

RHINOMED

INVESTOR NEWSLETTER / WINTER & SPRING 2015 /   



IN THIS ISSUE

- 01
WORDS FROM THE CEO
- 02
REDEFINING SLEEP
- 05
TURBINE UPDATE
- 06
PRODUCT DEVELOPMENT
- 07
CORPORATE UPDATE

TURBINE AT TOUR

We are delighted to congratulate Turbine's Global Ambassador, Chris Froome, on his spectacular win in the 2015 Tour de France. Froome, who wore and endorsed the Turbine in the Tour, significantly increased the international recognition, endorsement and spotlight of our brand among customers and distributors globally.

UK DISTRIBUTION SECURED FOR MUTE

We recently announced that Mute will go on sale in UK pharmacies from October 2015. This is the first step in our global pharmacy distribution strategy. Boots (www.boots.com) is the UK's leading pharmacy-led health and beauty retailer and is part of the International Division of Walgreens Boots Alliance Inc. (Nasdaq: WBA).

"Getting Mute into pharmacies in the UK is key milestone for Rhinomed as we seek to expand our global pharmacy distribution footprint. Ensuring British snorers can purchase Mute through the high street pharmacy channel is critically important and a significant milestone achievement for the company," said Michael Johnson, CEO.



A MESSAGE FROM THE CEO

Dear Shareholders

Redefining Sleep

Rhinomed has firmly launched its vision to change the way the world sleeps. Two and a half years ago we set out to develop a global brand for breathing. We are firmly on the way to achieving this vision, with our focus and attention currently funnelled towards discussions with major global distributors. Our goal is to ensure that Mute and Turbine are available in as many different regions and across as many different customer channels as possible. This strategy is progressing positively and we were delighted to announce securing UK distribution with iconic pharmacy chain Boots UK.

Our attendance at the recent Sleep 2015 conference in Seattle also provided great insight into the diagnostic and compliance issues and difficulties faced by existing sleep apnea and dental splint technologies. Mute holds an exciting opportunity for Rhinomed to engage with these customers early and to build a relationship with them. Importantly, at this trade show we had the opportunity to engage with clinicians, dentists, hospitals, distributors and potential partners. It was Mute's first international trade show and we certainly made our presence felt and extracted significant interest and opportunities which we are following up on.

Turbine at the Tour

We are also delighted to congratulate Turbine's global Ambassador Chris Froome, on his spectacular win in the 2015 Tour de France. Froome, who wore the Turbine in the Tour, significantly increased the international awareness of the Turbine technology. His involvement with Turbine has started many conversations in the global arena about "that yellow nose ring." Having Chris Froome wear the Turbine in the second most watched global sporting event - the Tour - is a significant aspect to Rhinomed's strategy of 'socialising the technology'.

We also congratulate US Track Star and Turbine customer, Shannon Rowbury on successfully beating Mary Decker's 31 year old, 1500 m American record.

By making the Turbine visible in the sporting arena, it also supports our goal of ensuring customers become familiar and comfortable with the concept of using a nasal device. While our starting point has been in sport - our end game is much broader than this, extending through to obstructive sleep apnea and ultimately drug delivery.

Securing multiple deployment channels

Securing global distribution partners is our focus as we work towards building a comprehensive sleep solution in the \$54.9 billion rapidly growing sleep aid market (BCC Research 2014).

Our strategy involves engaging in multiple channels: online (direct to customer), pharmacy (retail), and medical specialists (GP, ENT surgeons, dentists, hospitals and clinics). Mute is the entry-card to this rapidly expanding sleep aid market and opens an enormous array of opportunities.

In June we announced ethics approval for our INPEAP (Intranasal Expiratory Air Pressure) moderate sleep apnea trial, at the Monash Lung and Sleep Department, Monash Health. This trial is with our new INPEAP device that creates an Positive Expiratory Airway Pressure (EPAP), essentially through the use of a one-way valve and individualised fit. Results of the trial will be available later this year.

To drive this process, we have continued to strengthen and build the right team to ensure that the global traction of our brand and products takes hold. Our team is focused on building Rhinomed into a significant global business.

"The science is pretty incontrovertible, that sleep deprivation affects every aspect of our health and cognitive performance."
Adrianna Huffington.

Michael Johnson
CEO

REDEFINING SLEEP



Introducing SnoreGUST

This month, Rhinomed launched 'SnoreGUST' - the opportunity for customers to 'Give snoring a rest' for the month of August! As part of this month-long promotion, the Mute team have in-store pharmacy promotions, competition and numerous social media and advertising campaigns in action.

See www.mutesnoring.com for more details.

Be Part of a Growing Sleep Movement

When people think of computers, shoes, or soft drink - major brands and products immediately pop into mind. What about breathing? What about sleep? Rhinomed is taking on the challenge to build our brand as the firm leader in this untapped market opportunity.

When we currently walk into a pharmacy, we are not used to seeing snoring products in a dedicated 'Sleep' section of the pharmacy. In fact, when you walk into the local chemist and need assistance with sleep - you can be directed in a myriad of ways - from pillows, to pills, to scents, to strips.

We are working closely with pharmacists to create a dedicated Sleep Area in your local chemist - making it easier to obtain what you need for a good night's sleep.

Mute provides an entry point for Rhinomed into the consumer retail space. It provides a strong opportunity to link snorers or people seeking a better quality sleep, with pharmacists and GPs.

This in turn builds our customer relationship base as an entry point to our future clinical products that will assist mild-moderate sleep apnea and other breathing disorders.

Building a relationship from the start helps us reach people that may never have taken the step to meet with a sleep specialist or clinician.

Mute is rapidly gaining consumer support. One of our most resounding endorsements is from Mrs Jenny Chapman, the loudest snorer ever recorded, at 111 decibels! This is 8 decibels louder than a low flying jet. "I've tried Rhinomed's product Mute a few times now and haven't woken myself up once."

REDEFINING SLEEP

Mrs Chapman from Cambridgeshire, UK, told us: "I've snored since I was five and over the years have tried pretty much everything. I've even considered surgery. The sound often wakes me up and most nights my husband Colin has to retreat to the spare room. I've tried Rhinomed's product Mute a few times now and haven't woken myself up once. My husband says my snoring is much reduced and much quieter, so I'm going to keep using it."

The Mute team have also been busy building the Mute brand through the Discount Drug Stores (DDS) Sleep clinics - which are currently being stocked in store. We have also been executing sampling campaigns through magazines such as Women's Weekly, Women's Day and Take 5 magazine.

SLEEP in Seattle - APSS Sleep 2015

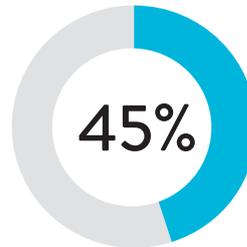
Mute was high on the agenda in Seattle in June, exhibiting at the APSS Conference, a joint meeting of the American Academy of Sleep Medicine and Sleep Research Society. The trade show gave us direct exposure and contact with potential distributors, partners, sleep specialists and hospitals. It became very apparent speaking with sleep dentists that many of the compliance issues with dental and mandibular devices and splints relate to the difficulty of breathing with essentially a "mouth full of plastic." Their clear message was if we could improve the ability to breathe through the nose, then we would assist in the compliance rates of splints.

Attendee responses to Mute were overwhelming, and there was strong interest in assessing Mute as an adjunct therapy to oral devices and splints to increase customer acceptance and compliance.

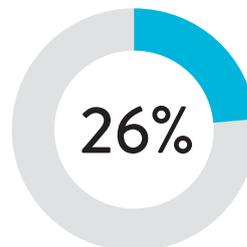
UK study of British sleeping habits

According to recent research, sleep loss caused by snoring forces huge numbers of couples to sleep in separate rooms. A UK study of over 2,000 British adults reveals that 34% of people with snoring partners (and 38% of women) insist on separate rooms when sleep loss gets too much for them.

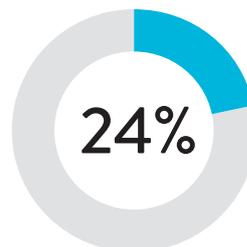
The survey also found:



of adults admit to snoring and in 20% of relationships both partners snore

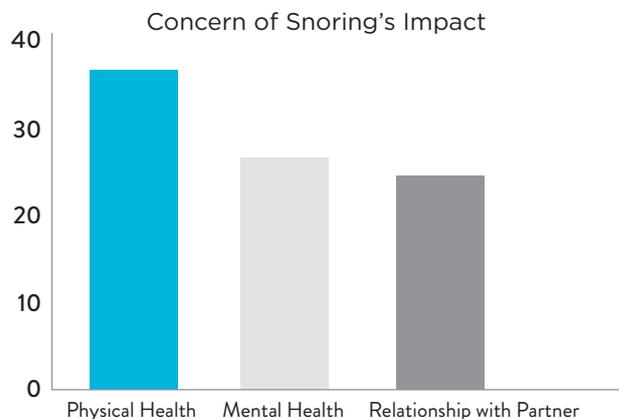


of women with partners who snore feel angry or upset with them when they can't sleep, compared to only 13% of men



of people who don't snore but have a partner who does say snoring is more difficult to live with than other people's music, road works, buildingworks, traffic or overhead planes

Around a third of people who have partners who snore are concerned about the impact of sleep loss on their physical health (36%), mental health (34%) and relationship with their partner (31%)



Source: 2,016 UK adults surveyed between 10th and 13th April 2015. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

SNOREGUST SOCIAL MEDIA



SNOREGUST CUPCAKES



3AW FOOTY
COMMENTARY TEAM



SCOTTY



DENNIS WALTER



ANDY



PETA MCLEAN

TURBINE UPDATE

In the last newsletter we outlined our successful launch of the new generation Turbine into the market, with the new design dramatically increasing comfort and retention, making it more accessible to a much wider variety of sports. In addition to running and cycling, we are also seeing Turbine being used during yoga and importantly, in post sport recovery.

We are delighted to share some of the feedback we've received to date:

- "Using Turbine has been a revelation for me in training - I had been considering another septoplasty and turbinectomy so your device has effectively saved me a significant amount of money and trauma." Josh, WA
- "A good piece of kit!" Terry, Cornwall, UK
- "Like the new design, fits much better" Peter, ACT

The awareness of Turbine has grown extensively over the past month, with Chris Froome showing off the benefits of Turbine in competition at the 2015 Tour de France.



Froome, who is a global Ambassador for Turbine, has fuelled significant international exposure for the brand - even sporting a Rhinoceros on his newly unveiled bike!

We congratulate US Track sensation and Turbine customer, Shannon Rowbury on successfully beating Mary Decker's 31 year old American record to the 1500m.

We continue to strengthen our Turbine distributors around the globe, who have placed their second order, making the new Turbine available in 19 countries and online at www.theturbine.com.

Turbine has launched its distribution into South Africa and the UK with Fit Sports Labs and VeloBrands.

As part of our growing distribution footprint, Turbine received an initial order from major US cycling retailer Performance Inc, with the subsidiaries Performance Bike and Bike Nashbar.

With 110 locations around America and online presence at Performancebike.com and nashbar.com, we are confident that will enable Turbine to become more accessible and visible in the US market.



For the latest information on Turbine, please visit: www.theturbine.com

TURBINE UPDATE



Turbine has been seen in the noses of some of the contestants at the 2015 USA Pro Challenge.



UHC Pro Cycling team and 2x Olympic Gold Medalist Kristin Armstrong was also introduced to the Turbine at the USA Pro Challenge. Visit www.facebook.com/theturbine to check out her reaction.

PRODUCT DEVELOPMENT

In June, Rhinomed was delighted to report that we received ethics approval for a Phase 1 pilot study of our novel Intranasal Positive Expiratory Airway Pressure (INPEAP) device to treat moderate Obstructive Sleep Apnea (OSA).

Using the company's new INPEAP technology, the trial will seek to demonstrate that moderate obstructive sleep apnea can be both attenuated and well-tolerated by the 70% of patients who suffer from moderate OSA. Importantly, the trial includes both in-clinic sleep studies and a 14 day in-home use phase. Results are expected later in 2015.

We also continued our pre-clinical work in nasal drug delivery. Our aim is to demonstrate that our platform technology provides drug developers with a patient accepted and well tolerated medium for the delivery of medication.

We anticipate that our device will be able to remain in place within the nose for up to 8 hours. This will provide a unique opportunity for biotech and pharma who require drug molecules to be transferred quickly across the nasal epithelial cell layer directly to the circulation system.



CORPORATE UPDATE

Master Investor - Keynote Presentation

Rhinomed has been building its international presence and connections amongst the international investment and pharmaceutical community this year.

In March, Michael Johnson was the keynote 'Rising Star' presentation at the Master Investor Show in London. The Show was attended by 4700 investors covering private investors, brokers, funds and analysts.

Rhinomed was invited to present at the conference by Jim Mellon, one of the UK's most successful investors. It was an excellent opportunity for Rhinomed to showcase its technology to an international audience.

Rhinomed's presentation titled 'Changing the way the world breathes' can be viewed on Youtube at www.youtube.com/watch?v=hNXqk-OiAbY.

Rhinomed CEO, Michael Johnson, was joined on the stage by Rhinomed shareholder and brand ambassador, Sir Steve Redgrave, CBE - the 5 time consecutive Olympic gold medallist, who is recognised as one of the greatest Olympians of all time.

Sir Steve brings an incredible depth of experience in the importance of breathing in sport but also recovery for athletes. He also provided some insights into the difficulties of obtaining quality sleep when competing at the highest level.



Sir Steve Redgrave and RNO CEO Michael Johnson

BIO2015 in June

Rhinomed presented and exhibited at BIO2015 in Philadelphia in June - as part of the Victorian Government delegation.

The conference is attended by over 15,000 industry professionals from around the globe and Rhinomed held back-back meetings across the program to discuss potential partnering and distribution opportunities.

Interbike 2015

Turbine will be exhibiting at Interbike 2015 in September this year. Interbike is the one-stop show to connect with all aspects of the entire bicycle industry, including products and latest trends. It includes both outdoor demonstration days and an indoor exhibition.

Turbine will be exhibiting and meeting with potential distributors and retailers from across the globe. "Interbike was incredibly successful at launching Turbine on the international stage last year and we are looking forward to building on this in 2015," Michael Johnson said.

FORWARD LOOKING STATEMENT

Any forward looking statements in this newsletter have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside Rhinomed Limited's control. Important factors that could cause actual results to differ materially from any assumptions or expectations expressed or implied in this newsletter include known and unknown risks. As actual results may differ materially to any assumptions made in this newsletter, you are urged to view any forward looking statements contained in this newsletter with caution.

This newsletter should not be relied on as a recommendation or forecast by Rhinomed Limited, and should not be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

CONTACT DETAILS

Michael Johnson, CEO
mjohnson@rhinomed.com.au

OFFICE DETAILS

Level 1, 4-10 Amsterdam Street,
Richmond, Victoria 3121
tel: +61 (0) 3 8416 0900
fax: +61 (0) 3 8080 0796