



Company announcement

North Pratt coal mine investment ready to proceed

Melbourne, Australia, 29th August 2013: Australian biotechnology company Avexa Limited [ASX:AVX] today announced that the Board intends to proceed with the investment in the North Pratt coal mine subject to satisfactory closing due diligence and the completion of financing arrangements.

Avexa also announced that it will now receive a 30% equity stake (previously 25.5%) for its US\$10 million investment (US\$4M equity; US\$6M loan) primarily to account for the current dollar exchange rate and a lower assumed price for metallurgical coal.

“The Board of Avexa is very pleased that the requisite permits are ready to be issued after exhaustive testing that North Pratt can comply with the latest, much stricter environmental conditions imposed by the authorities” said Mr. Iain Kirkwood, Avexa’s Chairman. “As a result of the delays and other economic factors since shareholder approval in December last year, we have negotiated an additional 4.5% equity for no additional payment. This increases our share to 30%. We also intend to obtain partial funding for our participation in the investment to ensure that Avexa can contemporaneously progress our ATC programme and the coal project”.

Based on the latest project timelines received, the first coal is now expected to be produced in Q2 2014 and the mine is still budgeted to produce 660,000 tons of coal a year at full production, generating US\$66 million in sales a year based on a revised sales price assumption of US\$100 per ton.

In addition to negotiating an increase in its equity share, Avexa also expects other cost-saving measures to be put in place. This will ensure that, in the immediate term, Avexa can allocate cash resources towards the final development of ATC, including the AVX-305 clinical trial, preparations for which are already underway.

“The Board continues to seek creative approaches to commercialise its drug assets, particularly ATC and our partnership with Link Healthcare is an important demonstration of this” said Mr. Kirkwood. “We see no abatement in the demand for HIV drugs, and particularly the need for a new drug such as ATC. The Board of Avexa remains confident that ATC can be brought to market to allow its commercial potential to be realised”.

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Forward Looking Statements

This press release contains "forward-looking statements". The Company has tried to identify such forward-looking statements by use of such words as "expects," "intends," "hopes," "anticipates," "believes," "could," "may," "evidences" and "estimates," and other similar expressions, but these words are not the exclusive means of identifying such statements. Such statements include, but are not limited to any statements relating to the Company's drug development program, including, but not limited to the initiation, progress and outcomes of clinical trials of the Company's drug development program and also in relation to the proposed North Pratt Coal Mine Investment. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to the difficulties or delays in financing, development, testing, regulatory approvals, production and marketing, including, but not limited to, the ability of the Company to procure additional future sources of financing that could slow or prevent products coming to market, the uncertainty of patent protection for the Company's intellectual property or trade secrets. Such statements are based on management's current expectations, but actual results may differ materially due to various factors including any risks and uncertainties mentioned or referred to in this press release. Accordingly, you should not rely on those forward-looking statements as a prediction of actual future results.

About Avexa Limited: Avexa Limited is a Melbourne-based biotechnology company with a focus on discovery, development and commercialisation of small molecules for the treatment of infectious diseases. Avexa's key projects include apricitabine (ATC) for the treatment of drug resistant HIV, an HIV Integrase program and an antibiotic program for antibiotic-resistant bacterial infections.

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