26 February 2014

Dear Shareholder

Invion Limited Entitlement Offer – notice to ineligible shareholders

---

On 21 February, Invion Limited (**Invion**) announced the completion of a placement to institutional and professional investors to raise approximately AU$5 million (**Institutional Placement**), and a 1 for 20 non-renounceable rights issue entitlement offer of fully paid ordinary shares in Invion (**New Shares**) to raise approximately AU$2 million (**Entitlement Offer**).

Funds raised from the Institutional Placement and Entitlement Offer will be applied to the collaboration with 3M Drug Delivery Systems to develop Invion's inhaled respiratory drugs franchise, and continuing development of Invion's three drug assets - INV102 (nadolol), INV103 (ala-Cpn10) and INV104 (zafirulkast), as well as general working capital.

Patersons Securities Limited ACN 008 896 311 and Morgans Corporate Limited ABN 32 010 539 607 have been appointed as joint lead managers for the Equity Raising.

Summary of key terms of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for 1 New Share for every 20 existing Invion ordinary shares held at 7.00pm (AEDT) on Thursday 6 March 2014 (**Record Date**) at an offer price of $0.075 per New Share (**Entitlement**).

The Entitlement Offer is being made at the same offer price as the Institutional Placement.

The Entitlement Offer is being made by Invion without a disclosure document or product disclosure statement in accordance with section 708AA of *the Corporations Act 2001* (Cth) (**Corporations Act**).

Documents relating to the Entitlement Offer were lodged with ASX on 26 February 2014 and are being mailed to Eligible Shareholders. Shareholder approval is not required for Invion to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

Invion has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) Corporations Act, that it would be unreasonable to make offers to shareholders in all countries in connection with the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) Corporations Act, this letter is to inform you that Invion has determined that you are not an Eligible Shareholder and therefore are ineligible to apply for New Shares under the Entitlement Offer.

You are not required to do anything in response to this letter.

The Entitlement Offer is only available to Eligible Shareholders. An Eligible Shareholder means a holder of Invion shares at 7.00pm (AEDT) on the Record Date who:

- has a registered address in Australia and New Zealand or is a Shareholder that Invion has otherwise determined is eligible to participate; and
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

As you do not satisfy the criteria for eligibility, Invion is unfortunately unable to extend the Entitlement Offer to you.

New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder may be allocated to Eligible Shareholders who subscribe for New Shares in excess of their entitlement under the Entitlement Offer.

The Directors also reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place these, in addition to any shortfall shares remaining after the close of the Entitlement Offer (and completion of the top up facility, if any) within 3 months after the closing date of the Entitlement Offer to either existing or new Shareholders at their discretion at a price not less than the offer price of New Shares under the Entitlements Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Further information

If you have any queries, please call 1300 910 051 (inside Australia) or +61 1300 910 051 (outside Australia), alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your continued support of Invion.



Dr Greg Collier
Managing Director & Chief Executive Officer