



# NOTICE OF ANNUAL GENERAL MEETING

Monday  
24 November 2014  
at 10.00am



**A V E X A**



# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of Avexa Limited (**Avexa** or **Company**) will be held at the offices of KPMG, 147 Collins Street, Melbourne, Victoria on Monday, 24 November 2014 at 10.00am.

The Explanatory Memorandum 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

### 1. 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 2014.

### 2. 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 2014 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 the resolution at Item 2 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.

### 3. Re-election of Director (Mr Iain Kirkwood)

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

*That Mr Iain Kirkwood, 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.*

### 4. Amendment to Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

*That for the purposes of Section 136 of the Corporations Act, and for all other purposes, the Constitution of the Company be amended as set out in the Explanatory Memorandum.*

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

### 5. 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 Memorandum.*

### Voting Exclusion

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

However, the Company need not disregard a vote on Item 5 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 13 October 2014

# 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 Saturday, 22 November 2014**. 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.

## 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 Meeting. 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 48 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  
Level 7/207 Kent Street, Sydney NSW 2000

Your proxy appointment form is enclosed.

## 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 Item 2 (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 that item is 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.

# EXPLANATORY MEMORANDUM

## Purpose of Information

The purpose of this Explanatory Memorandum (which accompanies, and forms part of, the Notice of Meeting), 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 Monday, 24 November 2014 and to assist Shareholders in deciding how they may wish to vote on the resolutions.

## Summary of Business of the AGM

To receive and consider the Financial Statements and Reports for the financial year ended 30 June 2014.

To consider and vote on the following resolutions:

- Item 2: To adopt the Remuneration Report for the financial year ended 30 June 2014.
- Item 3: To re-elect Mr Iain Kirkwood as a non-executive Director of the Company.
- Item 4: To approve the amendment to the Avexa Constitution.
- Item 5: To approve the proposed Additional 10 per cent Placement Facility.

## Ordinary Business

### 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 2014. 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](http://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 17 November 2014, addressed to the Company Secretary, Avexa Limited, 61-63 Camberwell Road, Hawthorn East, Victoria 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.

## Agenda Item 2: Adoption of Remuneration Report

### 2.1 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 2015 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 2015 Annual General Meeting. All of the Directors who were in office when the Company's 2015 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 2014.

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

# EXPLANATORY MEMORANDUM continued

## 2.2 Voting and Proxy Restrictions

A vote on Item 2 (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 Item 2 (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 Item 2 (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 Item 2 (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 Item 2 (Adoption of Remuneration Report).

## Agenda Item 3: Re-election of Director (Mr Iain Kirkwood)

Mr Iain Kirkwood retires in accordance with rule 5.2 of the Constitution and, being eligible, offers himself for re-election.

Mr Kirkwood joined the Board on 9 August 2010 and was appointed as non-executive Chairman of the Company on 18 April 2011. He is chairman of the Avexa audit committee and is also a member of the Avexa remuneration and nomination committee. He has extensive operational, financial, general management and boardroom experience, particularly in the life sciences industry.

Mr Kirkwood is current serving as chairman of Bluechiip Limited and MHM Metals Limited and as a non-executive director of Vision Eye Institute Ltd.

During his career, Mr Kirkwood has worked with a number of ASX listed companies in senior management roles, including Woodside Petroleum Ltd and Santos Ltd, and was previously the CFO of F.H. Faulding & Co. Ltd and CEO of EpiTan Ltd (now Clinuvel Pharmaceuticals Ltd).

## Board Recommendation

The Directors (with Mr Iain Kirkwood abstaining) unanimously recommend that Shareholders vote in favour of the resolution at Item 3.

## Agenda Item 4: Amendment to the Constitution

Amendments are proposed to be made to the Company's Constitution to reflect developments in market practice since the Constitution was adopted by Shareholders on 7 April 2004, being the same date the Company was registered with ASIC.

The amendments proposed are summarised below. A copy of the Constitution, marked up to show the proposed changes, can be obtained before the AGM from the Company by calling the Company's share registry (Boardroom Pty Limited) on 1300 737 760. A copy of the proposed amended Constitution will also be available for inspection at the AGM.

### 4.1 Sale of Non-marketable Parcels

The Company had announced plans in November 2013 to provide a facility for the sale of unmarketable parcels of Shares. That sale facility did not proceed for the primary reason that the provisions in the Company's Constitution required the sale to meet certain minimum pricing thresholds, namely, the 5 day volume weighted average price (VWAP) calculation and then rounding to the nearest half cent. These strictures created pricing anomalies which made it very difficult to efficiently build a book of prospective purchasers and then effectively execute on market sales for these Shares.

Consistent with the constitutions of many listed companies, it is proposed that this rule be revoked and replaced primarily to remove the above mentioned pricing thresholds. If approved, this change will make it much easier for the Company to successfully execute an unmarketable parcel sale facility in the future.

The Company proposes to delete existing rule 148 of the Company's Constitution in its entirety and replace it with the following new rule 148:

#### 148. Unmarketable Parcels

*148.1 If one or more members hold less than a marketable parcel (as that term is defined in the ASX listing rules) (**Marketable Parcel**) of securities, the Directors may invoke the procedure for the sale of securities under this rule 148 (**Procedure**).*

*148.2 To invoke the Procedure, the Directors must give each member (or each member whose securities are not held in a CHESS Holding) who holds less than a Marketable Parcel of securities (**Eligible Member**) written notice (**Notice of Divestiture**) that complies with this rule 148.*

*148.3 A Notice of Divestiture given to a member must:*

- a) state that the securities referred to in the Notice of Divestiture are liable to be sold in accordance with the Procedure if the member does not advise the Company before a specified date (**Relevant Date**) that the member wishes to keep those securities; and*
- b) if the member holds securities in a CHESS Holding, contain a statement to the effect that if those securities remain in a CHESS Holding after the Relevant Date, the Company may, without further notice, move those securities from the CHESS Holding to an Issuer Sponsored Subregister or a Certificated Subregister for the purposes of divestment by the Company in accordance with the Procedure.*

148.4 The Relevant Date must be six weeks or more after the date that the Notice of Divestiture is sent.

148.5 A copy of a Notice of Divestiture must be given to any other person required by the CS facility rules.

148.6 If an Eligible Member on whom a Notice of Divestiture has been served, wants to keep the securities referred to in the Notice of Divestiture, the Eligible Member must give the Company written notice before the Relevant Date, advising the Company that the member wants to keep those securities in which event the Company will not sell the securities.

148.7 If an Eligible Member on whom a Notice of Divestiture has been served does not give the Company written notice before the Relevant Date advising the Company that the Eligible Member wants to keep the securities referred in the Notice of Divestiture, the Company may:

- (a) if the member holds those securities in a CHESS Holding, move those securities from the CHESS Holding to an Issuer Sponsored Subregister or a Certificated Subregister; and
- (b) in any case, sell those securities in accordance with the Procedure,

but only if the securities held by the Eligible Member on the Relevant Date is less than a Marketable Parcel.

148.8 Any securities which may be sold under this rule 148 may be sold on the terms, in the manner (whether on-market, by private treaty, through a share sale facility established by, on behalf of, or at the request of the Company, or otherwise) and at the time or times determined by the Directors and, for the purposes of a sale under this rule 148, each Eligible Member:

- (a) appoints the Company as the Eligible Member's agent for sale;
- (b) authorises the Company to effect on the Eligible Member's behalf a transfer of the securities sold and to deal with the proceeds of the sale of the securities in accordance with rule 148.10;
- (c) appoints the Company, its Directors and the secretary jointly and severally as the Eligible Member's attorneys to execute an instrument or take other steps, in the Eligible Member's name and on the Eligible Member's behalf, as they or any of them may consider appropriate to transfer the securities sold; and
- (d) authorises each of the attorneys appointed under rule 148.8(c) to appoint an agent to do a thing referred to in rule 148.8(c).

148.9 The title of the transferee to securities acquired under this rule 148 is not affected by an irregularity or invalidity in connection with the sale of securities to the transferee.

148.10 The proceeds of any sale of securities under this rule 148 less any unpaid calls and interest (**Sale Consideration**) will be paid to the relevant member or as that member may direct.

148.11 The Company will hold the Sale Consideration in trust for the member whose securities are sold under this rule and will forthwith notify the member in writing that the Sale Consideration in respect of the member's securities has been received by the Company and is being held by the Company pending instructions from the member as to how it is to be dealt with. If the member has been issued with a share certificate or certificates, the member's instructions, to be effective, must be accompanied by the share certificate or certificates to which the Sale Consideration relates or, if the certificate or certificates has or have been lost or destroyed, by a statement and undertaking under subsection 1070D(5) of the Act.

148.12 Subject to the Act, the Company or the purchaser will bear all costs, including brokerage and stamp duty, associated with the sale of any securities under this rule.

148.13 The Procedure may only be invoked once in any 12 month period after its adoption or renewal.

148.14 If the Procedure has been invoked and there is an announcement of a takeover bid for securities, no more sales of securities may be made under this rule 148 until after the close of the offers made under the takeover. The Procedure may then be invoked again.

## 4.2 Election and Nomination of Directors

### Election of Directors

The Company's Constitution currently provides that one-third of the Directors (other than the Managing Director) are subject to retirement at each Company AGM. The proposed amendment to rule 5.2 alters this requirement and provides for Directors to have a maximum term of three years. The Directors note that the proposed amendment better reflects the requirements of the ASX Listing Rules. The proposed amendments, if passed, will not have any impact on the election requirements for the current Directors (assuming the board composition remains unchanged).

It is proposed that clauses 5.3, 5.4, 5.6 and 5.7 of the Constitution are repealed in their entirety and replaced with the words 'Not used'. It is further proposed that clause 5.2 is deleted in its entirety and replaced with the following new clause 5.2:

5.2 Subject to rule 5.8, a director may not hold office for a continuous period of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for election or re-election. If no director would otherwise be required to submit for election or re-election but the ASX listing rules require that an election of directors be held, the director to retire at the annual general meeting is the director who has been longest in office since their last election, but, as between the persons who became directors on the same day, the one to retire is (unless they otherwise agree amongst themselves), determined by ballot.



# EXPLANATORY MEMORANDUM continued

The following words at the end of clause 8.2 are deleted for the purposes of removing references to the redundant 'rotation' provisions:

*'...but is not taken into account in determining the number of Directors who must retire by rotation at that meeting.'*

## Nomination and Election of Director Process

Under recent changes to the Corporations Act, a public company is required to obtain Shareholder approval in the event that the Directors of the Company wish to limit the number of Directors to a number less than the maximum number of Directors specified in the Constitution of the Company.

The Company proposes to delete rule 3.1 in its entirety and replace it with the words 'Not used'. The Company also proposes to delete clause 3.2 in its entirety and replace it with the following new rule 3.2 to bring it in line with the requirements under the Corporations Act:

*'The number of Directors (not including alternate Directors) must be the number, not being less than 3 nor more than 9, which the Directors may determine but the Directors may not reduce the number below the number of Directors in office at the time of the reduction. All Directors are to be natural persons.'*

Furthermore, rules 6 and 7 of the Constitution set out the processes and procedures relating to the nomination and election of Directors, which in light of current market practice are largely redundant. It is therefore proposed that rules 6 and 7 are deleted in their entirety and replaced with the words 'Not used', and the following new clause 8.3 is inserted immediately following clause 8.2:

**8.3** *No person other than a retiring director or a director vacating office under rule 8.2 is eligible to be elected a director at any general meeting unless a notice of the director's candidature is given to the Company at least 30 days before the meeting.*

## 4.3 Direct Voting

It is proposed that the Constitution be amended to enable other means for the casting and recording of votes by Shareholders on any resolution to be put to a general meeting.

For example, this would enable the Board to approve and establish an online voting system or a postal voting system (similar to that used in an election) as an alternative to the proxy method for voting at general meetings.

Amending the Constitution to enable voting by other means would provide greater flexibility should the Company wish to introduce direct voting in the future.

It is proposed that the following new clause 93.4 be inserted immediately following 93.3:

**93.4** *The Directors may, subject to law, determine that, at any general meeting or class meeting, a member who is entitled to attend and vote at that meeting is entitled to give their vote by a valid notice of their voting intention (a **Direct Vote**). A Direct Vote includes a vote delivered to the Company by post, fax, electronic or other means approved*

*by the Directors. The Directors may specify the form, method and timing of giving a Direct Vote at a meeting in order for the vote to be valid.*

## Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution at Item 4.

## Agenda Item 5 – Approval of Proposed Additional 10 per cent Placement Facility

### 5.1 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 5.2(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
- (b) general working capital requirements.

The Directors of the Company believe that the resolution in Item 5 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 Item 5.

### 5.2 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 Rules 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; and
  - (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 925,650,566 Shares, and therefore has a capacity to issue:

- (i) 138,847,585 Equity Securities under Listing Rule 7.1; and
- (ii) 92,565,057 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 5.2(c) above).

*(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)**.

**5.3 Effect of Approving Item 5**

The effect of Item 5 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.

Item 5 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).

**5.4 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 Item 5 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.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares as at 9 October 2014 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.

# EXPLANATORY MEMORANDUM continued

The table also shows:

- (a) 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
- (b) 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.

In formulating the information contained in the table below, 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) No options are exercised into Shares before the date of the issue of the Shares;
  - (iii) 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;
  - (iv) 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;
  - (v) 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
  - (vi) The issue price is \$0.017, being the closing price of the Shares on ASX on 9 October 2014.
- (c) The Company will only issue and allot the Shares during the Additional Placement Period. The approval under Resolution 5 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).
  - (d) 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
      - (B) general working capital requirements.
  - (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
  - (f) 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 of Meeting but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
  - (g) A voting exclusion statement applies to Item 5. At the date of the Notice of Meeting, 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 of Meeting.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.008 50% Decrease in Issue Price	\$0.017 Issue Price	\$0.025 50% Increase in Current Issue Price
<b>Current Variable A 925,650,566</b>	<b>10% Voting Dilution</b>	92,565,057 Shares	92,565,057 Shares	92,565,057 Shares
	<b>Funds Raised</b>	\$740,520.45	\$1,573,605.96	\$2,314,126.42
<b>50% increase in Variable A 1,388,475,849</b>	<b>10% Voting Dilution</b>	138,847,585 Shares	138,847,585 Shares	138,847,585 Shares
	<b>Funds Raised</b>	\$1,110,780.68	\$2,360,408.94	\$3,471,189.62
<b>100% increase in Variable A 1,851,301,132</b>	<b>10% Voting Dilution</b>	185,130,113 Shares	185,130,113 Shares	185,130,113 Shares
	<b>Funds Raised</b>	\$1,481,040.91	\$3,147,211.92	\$4,628,252.83

# GLOSSARY

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

**Additional 10 per cent Placement Facility** has the meaning given in Section 5.1.

**Additional Placement Period** has the meaning given in Section 5.2.

**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.

**Chair or Chairman** means the person appointed to chair the AGM convened by this Notice.

**Company** or **Avexa** means Avexa Limited ACN 108 150 750.

**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 Memorandum** means the explanatory memorandum 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.

**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** or **Notice of Meeting** means the notice of meeting accompanying this Explanatory Memorandum.

**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.



Avexa Limited ABN 53 108 150 750  
Suite 8, Level 1, 61–63 Camberwell Road  
Hawthorn East, Victoria 3123 Australia  
T +61 3 8888 1040 F +61 3 8888 1049  
[www.avexa.com.au](http://www.avexa.com.au)

**AVEXA**

Name/Address 1  
Name/Address 2  
Name/Address 3  
Name/Address 4  
Name/Address 5  
Name/Address 6

**All Correspondence to:**

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://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 Saturday, 22 November 2014.**

### 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 on a poll. 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:

- (a) 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.
- (b) 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 (to the extent permitted by law). 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, or the attorney.

**Joint Holding:** Where the holding is in more than one name, all the securityholders or attorneys 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. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any authority under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Saturday, 22 November 2014.** 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 7, 207 Kent Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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



S\_XXXXXXXXXX

Name/Address 1  
Name/Address 2  
Name/Address 3  
Name/Address 4  
Name/Address 5  
Name/Address 6

☐

**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 in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at the offices of **KPMG, 147 Collins St, Melbourne VIC 3000 on Monday, 24 November 2014 at 10:00am AEDT** and at any adjournment or postponement of that meeting.

**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) I/we expressly authorise the Chair of the Meeting, to the extent permitted by law, to exercise my/our proxy in respect of Item 2 even though this item is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company, which includes the Chair.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Item 2), to the extent permitted by law.** 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*
Item 2	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Director Mr Iain Kirkwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolutions</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approval of Additional 10% Placement Facility	<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 / / 2014