ASX / MEDIA ANNOUNCEMENT

Targeting inflammation

— **NOTICE OF ALLOWANCE RECEIVED FROM PR CHINA FOR USE OF ORAL NADOLOL IN SMOKING CESSATION**

— **OPERATIONAL UPDATE**

Brisbane, Australia and Delaware, United States, 10 March 2016: Australian drug development company Invion Limited (ASX:IVX) is pleased to advise that it has received notification of allowance on the patent right for the use of beta-adrenergic inverse agonists for smoking cessation, from the State Intellectual Property Office of the People's Republic of China.

The use of beta-adrenergic inverse agonists for smoking cessation is the second family of core patents for oral INV102 (nadolol). Claims in this patent family are directed to the use of beta-adrenergic inverse agonists for prevention of mucus hypersecretion, particularly with respect to patients quitting or attempting to quit smoking.

The United States Patent and Trademark Office (USPTO) acting as Patent Cooperation Treaty (PCT) International Preliminary Examining authority, has previously issued a notice that all claims under this patent application meet PCT requirements for industrial applicability, novelty and inventive step.

Nadolol is the only beta blocker with inverse agonism and biased ligand activities in the airway, which are necessary mechanisms of actions to reverse the increased production of abnormal mucus, which in turn is a barrier to quitting in a substantial population of those attempting to quit.

Chronic respiratory diseases are the second leading cause of death in China, with tobacco smoking, air pollution and biomass fuel use being the major drivers. China has one of the world's highest rates of smoking, with approximately 320 million people or a quarter of the world's smokers. One in six tobacco-related deaths worldwide occur in China.

Executive Vice President R&D and Chief Medical Officer, Dr Mitchell Glass stated, "This patent provides an important layer of protection for future development and commercialisation of INV102 within the People's Republic of China where we believe that it has specific application as a novel treatment for smoking cessation and broad potential for use in a range of chronic airway diseases."

Operational update:

The Board of Invion continues to work with US-based Ferghana Partners Group in seeking commercial partner/s for Invion's three drug assets:

- **INV102 (nadolol)** is a beta adrenergic biased ligand targeted to reverse mucous metaplasia in the airway epithelium treat chronic inflammatory airway diseases. In Q4 2015, Invion reported that data from a 155 patient phase 2 study of oral INV102 in smoking cessation demonstrated good safety and that treated patients were more likely to stop smoking completely or dramatically reduce the number of cigarettes smoked. An End of Phase II Meeting with the FDA is scheduled to occur in 1Q 2016. Feasibility for an inhaled version of the drug to potentially treat COPD and cystic fibrosis is well-progressed with 3M Drug Delivery Systems, and

toxicological studies have commenced. In addition, a phase 2 study of oral INV102 in mild asthma patients funded by the US NIH is fully recruited and will complete dosing in 1H 2016.

- **INV104 (zafirlukast)** is a leukotriene receptor antagonist (LTRA) that reduces inflammation, constriction of the airways, and the build-up of mucus in the lungs. An FDA-approved oral therapy, Invion is, through a joint development and licensing agreement with Hovione Scientia Limited, developing a proprietary dry powder formulation of the drug for the development of INV104 (zafirlukast) as a potential inhaled therapy for asthma.

- **INV103 (ala-Cpn10)** is a modified, naturally occurring human protein which has been proposed as a founding member of the Resolution Associated Molecular Pattern (RAMPs) family hypothesised to maintain and restore immune homeostasis. Invion reported final data from its phase 2 clinical trial in lupus patients in Q3 2015. 30mg and 100mg iv twice weekly showed reduced response to stimulation by LPS after 1 month of dosing. These data, which reflect relevant activity at the target cell type in patients with a target (autoimmune) disease, has formed the foundation of partnering discussions for this program.

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About Invion Limited

Invion is a life sciences company focussed on the development of treatments for major opportunities in respiratory and autoimmune disease. Invion has three drug assets in development across four development programs. Invion is an ASX listed company (ASX:IVX), with operations in Brisbane, Australia and Delaware, USA.

About Ferghana Partners Group

The Ferghana Partners Group (FPG) is an international provider of high level, independent corporate finance advice to firms in the Biotechnology, Pharmaceuticals, Diagnostics and Specialty Chemicals industries which together comprise the Life Sciences field. FPG provides advice on corporate partnering/development and ownership/business portfolio topics, such as Mergers, Acquisitions, Joint Ventures and Divestitures to its clients, as well as creating and executing Financial Transactions. The clients comprise established Specialty Chemical, Pharmaceutical and Diagnostics companies as well as emergent Pharma and Biotechnology companies with a therapeutic or diagnostic focus. Ferghana Partners LLP, is based in London, for UK and European business. It also covers Australia. Ferghana Partners Inc., is based in New York, for North American business (USA and Canada). It also has responsibility for Japan coverage.