ASX / MEDIA ANNOUNCEMENT

20 October 2014

INVION LIMITED

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Invion Limited (ASX: IVX) is pleased to invite Shareholders to its Annual General Meeting, to be held at 10.00am, Friday 21 November 2014, at the offices of McCullough Robertson, Level 11, 66 Eagle Street, Brisbane, QLD 4000.

The AGM Notice of Meeting, Explanatory Memorandum and sample Proxy Form accompany this announcement.

For and on behalf of the Board of Invion Limited

Melanie Farris
COMPANY SECRETARY

Notice of Annual General Meeting

Invion Limited ACN 094 730 417

Notice is given that the Annual General Meeting of Invion Limited ACN 094 730 417 (**Company**) will be held:

Location	At the offices of McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, QLD 4000
Date	On Friday, 21 November 2014
Time	At 10:00am (Brisbane time)

Ordinary Business

Financial statements and reports

To consider and receive the financial report, the Directors' report and the auditor's report for the year ended 30 June 2014.

Directors' remuneration report

To consider and, if in favour, pass the following resolution in accordance with section 250R(2) of the Corporations Act:

1 'That the Remuneration Report be adopted.'

Note: This resolution shall be determined under section 250R(2) of the Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Re-election of Directors

Re-election of Dr Ralph Craven

To consider and, if in favour, pass the following resolution as an ordinary resolution:

2 'That Dr Ralph Craven, a Non-Executive Director and Chairman, who retires by rotation in accordance with rule 16.1 of the Constitution, and being eligible, be re-elected as a Director of the Company.'

Note: Information about the candidate appears in the Explanatory Memorandum.

The Directors, with Dr Ralph Craven abstaining, unanimously recommend that you vote in favour of this resolution.

Re-election of Dr Mitchell Glass

To consider and, if in favour, pass the following resolution as an ordinary resolution:

3 'That Dr Mitchell Glass, an Executive Director, who retires by rotation in accordance with rule 16.1 of the Constitution, and being eligible, be re-elected as a Director of the Company.'

Note: Information about the candidate appears in the Explanatory Memorandum.

The Directors, with Dr Mitchell Glass abstaining, unanimously recommend that you vote in favour of this resolution.

Special business

Ratification and approval of previous allotment and issue of placement shares

To consider, and if in favour, to pass the following resolution as an ordinary resolution:

4 'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given for the previous issue of 66,666,671 shares at an issue price of $0.075 (7.5 cents) per share, issued under a placement to institutional and sophisticated investors as detailed in the Explanatory Memorandum accompanying this Notice.'

The Directors unanimously recommend that you vote in favour of this resolution.

Issue of options to a Director: Dr Mitchell Glass

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

5 'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, the members of the Company approve the granting of options 8,812,500 options to Dr Mitchell Glass, Executive Director and Chief Medical Officer, in the manner outlined in the Explanatory Memorandum.'

Note: if approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

To consider and, if in favour, to pass the following resolution as a special resolution:

6 'For the purposes of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, on the terms and conditions set out in the Explanatory Memorandum.'

The Directors unanimously recommend that you vote in favour of this resolution.

Renewal of proportional takeover approval provisions

To consider and, if in favour, to pass the following resolution as a special resolution:

7 'That the proportional takeover approval provisions contained in rule 27 of the Constitution be granted effect for a further three years, effective on the day on which this resolution is passed.'

The Directors unanimously recommend that you vote in favour of this resolution.

Dated 20 October 2014
By order of the Board



Melanie Farris
Company Secretary

Voting exclusion statement

Corporations Act

Resolution 1- Adoption of the Remuneration Report	The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.
Resolution 5 - Issue of options to a Director	The Company will disregard votes cast by a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party in contravention of section 224 of the Corporations Act.

Listing Rules

In accordance with Listing Rule 14.11, the Company will disregard votes cast by:

Resolution 4 - Ratification and approval of previous allotment and issue of placement shares	The Company will disregard any votes cast on this resolution by any person who participated in the issue of securities described in the Explanatory Memorandum or any of their associates.
Resolution 5 - Issue of options to a Director	Each Director and each of their associates.
Resolution 6 - Approval of additional capacity to issue shares under Listing Rule 7.1A	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of such person. NB. In accordance with Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

However, the Company need not disregard a vote if:

(a) 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

(b) 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.

Notes

(a) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meaning given to them in the Explanatory Memorandum.

(b) Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

(c) The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(d) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.

(e) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(f) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7.00 pm (Brisbane time) on Wednesday, 19 November 2014.

(g) If you have any queries on how to cast your votes then call the Company Secretary on +61 7 3295 0506 during business hours.

Explanatory Memorandum

Invion Limited ACN 094 730 417 (**Company**)

This Explanatory Memorandum accompanies the Notice of Meeting for the Annual General Meeting of the Company to be held at the offices of McCullough Robertson Lawyers at Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Friday 21 November 2014 at 10:00am (Brisbane time).

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Ordinary Business

Financial statements and reports

1 The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting.

2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.

3 Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on these reports.

4 In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor, Ernst & Young, if the question is relevant to:

(a) the content of the auditor's report; or

(b) the conduct of its audit of the annual financial report to be considered at the meeting.

Note: Under section 250PA(1) of the Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

5 Written questions for the auditor must be delivered by Friday, 14 November 2014. Please send any written questions for Ernst & Young to:

The Company Secretary
GPO Box 1557
Brisbane, QLD, 4001
or via email to: investor@inviongroup.com

Resolution 1: Remuneration Report

6 The Remuneration Report is contained in the Financial Statements for the year ended 30 June 2014. A copy is available on the Company's website.

7 The Corporations Act requires that the Remuneration Report be put to a vote of Shareholders.

8 The resolution of Shareholders is advisory only and not binding on the Company. The Board will take the discussion at the meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.

9 The remuneration report:

(a) reports and explains the remuneration arrangements in place for non-executive Directors, executive Directors and senior management; and

(b) explains Board policies in relation to the nature and value of remuneration paid to non-executive Directors, executives and senior managers within the Company.

10 The Chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the remuneration report.

Directors' Recommendation

11 As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding this resolution.

Re-election of Directors

12 Rule 16.1 of the Constitution requires that, at every Annual General Meeting, one-third of the Directors (excluding the Managing Director) must retire from office and stand for re-election. Where there are five or fewer Directors (excluding the Managing Director), at least two must retire from office at each Annual General Meeting.

13 The Directors to retire under rule 16.1 are those who have been in office the longest since being appointed. The Board has determined that the following Directors will retire from office under rule 16.1 of the Constitution and stand for re-election:

(a) Dr Ralph Craven; and

(b) Dr Mitchell Glass.

Resolution 2: Re-election of Dr Ralph Craven

14 Dr Ralph Craven retires from office under rule 16.1 of the Constitution and stands for re-election.

15 Dr Craven was appointed a non-executive Director of the Company 4 November 2011, and was appointed Chairman of the Board on 1 December 2011. Since that time he has overseen the re-structuring and re-positioning of the company and the merger with Inverseon to form Invion Limited.

16 Dr Craven has broad experience as a company director across a range of industry sectors. A highly respected member of the international energy industry, Dr Craven's executive career included being CEO of both Ergon Energy Corporation Limited and Transpower New Zealand Limited. Previous appointments include Chair of Ergon Energy Corporation Limited, Chair of Tully Sugar Limited, and Deputy Chair of Arrow Energy Limited (ASX:AOE). Dr Craven's current roles include being non-executive director and Chair of the Audit Committee of Senex Energy Limited (ASX:SXY) and of Mitchell Services Limited (ASX:MSV), non-executive director of AusNet Services (ASX:AST) and Windlab Limited.

17 Special responsibilities:

(a) appointed Chairman of the Board on 1 December 2011;

(b) member of the Nomination and Remuneration Committee; and

(c) member of the Audit and Risk Management Committee.

Directors' Recommendation

18 The Directors, with Dr Ralph Craven abstaining, unanimously recommend the re-appointment of Dr Craven to the Board.

Resolution 3: Re-election of Dr Mitchell Glass

19 Dr Mitchell Glass retires from office under rule 16.1 of the Constitution and stands for re-election.

20 Dr Mitchell Glass is a 25 year veteran of the pharmaceutical industry. His experience is broad:-ranging from senior positions in top ten pharmaceutical companies, to investment in and management of start-ups and biotechs. After seven years of research, teaching and patient care at the University of Pennsylvania, Dr Glass joined ICI Pharmaceuticals in 1988 where he established the pulmonary therapeutics group and led the development and submission of the antileukotriene ACCOLATE®. From 1995-6, Dr Glass was Vice President and Director at SmithKline Beecham where he was responsible for cardiovascular, respiratory, renal and metabolic drug development and commercialisation, including submission of the NDA/MAA for COREG®. From 1998 to 2003, Dr Glass was Chief Medical Officer and VP of Clinical Development and Regulatory Affairs of AtheroGenics Inc. (AGIX), where he led product development from IND to initiation of Phase 3 for AGI1067 and was a member of the IPO team. Dr Glass joined AQUMEN Biopharmaceuticals KK and NA as CEO of AQUMEN NA and a Main Board Director. Since 2008, Dr Glass has been a Director of OrphageniX Inc. (gene editing) and AVATAR Biotechnologies (biosimilars) and a consultant in R&D and fundraising to early stage therapeutics companies. Dr Glass graduated from the University of Chicago and is board certified in internal medicine, pulmonary and critical care medicine.

21 Special responsibilities:

(a) appointed Executive Director and Chief Medical Officer on 31 August 2012.

Directors' Recommendation

22 The Directors, with Dr Mitchell Glass abstaining, unanimously recommend the re-appointment of Dr Glass to the Board.

Special business

Ratification and approval of previous allotment and issue of placement shares

Resolution 4 - Ratification and approval of previous allotment and issue of placement shares

23 The purpose of Resolution 4 is for Shareholders to approve, pursuant to Listing Rule 7.4, those securities issued in a placement to institutional and sophisticated investors which completed on 27 February 2014, which will otherwise count toward the 15% limit under Listing Rule 7.1.

24 Listing Rule 7.1 provides that, subject to certain exceptions, none of which are relevant here, prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

25 The allotment and issue of securities detailed in this resolution did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

26 Resolution 4 proposes the approval of the previous allotment and issue of securities for the purpose of satisfying the requirements of Listing Rule 7.4. In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Information	Disclosure
Date of issue	27 February 2014
Number of shares Issued	66,666,671
Issue price and terms of issue	The issue price was $0.075 (7.5 cents). The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.
Persons to whom the shares were issued	Institutional and sophisticated investors including clients and contacts of Patersons Securities Limited and Morgans Limited.
The intended use of funds raised	Funds raised have been used for the Company's general working capital, and specifically applied to costs associated with the ongoing development of INV102 (nadolol), INV103 (ala-Cpn10) and INV104 (zafirlukast), including regulatory costs; the development and maintenance of Invion's intellectual property portfolio; three phase II clinical programs and a feasibility program for inhaled INV102 and INV104.

Directors' Recommendation

27 The Directors unanimously recommend that you vote in favour of this resolution.

Issue of options to a Director: Dr Mitchell Glass

Resolution 5 – Issue of options to a Director: Dr Mitchell Glass

28 Subject to the approval of Shareholders, the Company proposes to issue options to Dr Mitchell Glass. The options will in each case be issued for nil consideration.

29 Once approval is obtained pursuant to Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.

30 The options shall be issued under and subject to the terms of the Company's Executive and Employee Share Option Plan (ESOP).

31 Approval is sought for the grant of the following options as detailed below:

Issue of 8,812,500 options to Dr Mitchell Glass, Executive Director and Chief Medical Officer

(a) each option is to acquire one Share;

(b) the options are issued for nil consideration;

(c) the exercise price to acquire a share will be not less than 150% of the ordinary share price on the day of issue, per option. Options are subject to a non-preferred exercise price of $10 per option which may be paid at any time;

(d) the options will expire on the date that is 5 years after the date of issue;

(e) options issued will vest in accordance with pre-determined clinical milestones relating to the INV104 (zafirlukast) development program;

(f) the Board may determine how the options are dealt with upon a change in control, including allowing for accelerated vesting;

(g) in the event that the option holder is no longer employed by the Company, the options will revert to the non-preferred price if not exercised within 30 days from the date of termination of employment;

(h) the options will not be transferable; and

(i) it is intended that options will be issued within 2 business days of the Annual General Meeting, but in any event no later than 12 months after the Annual General Meeting.

32 The other general terms for the options are:

(a) if there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights attaching to the options issued will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;

(b) the options do not entitle the holder to participate in any new issues by the Company without exercising the options;

(c) the options do not confer on the holder any rights to a change in the exercise price of the options or a change to the number of underlying securities over which the options can be exercised except:

(i) in the case of a pro rata issue to the holders of shares (except a bonus issue) in which case the exercise price of each option shall be reduced in accordance with the formula contained in Listing Rule 6.22.2; and

(ii) in the case of a bonus issue to the holders of Shares, in which case the number of Shares over which each option is exercisable shall be increased by the number of Shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue;

(d) all shares issued pursuant to the exercise of options will, subject to the Constitution, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) equally with the existing Shares at the date of issue and allotment; and

(e) the options will not be quoted on ASX. The Company intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

General Information

33 The Company discloses the following information concerning the value of the options to be issued to Dr Mitchell Glass. A fair value for the options to be issued has been calculated using the Black Scholes methodology and based on a number of assumptions, set out below. This methodology is commonly used for valuing options and is one of the permitted methodologies under ASIC Regulatory Guide 76. The Board believes this valuation model is appropriate to the circumstances and has not used any other valuation or other models in proposing the terms of the options.

34 The stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 22 September 2014.

Underlying price	$0.08
Volatility	90%
Dividend Yield (estimate)	0
Expiry Date	9 November 2018

Exercise (strike) price	$0.12
Risk free rate	3.250%
Option Value	$0.032
Number of options issued	8,812,500
Employee benefit expense per 1,000,000 options	$34,425.28

Remuneration

35 Excluding the value of the options, Dr Mitchell Glass currently receives the following emoluments for his position. The amount stated is per annum comprising salary, health insurance contributions, superannuation, and known short and long term incentive payments for the 2014/2015 financial year:

(a) base salary of AU$267,516 (US$252,000);

(b) employee benefits in the form of health-insurance plan contribution of up to AU$25,478 (US$24,000) per annum; and

(c) eligible to receive an annual bonus of up to 20% of base salary which is at the discretion of the Board.

Financial Benefit – Details and reasons

36 Approval has been sought for the giving of a financial benefit to related parties under section 208 of the Corporations Act (Cth) 2001 ('Act'). Section 229(3)(e) of the Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.

37 Under Resolutions 5 options will be issued to Dr Glass. The amount, terms and value (subject to the stated assumptions) of those options are set out above.

38 The reasons for giving this financial benefit primarily relate to Dr Glass' ongoing involvement in the Company, and his direction of the R&D programs underway. The option terms are designed to incentivise Dr Glass to maximise the Company's development and growth, and vesting terms relate specifically to the achievement of development in the INV104 (zafirlukast) clinical program.

39 On this basis the Company believes the giving of this benefit, as constituted by the issue of the options to Dr Glass, is in the best interests of the Company and its shareholders.

Existing interests and the dilutionary effect on other members interests

40 The effect that the exercise of the options will have on the interests of Dr Glass relative to other members' interests is set out in the following table. The table assumes no further issues of shares in, or reconstruction of the capital of, the Company during the time between issue and exercise of the option.

The total number of shares on issue in the capital of the Company	541,224,540
Shares currently held by Dr Mitchell Glass*	15,658,611
% of shares currently held by Director	2.89%
Options to be issued under Resolution 5	8,812,500
Options already held by Dr Mitchell Glass	10,000,000
The total number of shares on issue in the capital of the Company following the exercise of all options held by Director (assuming no other options were exercised)	560,038,540
Shares that will be held following the exercise of all options held by Director	34,471,111
% of Shares that would be held assuming no other options were exercised	6.16%

* including indirect interests, and as recorded at 22 September 2014

Directors' Recommendation

41 The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Resolution 6: Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

42 ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. In accordance with Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of $300 million or less) can issue a further 10% of share capital in 12 months on a non-pro rata basis, determined in accordance with the following formula prescribed in Listing Rule 7.1A.2:

(A x D) – E

Where:

A is the number of fully paid 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 Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% capacity pursuant to Listing Rule 7.1 without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

D is 10%.

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.

43 Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

Minimum price at which the equity securities may be issued	The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before: (a) the date on which the price at which the securities are to be issued is agreed; or (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

Risk of economic and voting dilution	An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include: (a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and (b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date. In accordance with Listing Rule 7.3A.2 a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.
Date by which the Company may issue the securities	The period commencing on the date of the annual general meeting (to which this Notice relates) at which approval is obtained and expiring on the first to occur of the following: (a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and (b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2. The approval under Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.
Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration	It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the continued commercialisation of the Company's drug development portfolio. This would principally include: (a) development activities; (b) clinical trial costs; (c) regulatory approvals; (d) intellectual property portfolio costs; and (e) overhead including staff and office costs, audit and compliance expenses, and ASX fees. The Company reserves the right to issue shares for non-cash consideration, including for payment of service or consultancy fees and costs. The Company also reserves the rights to utilise funds or scrip to acquire complimentary drug assets or intellectual property.
Details of the Company's allocation policy for issues under approval	The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following: (a) the methods of raising funds that are available to the Company including, but not limited to, rights issues or other issues in which existing security holders can participate; (b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company; (c) the financial situation and solvency of the Company; and (d) advice from corporate, financial and broking advisers (if applicable). The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in its acquisitive growth strategy as outlined above, it is likely that the allottees under the Listing Rule 7.1A facility will be or include the vendors of the relevant target

	company or companies.
Previous approvals under Listing Rule 7.1A	The Company first sought approval under Listing Rule 7.1A at the 2012 Annual General Meeting. Shareholders voted in approval at that Meeting. The Company sought further approval at the 2013 Annual General Meeting, and Shareholders voted in approval at that Meeting on 22 November 2013. The Company has not utilised any of the capacity under Listing Rule 7.1A since approval was received.

Information under Listing Rule 7.3A.6(a):

44 The table below shows the total number of equity securities issued in the past 12 months preceding the date of the AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities on issue at the date of the 12 month period preceding the AGM	492,559,792* *Comprising 462,709,792 Shares and an aggregate of 29,850,000 options
Equity securities issued in the 12 months preceding the date of the AGM	93,503,148* *Comprising 78,515,648 Shares and an aggregate of 14,987,500 options.
Percentage these issues represent of total number of equity securities on issue at commencement of 12 month period	18.98%

Information under Listing Rule 7.3A.6(b):

45 The tables below set out specific details for each issue of equity securities that has taken place in the 12 month period preceding the date of the AGM.

Date of issue	27 February 2014
Number of securities issued	66,666,671 fully paid ordinary shares
Class and type of equity security	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares
Summary of terms	As above
Names of persons who received securities or basis on which those persons were determined	Shares were issued to institutional and sophisticated investors including clients and contacts of Patersons Securities Limited and Morgans Limited.
Price	$0.075 (7.5 cents)
Discount to market price (if any)	Shares were issued at a 20% discount to the five day volume weighted average price (VWAP) of Invion shares traded on the ASX to Tuesday 18 February 2014 (being the last trading day prior to commencement of the placement).
For cash issues	
Total cash consideration received	$5,000,000
Amount of cash consideration spent	Cash at 30 June 2014 was $3,952,538

Use of cash consideration	Funds have been applied to the Company's general working capital which includes costs associated with the ongoing development of INV102 (nadolol), INV103 (ala-Cpn10), and INV104 (zafirlukast) including regulatory costs; the development and maintenance of Invion's intellectual property portfolio; three phase II clinical programs and a feasibility program for inhaled INV102 and INV104.
Intended use for remaining amount of cash (if any)	As above
For non-cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	11 March 2014
Number of securities issued	14,987,500 Share Options
Class and type of equity security	Options to acquire shares. Once shares are allotted upon exercise of the options the participant will hold the Shares free of restrictions. The Shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. A holder of options is not entitled to participate in dividends, a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds options. However, if a pro rata bonus or cash issue of securities is awarded by the Company, the Company in its absolute discretion may adjust the number of Shares over which an option exists and the exercise price in the manner specified in Listing Rule 6.22, in which case written notice will be given to the option holder.
Summary of terms	Options have an exercise price of $0.12. 5,800,000 Options will vest over 5 years in equal propositions commencing 9 October 2014; and 9,187,500 Options will vest in accordance with pre-determined clinical development milestones. 6,362,500 Options have an expiry date of 9 November 2018; and 8,625,000 Options have an expiry date which is 10 years after the clinical development milestone vesting event.
Names of persons who received securities or basis on which those persons were determined	14,987,500 Share Options were issued to staff and consultants of Invion Limited.
Price	$nil consideration. Strike price $0.12.
Discount to market price (if any)	In accordance with the Option Terms, the strike price was not less than 150% of share price on the day the options were issued.
For cash issues	
Total cash consideration received	N/A

Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
For non-cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	2 April 2014
Number of securities issued	11,848,977 fully paid ordinary shares
Class and type of equity security	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares
Summary of terms	As above
Names of persons who received securities or basis on which those persons were determined	Issued to existing eligible shareholders under a non-renounceable Rights Issue Entitlement Offer which was announced on 26 February 2014 and completed on 2 April 2014.
Price	$0.075 (7.5 cents)
Discount to market price (if any)	Shares were issued at a 20% discount to the five day volume weighted average price (VWAP) of Invion shares traded on the ASX to Tuesday 18 February 2014, being the same price as shares issued under the Placement completed on 21 February 2014.
For cash issues	
Total cash consideration received	$888,675.25
Amount of cash consideration spent	Cash at 30 June 2014 was $3,952,538
Use of cash consideration	Funds have been applied to the Company's general working capital which includes costs associated with the ongoing development of INV102 (nadolol), INV103 (ala-Cpn10), and INV104 (zafirlukast) including regulatory costs; the development and maintenance of Invion's intellectual property portfolio; three phase II clinical programs and a feasibility program for inhaled INV102 and INV104.
Intended use for remaining amount of cash (if any)	As above
For non-cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Information under Listing Rule 7.3A.2:

46 The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares 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.

47 The table also shows:

(a) two examples where variable "A" has increased, by 50% and 100%. 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 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 of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Shares on issue Variable 'A' in Listing Rule 7.1A.2		**Dilution**		
		$0.04 **50% decrease in Issue Price**	**$0.08** **Current Issue Price**	**$0.16** **100% increase in Issue Price**
Current Variable A*	10% Voting Dilution	54,122,554	54,122,554	54,122,554
541,225,540	Funds raised	$2,164,902.16	$4,329,804.32	$8,659,608.64
50% increase in current Variable A*	10% Voting Dilution	81,183,831	81,183,831	81,183,831
811,838,310	Funds raised	$3,247,353.24	$6,494,706.48	$12,989,412.96
100% increase in current Variable A*	10% Voting Dilution	108,245,108	108,245,108	108,245,108
1,082,451,080	Funds raised	$4,329,804.32	$8,659,608.64	$17,319,217.28

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2, which equates to the current issued share capital of the Company (as at 22 September 2014).

48 The table has been prepared on the following assumptions:

(a) The Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval.

(b) No options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A.

(c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting.

(e) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(f) The issue of Shares under Listing Rule 7.1A consists only of Shares.

(g) The issue price is $0.08, being the closing price of the Shares on ASX on 22 September 2014.

Directors' Recommendation

49 The Directors unanimously recommend that you vote in favour of this resolution.

Renewal of proportional takeover bid provisions

Resolution 7: Renewal of proportional takeover bid provisions

50 Rule 27 of the Constitution includes proportional takeover approval provisions which enable the Company to refuse to register securities acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer. Under the Corporations Act, proportional takeover provisions expire after three years from adoption or renewal and may then be renewed. The provisions contained in the Constitution therefore ceased to apply on 2 October 2012.

51 The Company is seeking shareholder approval to renew these provisions under the Corporations Act. The proportional takeover bid provisions are identical to those adopted by Shareholders on 2 October 2009 (when the Constitution was adopted). The Corporations Act requires the Company to provide Shareholders with an explanation of the proportional takeover approval provisions as set out below.

What is a proportional takeover bid

52 A proportional takeover bid is a takeover offer sent to Shareholders but only for a specified portion of each shareholder's securities. Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, it will dispose of the specified portion of its securities in the Company and retain the balance of the securities.

Effect of renewal

53 If renewed, under existing rule 27 and if a proportional takeover offer is made to Shareholders, the Board is required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

54 The resolution is taken to have been passed if a majority of securities voted at the meeting, excluding the securities of the bidder and its associates, vote in favour of the resolution. If no resolution is voted on at least 14 days before the close of the offer, the resolution is deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of securities resulting from accepting the offer are registered provided they otherwise comply with the Corporations Act, the Listing Rules, the ASTC Operating Rules and the Constitution. If the resolution is rejected then, under the Corporations Act, the offer is deemed to be withdrawn.

Reasons for proposing the resolution

55 The Directors consider that Shareholders should have the opportunity to renew rule 27 in the Constitution. Without rule 27 a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their securities to the bidder. Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their securities whilst leaving themselves as part of a minority interest in the Company.

56 Without rule 27, if there was a proportional takeover bid and Shareholders considered that control of the Company was likely to pass, Shareholders would be placed under pressure to accept the offer even if they did not want control of the Company to pass to the bidder. Renewing rule 27 of

the Constitution will make this situation less likely by permitting Shareholders to decide whether a proportional takeover bid should be permitted to proceed.

No knowledge of present acquisition proposals

57 As at the date of this notice, no Director is aware of a proposal by any person to acquire or increase the extent of a substantial interest in the Company.

Potential advantages and disadvantages

58 The renewal of rule 27 will enable the Directors to formally ascertain the views of Shareholders about a proportional takeover bid. Without these provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that renewal of rule 27 has no potential advantages or potential disadvantages for them, as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

59 The Directors consider that renewing rule 27 benefits all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders are able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. Furthermore, knowing the view of Shareholders assists each individual Shareholder to assess the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

60 As to the possible disadvantages to Shareholders renewing rule 27, it may be argued that the proposal makes a proportional takeover bid more difficult and that proportional takeover bids will therefore be discouraged. This may reduce the opportunities which Shareholders may have to sell all or some of their securities at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Rule 27 may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their securities.

61 The Directors consider that there are no other advantages and disadvantages for Directors and Shareholders which arose during the period during which the proportional takeover approval provisions have been in effect, other than those discussed in this section.

62 On balance, the Directors consider that the possible advantages outweigh the possible disadvantages so that the renewal of rule 27 is in the interest of Shareholders.

Directors' Recommendation

63 The Directors unanimously recommend that you vote in favour of this resolution.

Glossary

Invion Limited ACN 094 730 417

Annual General Meeting	means the Company's annual general meeting the subject of this Notice of Meeting.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as the context requires.
Board	means the board of directors of the Company.
Company	means Invion Limited ACN 094 730 417.
Constitution	means the constitution of the Company.
Corporations Act	means the *Corporations Act 2001* (Cth).
Directors	means the directors of the Company.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Memorandum.
Remuneration Report	means the section of the Directors' report for the year ended 30 June 2014 that is included under section 300A(1) of the Corporations Act.
Shares	means the existing fully paid ordinary shares in the Company.
Shareholder	means a person who is the registered holder of Shares.

INVION

Targeting inflammation

Invion Limited
ABN 76 094 730 417

LODGE YOUR VOTE

ONLINE www.linkmarketservices.com.au

By mail:
Invion Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

All enquiries to: Telephone: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of Invion Limited and entitled to attend and vote hereby appoint:

STEP 1 APPOINT A PROXY

☐ **the Chairman of the Meeting** *(mark box)*

OR if you are **NOT** appointing the Chairman 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.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am on Friday, 21 November 2014 at the McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, QLD 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an X

SAMPLE

STEP 2 VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Directors' remuneration report	☐	☐	☐
Resolution 2 Re-election of Dr Ralph Craver	☐	☐	☐
Resolution 3 Re-election of Dr Mitchell Glass	☐	☐	☐
Resolution 4 Ratification and approval of previous allotment and issue of placement shares	☐	☐	☐
Resolution 5 Issue of options to a Director: Dr Mitchell Glass	☐	☐	☐
Resolution 6 Approval of additional 10% capacity to issue shares under Listing Rule 7.1A	☐	☐	☐
Resolution 7 Renewal of proportional takeover approval provisions	☐	☐	☐

* 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 votes will not be counted in computing the required majority on a poll.

STEP 3 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

IVX PRX401R

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business – Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as 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 telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and

(b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must 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. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

SAMPLE

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 19 November 2014,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE **www.linkmarketservices.com.au**

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

by mail:

Invion Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

by fax:

+61 2 9287 0309

by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.