



Avexa Limited
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19 October 2010

Julia Kagan
ASX Limited
Melbourne

By e-mail only

Dear Julia,

Response to ASX price query

We refer to your email received on Tuesday 19 October 2010 in regard to the increase in the price of Avexa Limited shares and the larger than normal trading volumes. We provide the following responses to your questions:

1. Is the company aware of any information concerning it that has not been announced which, if known, could be an explanation for the recent trading in the securities of the company?
No.
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?
Not applicable.
3. Is there any reason to think that there may be a change in the operating loss before abnormal items and income tax so that the figure for the half year ending 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
Yes. Avexa disclosed in its 30 June 2010 Annual Accounts that it held cash reserves of \$24.3million, that Avexa's research and development activities are currently on hold and that staff numbers had been substantially reduced. Avexa expects its operating loss before abnormal items and income tax for the half year ending 31 December 2010 to be at least 50% less than the loss for the previous corresponding period.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ending 31 December 2010? If so, please provide details.
No.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
No. However, we note that a significant trade of over 140million Avexa shares (over 16% of Avexa's issued capital) occurred on ASX in the afternoon of 19 October 2010. We expect such a trade may require the seller(s) and purchaser(s) to lodge substantial shareholders notices in regard to Avexa Limited in due course.
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company continues to be in compliance with all ASX Listing Rules.

Yours sincerely

Stephen Kerr
Company Secretary
Avexa Limited



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19 October 2010

Stephen Kerr
Company Secretary
Avexa Limited

By email only

Dear Stephen

Avexa Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from 3.1 cents at the close of trade yesterday, 18 October 2010 to 4.3 cents at the close of trade today. We have also noted an increase in the volume of securities traded today.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating loss before abnormal items and income tax so that the figure for the half year ending 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ending 31 December 2010? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. Melbourne time) on Wednesday 20 October 2010.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Sent by electronic means without signature

Julia Kagan

Senior Adviser, Issuers (Melbourne)