Avexa Limited
ABN 53 108 150 750
576 Swan Street Richmond
Victoria Australia 3121

Telephone 61 3 9208 4300
Facsimile 61 3 9208 4004
Website www.avexa.com.au

ASX Release

21 March 2007

Avexa announces $75M capital raising for Phase III program

Australian biotechnology company Avexa (ASX:AVX) announced today that it has completed a $15 million placement to US investors and that it will raise a further $60 million through a fully underwritten rights issue. After capital raising costs, the net amount raised through the placement and rights issue will be approximately $72 million.

The placement was completed at $0.53 per share, a 16% discount to Avexa's volume weighted average share price for the 10 days to 14 March 2007, the day before the Company's shares were placed in trading halt pending announcement of the results of its Phase IIb trial for apricitabine (ATC). Passport Capital, of San Francisco, USA, was the leading participant in the placement.

The Company has today lodged a prospectus with ASIC and ASX for a 2 for 5 underwritten rights issue to existing shareholders. Avexa shareholders will be issued rights to subscribe for new shares at the same price ($0.53) as under the placement. The issue will be renounceable in order to give existing shareholders the maximum flexibility in regard to their entitlement and is fully underwritten by ABN AMRO Morgans Corporate Limited. Avexa was also assisted in this process by Blueprint Life Science Group.

The rights issue and placement are expected to provide the Company with the bulk of the funds required to complete Phase III trials for Avexa's anti-HIV drug, ATC, over the next two and a half years. Avexa's CEO Dr. Julian Chick commented "We are delighted both with the stellar result of the Phase IIb trial reported on Monday of this week and with the endorsement of Avexa by highly regarded US institutional investors. We also felt it was important to offer our existing shareholders, who have repeatedly given Avexa their support, the same opportunity to invest further through participation in the rights issue. This is an exciting time for the Company and following the capital raising Avexa will be in a strong position to not only progress ATC to commercialisation but also grow and diversify its portfolio of projects."

Avexa is aiming to initiate sites for the Phase III trial in the fourth quarter of 2007 and enrol the first patients by calendar year end. This trial is expected to take about 2 years. The Company will also use the funds to complete a paediatric trial in children with HIV. Currently it is estimated that there are over 1 million children suffering from HIV worldwide.

The Company has requested ASX to remove the Company from voluntary suspension and trading of Avexa shares will recommence trading today.

The prospectus for the rights issue is available on the ASX website and Avexa's website

Dr. Julian Chick
CEO
+61 (03) 9208 4300

Mr. Rod North
Bourse Communications
+ 61 (03) 9510 8309

US enquiries:
Mr Hershel Berry
Blueprint Life Sciences Group
+1 415 839 9513
www.bplifescience.com