.
2 December 2015	Record Date (Last day to register transfers on a pre-Consolidation basis).
3 December 2015	First day to register transfers on a post-Consolidation basis.
9 December 2015	Dispatch of new holding statements.
10 December 2015	Normal trading starts.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

10. Resolution 4 – Acquisition of TALI Health Pty Ltd

10.1 Background

As outlined in the Explanatory Statement, the Company has, under the Implementation Deed, sent offers to each of the TALI Vendors under which the Company has offered to acquire 100 per cent of the issued capital in TALI. Each offer is conditional on the Company receiving acceptances from each and every other TALI Vendor.

Under the Implementation Deed, the Company will, subject to Shareholder approval, allot and issue the Consideration Shares to the TALI Vendors (or their nominees).

Details of the proposed issue of the Consideration Shares along with a summary of the key terms of the Implementation Deed are set out in Section 3 of the Explanatory Statement. Further details in relation to the Acquisition and TALI are also outlined in the Explanatory Statement.

10.2 Consideration for the Acquisition.

Resolution 4 seeks Shareholder approval for the allotment and issue of the Consideration Shares to the Vendors (or their nominees) pursuant to ASX Listing Rule 7.1 in accordance with the terms and conditions of the Implementation Deed.

Resolution 4 is conditional on Resolutions 3 and 5 in this Notice of Meeting being approved.

10.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The TALI Acquisition and the issue of the Consideration Shares constitute giving a financial benefit to Mr Jefferson Harcourt who is a related party of the Company by virtue of the fact that he is likely to be appointed to the Board of Avexa if the TALI Acquisition is completed.

The current Avexa directors, who do not have a material personal interest in Resolution 4, consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Acquisition and the issue of the Consideration Shares on the basis that the Proposed Transaction has been negotiated on terms that would be reasonable in the circumstances if the parties were dealing at arm's length.

10.4 ASX Listing Rule 10.1 and 10.11

The Company is not seeking approval under Chapter 10 of the ASX Listing Rules in connection with the issue of the Consideration Shares to Mr Jefferson Harcourt/Grey Innovation on the basis that the Directors are of the view that they are related parties solely by virtue of the fact that they will be appointed to the Board of Avexa if the TALI Acquisition completes.

It is the view of the Directors that in such circumstances the exceptions set out in ASX Listing Rules 10.3 and 10.12 apply to the TALI Acquisition and therefore shareholder approval is not required.

Explanatory Statement Part 2 (Explanation of the Proposed Resolutions)

continued

10.5 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15 per cent of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Directors to issue the Consideration Shares to the TALI Vendors.

Technical information Required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the TALI Acquisition:

- (a) the maximum number of Shares to be issued is 27,584,420 Shares (on a post Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares are being issued in consideration of the transfer to Avexa of fully paid ordinary shares in TALI and not for a cash consideration;
- (d) the Shares will be issued to the TALI Vendors pursuant to an agreement to acquire the shares of TALI;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds are to be raised by the issue of Shares to the TALI Vendors as the Shares are being issued as consideration for the acquisition of the shares of TALI.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

11. Resolution 5 – Approval of Private Placement

11.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 25,000,000 Shares on a post-Consolidation basis at an issue price of \$0.16 (16 Cents) each to raise up to \$4,000,000.

The Capital Raising will be undertaken via a placement of Shares with professional and sophisticated investors.

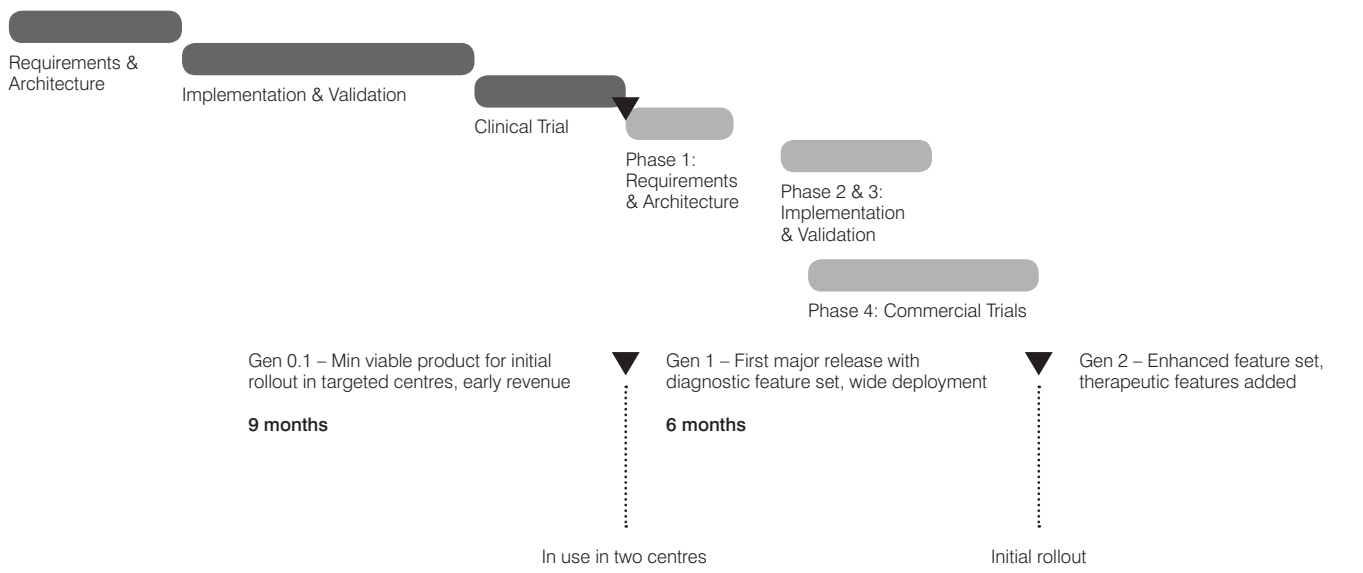
11.2 Use of Funds

The Company intends to use the funds from the Capital Raising (after Capital Raising costs) as follows:

Description/ Use of Funds	Minimum Amount (\$)	Maximum Amount (\$)
Capital to be raised by the Capital Raising	2,000,000	4,000,000
Less expenses of the Capital Raising	150,000	270,000
Net proceeds	1,850,000	3,730,000
Expenditure program/working capital	1,850,000	3,730,000
Total application of net proceeds	2,000,000	4,000,000

11.3 Expenditure Program

The Expenditure Program outlined below is intended to be conducted in order to meet the following objectives over a 12 to 15 month period commencing immediately following completion of the TALI Acquisition:



TALI Expenditure Program	\$'000 (Minimum Amount)	\$'000 (Maximum Amount)
Regulatory compliance and trial plans	\$200	\$225
Product development	\$750	\$1,000
Game design and upgrades	\$550	\$630
Overhead/management	\$750	\$1,010
Total	\$2,250	\$2,865

This anticipated expenditure program may vary from the actual expenditure, reflecting the results of pre-clinical and clinical work as they come to hand.

11.4 General

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15 per cent of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Directors to issue the Shares comprising the Capital Raising during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15 per cent annual placement capacity.

Resolution 5 is conditional on Resolutions 3 and 4 in this Notice of Meeting being approved.

11.5 Technical information Required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- the maximum number of Shares to be issued is 25,000,000 Shares (on a post Consolidation basis);
- the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- the issue price of the Shares will be no less than 16 cents each once the Consolidation has been completed;
- the Shares will be issued by way of Private Placement to sophisticated and professional investors and allocated at the discretion the Directors. No related party of the Company will participate in the Capital Raising;
- the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- the Company intends to use the funds raised from the Capital Raising to fund development of the TALI Process and otherwise as detailed in Section 11.3.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

12. Resolution 6 – Election of Director (Mr Benjamin Yeo)

12.1 Background

Mr Benjamin Yeo 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, Mr Yeo 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.

Mr Yeo'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.

Mr Yeo 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.

Mr Yeo is employed by Novus Capital. Novus Capital is assisting the Company with the Private Placement. The Directors note that this relationship might be perceived to influence his independence, however the Directors do not believe this to be the case nor do they believe that this connection would impair his ability to act in the best interests of the entity and its security holders generally. Accordingly, the Directors believe that, if elected, Mr Yeo would qualify as an Independent Director.

Board Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

Explanatory Statement Part 2 (Explanation of the Proposed Resolutions)

continued

13. Resolution 7 – Election of Director (Mr Jefferson Harcourt)

13.1 Background

Mr Jefferson Harcourt 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, Mr Harcourt 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. Mr Harcourt 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.

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

In 2014 Mr Harcourt 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.

Given Mr Harcourt's role with Grey Innovation (which has provided significant commercial services to TALI during the last 12 months and which will continue to have a significant commercial relationship with TALI prospectively), the Board considers that Mr Harcourt could not be considered to be independent. However, the Board considers that this matter can be appropriately managed via existing Board protocols and that Mr Harcourt is otherwise able to act in the best interests of the entity and its security holders generally. In addition, the Board considers that Mr Harcourt's skills and expertise, particularly in relation to product commercialisation, will be a valuable addition to the Board.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

14. Resolution 8 – Approval of Proposed Additional 10 Per Cent Placement Facility

14.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10 per cent of its issued share capital through placements over a 12 month period following the annual general meeting (**Additional 10 per cent Placement Facility**). The Additional 10 per cent Placement Facility is in addition to the Company's existing 15 per cent placement capacity available under Listing Rule 7.1.

An eligible entity is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company confirms that it is an eligible entity for the purposes of Listing Rule 7.1A.

The Company seeks shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the Additional 10 per cent Placement Facility.

The exact number of Equity Securities to be issued under the Additional 10 per cent Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 14.2(c) below).

The Company may use the Additional 10 per cent Placement Facility to provide funds for:

- (a) commercialisation activities of the company including the clinical development of ATC and, if Resolutions 4 and 5 are passed, the TAL Technology; and
- (b) general working capital requirements.

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this resolution.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 8.

14.2 Description of Listing Rule 7.1A

(a) Shareholder Approval

The ability to issue Equity Securities under the Additional 10 per cent Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the Additional 10 per cent Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue only one class of quoted Equity Securities being Shares.

(c) Formula for Calculating Additional 10 per cent Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid Shares that became fully paid in the 12 months;
- (C) plus the number of fully paid Shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15 per cent placement capacity without shareholder approval;
- (D) less the number of fully paid Shares cancelled in the 12 months.

D is 10 per cent.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15 per cent placement capacity under Listing Rule 7.1. The Company has on issue 980,778,925 Shares, and therefore has a capacity to issue:

- (i) 147,116,838 Equity Securities under Listing Rule 7.1; and
- (ii) 98,077,892 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 12.2(c) above). This number will also be affected by the Consolidation.

(e) Minimum Issue Price

The issue price of Shares under Listing Rule 7.1A must be not less than 75 per cent of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Shares are to be issued is agreed; or
- (ii) if the Shares are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.

(f) Additional Placement Period

Shareholder approval of the Additional 10 per cent Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**Additional Placement Period**).

14.3 Effect of Approving Resolution 8

The effect of Resolution 8 will be to allow the Directors to issue the Shares under Listing Rule 7.1A during the Additional Placement Period without using the Company's 15 per cent placement capacity under Listing Rule 7.1.

Resolution 8 is a special resolution and therefore requires approval of 75 per cent of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

14.4 Specific Information Required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided in relation to the approval of the Additional 10 per cent Placement Facility as follows:

- (a) The Shares will be issued at an issue price of not less than 75 per cent of the VWAP for the Company's Shares over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Shares are to be issued is agreed; or
 - (ii) if the Shares are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.
- (b) If Resolution 8 is approved and the Company issues Shares under the Additional 10 per cent Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Shares may be significantly lower on the date of the issue of the Shares than on the date of the AGM; and
 - (ii) the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date or the Shares are issued as part of consideration for the acquisition of a new asset or in satisfaction of a liability or obligation, which may in each case have an effect on the amount of funds raised by the issue of the Shares.

Explanatory Statement Part 2 (Explanation of the Proposed Resolutions)

continued

(c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares as at 13 October 2015 and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

- (i) two examples where variable 'A' has increased, by 50 per cent and 100 per cent. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue, share purchase plan or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples where the issue price of ordinary securities has decreased by 50 per cent and increased by 50 per cent as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.005 50% Decrease in Issue Price	\$0.010 Issue Price	\$0.015 50% Increase in Current Issue Price
Current Variable A 980,778,925	10% Voting Dilution	98,778,925 Shares	98,778,925 Shares	98,778,925 Shares
	Funds Raised	\$493,895	\$987,789	\$1,481,684
50% increase in Variable A 1,471,168,387	10% Voting Dilution	147,116,838 Shares	147,116,838 Shares	147,116,838 Shares
	Funds Raised	\$735,684	\$1,471,168	\$2,206,753
100% increase in Variable A 1,961,557,850	10% Voting Dilution	196,155,785 Shares	196,155,785 Shares	196,155,785 Shares
	Funds Raised	\$980,779	\$1,961,558	\$2,942,336

In formulating the information contained in the above table, the following assumptions have been made:

- (i) The Company issues the maximum number of Shares available under the Additional 10 per cent Placement Facility;
 - (ii) The table does not show an example of dilution that will be caused to a particular Shareholder by reason of placements under the 10 per cent Placement Facility, based on that Shareholder's holding at the date of the AGM;
 - (iii) The voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue and thus is 10 per cent in each example;
 - (iv) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15 per cent placement capacity under Listing Rule 7.1 or under any of the exceptions to Listing Rule 7.1; and
 - (v) The issue price is \$0.01, being the closing price of the Shares on ASX on 13 October 2015.
 - (vi) no account has been taken of the Consolidation under Resolution 3 given that Resolution 8 is not conditional on Resolution 3. In addition, it is unclear what effect the Consolidation will have on the Company's share price.
- (d) The Company will only issue and allot the Shares during the Additional Placement Period. The approval under Resolution 8 for the issue of the Shares will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Shares for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets or in satisfaction of obligations. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards:
 - (A) commercialisation activities of the company including the clinical development of ATC and the TALI Technology; and
 - (B) general working capital requirements.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (g) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10 per cent Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- The allottees under the Additional 10 per cent Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (h) A voting exclusion statement applies to Resolution 8. At the date of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

Glossary

Unless the context requires otherwise, in the Notice of AGM and this Explanatory Statement:

AEDT means Australian Eastern Daylight Savings Time.

AGM means the meeting convened by the Notice of AGM.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report required to be prepared and laid before the AGM in accordance with Section 317 of the Corporations Act.

Board means the board of Directors of Avexa.

Capital Raising or Private Placement means the Company's proposed issue of up to 25 million Shares to raise up to \$4,000,000 at a minimum issue price of \$0.16 per share pursuant to a private placement to sophisticated and professional investors.

Company or Avexa means Avexa Limited ACN 108 150 750.

Completion means the completion of the TALI Acquisition under the Offer Document.

Consideration Shares or New Shares means new Shares to be issued in the capital of the Company to the TALI Vendors, in consideration for the TALI Vendors transferring all of their shares in TALI to the Company.

Consolidation or Share Consolidation means a proposed consolidation of the Company's Shares pursuant to which every 20 Shares in the Company is consolidated into one Share.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Directors mean the directors of the Company.

Directors' Report means the directors' report required to be prepared and laid before the AGM in accordance with Section 317 of the Corporations Act.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory Statement accompanying, and forming part of, the Notice of AGM.

Financial Report means the financial report required to be prepared and laid before the AGM in accordance with Section 317 of the Corporations Act.

Implementation Deed means the deed entered into by the Company and TALI in relation to the TALI Acquisition, dated 12 October 2015.

KMP means key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company (whether executive or otherwise).

Listing Rules means the listing rules of ASX.

Notice means the Notice of Meeting accompany this Explanatory Statement.

Offer Document means the document containing the terms of the offer to acquire all of the issued shares in TALI, given by the Company to TALI Vendors dated 12 October 2015.

Proposed Transaction means the TALI Acquisition and the Capital Raising.

Remuneration Report means the remuneration report required to be prepared in accordance with Section 300A of the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder in the Company.

TALI means TALI Health Pty Ltd ACN 600 516 550.

TALI Acquisition means the proposed acquisition by the Company of all of the issued shares in TALI on the terms of the Offer Document.

TALI Process means TALI's innovative cognitive function approach to diagnosing and treating developmental disabilities.

TALI Technology means all systems and processes, technology and related scientific and technical information associated with the TALI Process.

TALI Vendor means each shareholder in TALI who accepts the Company's offer under the Offer Document. The TALI Shareholders as at the date of this document are as follows:

- (a) Syed Sharjeel Ali
- (b) Matthew Simon Aubor
- (c) BNOX Distribution Pty Ltd ACN 069 423 294 as trustee for the Howie Superannuation Fund
- (d) Fifth Vizcor Pty Ltd
- (e) Dean Gourdis
- (f) Grey Innovation Holdings Pty Ltd ACN 154 053 728
- (g) Damien Lennard Harris as trustee for Damien Harris Family Trust
- (h) H & P Trading Co Pty Ltd ACN 123 938 018
- (i) Interasia Managed Fund Pty Ltd
- (j) Christopher Neil Jacklin
- (k) Robert John Joice
- (l) Megabay Holdings Pty Ltd ACN 121 787 193
- (m) Moltoni Super Pty Ltd ACN 122 739 253 as trustee for the Moltoni Super Fund
- (n) Moonah Capital Pty Ltd ACN 005 461 183
- (o) Morezen Pty Ltd ACN 106 159 844
- (p) Mostly Mexican Pty Ltd ACN 606 273 385 as trustee for McKeiver Family Trust
- (q) Peter John Morris Scott and Robyn Jan Scott as trustees for the Scott Superannuation Fund
- (r) Kuppusamy Ramesh
- (s) Redmont Resources Pty Ltd ACN 009 160 838 as trustee for the Cuthbert Investment Trust
- (t) Sceeta Healthcare Pty Ltd ACN 602 321 728 as trustee for the Sceeta Discretionary Trust
- (u) Weighton Pty Ltd ACN 008 945 604 as trustee for the Millen Family Trust
- (v) Tingting Yu as trustee for the Hui Luo Family Trust



A V E X A

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A V E X A

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEDT) on Wednesday, 25 November 2015.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.




Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 24 hours before the commencement of the meeting, therefore by **10:00am (AEDT) on Wednesday, 25 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Avexa Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Offices of KPMG, 147 Collins Street, Melbourne, Victoria 3000 on Thursday, 26 November 2015 at 10:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for Avexa Limited.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr Bruce Hewett as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Acquisition of TALI Health Pty Ltd (TALI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of proposed Private Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	To elect Mr Benjamin Yeo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	To elect Mr Jefferson Harcourt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Additional 10% Placement Facility (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015