

10 November 2015

Dear Shareholder

SHARE PURCHASE PLAN

On behalf of the board of Invion Limited ACN 094 730 417 (ASX: IVX) (**Invion** or **Company**), we are pleased to offer you the opportunity to purchase up to \$15,000 in additional shares in Invion under this share purchase plan (**SPP**).

The SPP will be available to shareholders who are on the Company register at 7.00pm (Sydney time) on 9 November 2015 (**Record Date**), and having a registered address in Australia or New Zealand (**Eligible Shareholders**).

The SPP gives Eligible Shareholders the opportunity to purchase additional shares in Invion at the price per share which is equal to a 10% discount to the five day volume weighted average price (**VWAP**) of Company shares traded on the ASX up to and including the day before the Allotment Date.

There are no transaction costs or brokerage costs for participating shareholders.

Included with this letter is the following material which aims to address any questions you may have about the SPP:

- (a) an investment overview, which includes details on pricing, the timetable, intended use of funds and key risks of an investment in the Company;
- (b) SPP terms; and
- (c) an application form.

Funds raised through the SPP will be used for the Company's general working capital and applied to costs associated with ongoing analysis of data from the completed phase 2 clinical trial of INV102 (nadolol) in smoking cessation, preparation for an End of Phase 2 meeting with the US FDA, ongoing business development and partnering discussions for the Company's three drug assets, and maintenance of Invion's intellectual property portfolio.

Following the successful completion of major milestones across four drug development programs during 2015 to date, the Board has accelerated a strategic review of the business and its opportunities, and the coming months are focussed on securing a strategic investment and/or the sale of the Company and/or its assets. This is an opportunity for Eligible Shareholders to take advantage of prevailing market conditions as the Company enters its next stage.

A number of directors who are eligible shareholders have indicated their intention to participate in the SPP to the maximum subscription value.

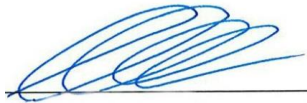
The SPP will close on 30 November 2015 at 5.00pm (Sydney time). If you wish to participate in the SPP your application must be received by the Closing Date. Invion reserves its right to close the SPP early. Participation in the SPP is entirely voluntary. Offers under the SPP are non-renounceable, meaning that you are not permitted to transfer your rights to subscribe for Shares under the SPP.

If you have any questions about the SPP, please contact the offer information line on 1300 131 543 (within Australia) & +61 1300 131 543 (outside Australia) between 8.30am and 5.30pm (Brisbane time), Monday to Friday.

Further information about Invion is available at www.inviongroup.com, which should be considered in conjunction with the Company's continuous disclosure to ASX.

The Board encourages you to consider this opportunity and thanks you for your continued support.

Yours faithfully



Dr Greg Collier
Managing Director and Chief Executive Officer

Invion investment overview

Offer details

Issue Price	The price per share which is equal to a 10% discount to the five day VWAP of Company shares traded on the ASX up to and including the day before the Allotment Date.
Application Amount	Minimum of \$500 (Minimum Application Amount) with staged increments of \$500 up to a maximum of \$15,000
Record Date	7.00pm (Sydney time) on 9 November 2015
Closing Date	5.00pm (Sydney time) on 30 November 2015
Allotment Date	3 December 2015
Quotation Date	4 December 2015

Intended use of funds

The proceeds raised from this SPP will be used for the Company's general working capital which is to be applied (at the discretion of the board) for costs associated with:

- (a) ongoing analysis of data from the completed phase 2 clinical trial of INV102 (nadolol) in smoking cessation;
- (b) preparation for an End of Phase 2 meeting with the US FDA;
- (c) ongoing business development and partnering discussions for the company's three drug assets; and,
- (d) maintenance of Invion's intellectual property portfolio.

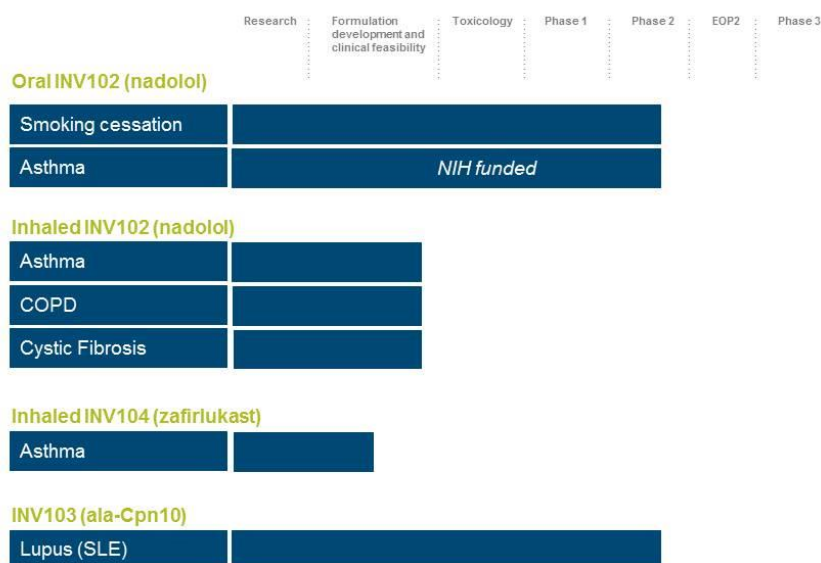
Invion: company and pipeline status

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:

- **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. 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.

Pipeline: 4Q 2014



Pipeline: 4Q 2015



With three drug assets in three phase 2 clinical trials across four development programs, the Company has achieved the following milestones in 2015:

- ✓ Blind-broken interim data from phase 2 smoking cessation trial of INV102 (nadolol)
- ✓ Pre-IND status for inhaled INV102 (nadolol) as a potential therapy for asthma, COPD & cystic fibrosis
- ✓ Manufacture of toxicology and clinical supplies and commencement of toxicology studies for inhaled INV102 (nadolol)
- ✓ Completion of phase 2 clinical trial of INV103 (ala-Cpn10) in lupus patients
- ✓ Data from phase 2 clinical trial of INV013 (ala-Cpn10) in lupus patients
- ✓ Selection of formulation and device for inhaled INV104 (zafirlukast)
- ✓ Commencement of manufacture of toxicology and clinical supplies for INV104 (zafirlukast)
- ✓ Completion of dosing in phase 2 smoking cessation trial of INV102 (nadolol)
- ✓ Positive safety and efficacy data from phase 2 oral INV102 (nadolol) study in patients undergoing smoking cessation
- ✓ Completion of enrolment of NIH-funded phase 2 study of INV102 (nadolol) in asthma patients

Risks

Before making an investment decision, you should read the SPP terms set out below. Invion considers that the major risks of an investment in Invion include:

- (a) *Funding risk* - There is no assurance that the Company will be able to raise further capital if and when it is required, or that the terms associated with raising that capital will be satisfactory to the Company. If Invion is unsuccessful in obtaining funds when they are required, Invion may need to delay or eliminate aspects of its business, have to license or sell its technologies on unfavourable terms, or scale down or cease operations. If Invion raises funds by issuing shares or borrowing, the terms may not be favourable and may dilute the ownership of its shareholders;
- (b) *Clinical trial risk* - Invion's ability to obtain regulatory approval for its products and profitably commercialise its products is dependent upon its ability to conduct successful clinical trials which are inherently risky, depend upon the availability of patients and regulatory approvals, and have no guarantee of returning efficacious results or proving practical or cost effective; and
- (c) *Manufacturing and distribution capability risk* - Invion's ultimate success is dependent upon its ability, or that of its commercial partners, to scale up and maintain production within the estimated time frame, and in accordance with regulatory standards.

Past performance is not necessarily a guide to future performance of the Company.

SPP terms

How do I accept

To participate, you should either:

- (a) return your application form, together with a cheque; or
- (b) pay the Application Amount via BPAY,

so that payment is received by **5.00pm (Sydney time) on 30 November 2015**.

BPAY instructions are set out on the application form. If you use BPAY, you do not need to return your application form. Please make sure you use the specific biller code and unique reference number on your personalised application form. Your financial institution may implement earlier cut-off times for electronic payment. You should take this into consideration when making payment.

If paying by cheque, use the reply paid envelope or deliver it to the address on the application form. Applications received after the Closing Date will not be accepted.

Funds received for applications by cheque or BPAY will be regarded as applications for the maximum number of shares that those funds will pay for in full.

Importantly, while participation in the plan is optional, once applications are submitted, they cannot be withdrawn.

The Company's market price may vary at any time during the offer period and the Company's shares may trade at a price that is lower than the Issue Price.

By accepting the SPP offer, you accept the risk that the market price of the Company's shares may fall below the Issue Price between the date of this offer and the Allotment Date, in which case you may have been able to buy the shares at a lower price than the Issue Price.

By making an application, you represent to the Company the matters set out under the heading 'Your representations' in these terms and in the application form.

How many shares

Eligible Shareholders receive the number of shares equal to the Application Amount (subject to any scale-back) divided by the Issue Price. Fractions will be rounded down, and the difference (being any amount less

than the Issue Price) may be retained by the Company.

The Issue Price does not exceed the limit prescribed by the ASX Listing Rules and ASIC Class Order 09/425.

Shares issued under the SPP may be sold or transferred on ASX at any time after the Quotation Date.

Eligibility to participate

Participation in the SPP is optional. The offer is open to all shareholders with a registered address in Australia or New Zealand as at the Record Date.

Multiple holdings

If you are the only registered holder of Company shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply in total for a maximum of \$15,000 worth of shares.

Joint holders

If you are a joint holder of Company shares, that holding is considered to be a single registered holding for the purpose of the SPP. You are entitled to participate in the SPP for that single holding only. If you are a joint holder and you receive more than one offer under the SPP, you may only apply in total for a maximum of \$15,000 worth of shares.

Trustee or nominee

If you are noted on the Company's share register as a trustee or nominee for a named beneficiary, you may only apply for one maximum parcel of shares for each named beneficiary. If the Company's share registry does not record a named beneficiary for your trustee or nominee holding, the rules for multiple single holdings apply.

Custodians

If you are a custodian within the definition of 'custodian' in ASIC Class Order 09/425 (as varied) and hold Company shares for one or more persons (each a **Participating Beneficiary**), or for another custodian of

Company shares, you may apply for up to a

maximum of \$15,000 worth of shares for each Participating Beneficiary, subject to providing the Company a 'custodian certificate' in addition to the application form, which certifies matters required by ASIC Class Order 09/425 (as varied).

Please contact the share registry to obtain the form of the custodian certificate.

Directors

Directors of the Company who are Eligible Shareholders may participate in the SPP.

Scale-back

The Company may, in its absolute discretion, scale-back applications under the SPP.

Factors that the Company may take into account in determining any scale-back include:

- (a) compliance with regulatory requirements;
- (b) the amount applied for by each shareholder;
- (c) the number of shares held at the Record Date; and
- (d) if the shareholder remains on the register at the Closing Date.

The Company may scale-back applications below the Minimum Application Amount. Scale-back decisions are made by the board and are final.

If a scale-back occurs, the difference between the value of the shares allotted and the Application Amount paid to the Company (only where the amount is greater than the Issue Price) will be refunded by cheque and mailed to you as soon as practicable following the Allotment Date. Any scale-back will be announced on the Allotment Date. No interest will be paid on any Application Amount paid or refunded.

ASX quotation

After shares are issued and allotted under the SPP, the Company will apply to ASX for quotation of the Shares on the Official List and send an allotment notice to each Eligible Shareholder's registered address.

No costs

Eligible Shareholders may subscribe without incurring brokerage costs, commission or other transaction costs.

The Company's rights Targeting inflammation

The Company may reject any application for Shares under the SPP if:

- (a) it considers that the application does not comply with these terms;
- (b) you are not an Eligible Shareholder;
- (c) a cheque is returned unpaid;
- (d) the application form has not been properly completed; or
- (e) there are grounds for believing that the applicant is not acting in good faith.

The Company may modify, suspend or cancel the SPP at any time. If the Company does this it will notify ASX. If the SPP is cancelled the Application Amount will be refunded without interest. Neither the Company nor the board accepts or assumes any liability to shareholders because of the variation, suspension or termination of SPP.

The Company may settle, at its discretion in any manner it deems fit, any anomalies or disputes in connection with the SPP and that decision is conclusive and binding on all applicants. The Company reserves the right to waive strict compliance with these terms.

Your representations

By completing and returning the application form or by making a BPAY payment, you:

- (a) certify to the Company that you are an Eligible Shareholder;
- (b) authorise the Company (and its officers and agents) to correct any error in, or omission from, your application form;
- (c) accept the risks of the delivery of any refund to you;
- (d) acknowledge that the Company may at its discretion determine that your application form is valid, even if the application form is invalid;
- (e) irrevocably and unconditionally agree to these terms; and
- (f) acknowledge that the Company is not liable for any exercise of its discretions referred to in these terms.

Other information

The Offer is non renounceable, which means that you cannot transfer your right to purchase shares under the SPP to anyone else. Shares issued under the SPP will rank equally in all respects with existing fully paid shares.

This document is not an offer of securities in any place outside Australia or New Zealand and does not take into account your individual investment objectives, financial situation or particular needs. An investment in the Company is speculative. Therefore, you should obtain independent financial and taxation advice before making an investment decision.

SRN/HIN:

Entitlement Number:

Record Date: 9 November 2015

Offer Opens: 13 November 2015

**Offer Closes
 5:00pm (Sydney time): 30 November 2015**

SHARE PURCHASE PLAN ("SPP") APPLICATION FORM

How do I apply for Shares under this offer?

- Carefully read the SPP Terms and Conditions accompanying this form.
- Decide on the amount you wish to apply for.
- Pay for the Shares in accordance with the instructions outlined in the Terms and Conditions Booklet and further important instructions on the reverse of this form.
 - Option 1: Paying by BPAY®.
 - Option 2: Paying by Cheque, Bank Draft or Money Order.
- Payments must be in Australian dollars.

PAYMENT OPTIONS

Option 1: Paying by BPAY®

If paying by BPAY®, you do **NOT** need to complete or return the Acceptance Slip attached to this Application Form below. Payment must be received by the Registry by BPAY® by 5:00pm (Sydney time) on 30 November 2015. By paying by BPAY®, you will be deemed to have completed an Application Form for the parcel amount the subject of your Application Payment.

If you make a payment by BPAY® and Invion Limited receives an amount which is not between \$500 (Minimum Application Amount) with staged increments of \$500 up to a maximum of \$15,000. Invion Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$500.



Billier Code: [XXXXXXX]
 Ref: _____

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account.
 More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Option 2: Paying by Cheque, Bank Draft or Money Order

If paying by cheque, bank draft or money order, complete and return the Acceptance Slip attached to this Application Form with your Application Payment.

- A. Complete the parcel amount you wish to apply for.
- B. Enter your cheque, bank draft or money order details. The amount of your Application Payment should be equal to the amount applied for in section A of the Acceptance Slip. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Invion Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque, bank draft or money order for an amount that is not equal to your application amount Invion Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$500.
- C. Enter your contact telephone number at which we may contact you regarding your application, if necessary.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.



A I/We wish to purchase a parcel of Shares to the dollar amount of

A\$

B Make your cheque, bank draft or money order payable to "Invion Limited" and crossed "Not Negotiable"

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	A\$ <input style="width: 50px;" type="text"/> .00

C Telephone Number – Business Hours Telephone Number – After Hours Contact Name

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IMPORTANT INFORMATION

1. This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this Application Form, please consult a professional adviser.
2. If you do not wish to purchase additional Shares under this SPP, there is no need to take action.
3. Please ensure you have read and understood the SPP Terms and Conditions and this Important Information, before you make the Application Payment by BPAY® or you submit your Acceptance Slip with your Application Payment.
4. This SPP is non-renounceable. Applications can only be accepted in the name printed on the Application Form.
5. If you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] you must complete and submit an additional Schedule that contains additional certifications and details that must be provided ("the Schedule") before your Application will be received. The Schedule can be obtained by contacting the Invion Limited SPP Offer Information Line. Applications received by custodians that are not accompanied by the Schedule will be rejected.
6. For applicants that are not required to complete the Schedule, by submitting the Acceptance Slip (with a cheque, bank draft or money order) or making payment by BPAY®, you certify that the aggregate of the Application Payment paid by you for:
 - the parcel of New Shares indicated on this Application Form or BPAY® payment; and
 - any other Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf under the SPP or any other similar arrangement in the 12 months prior to the date of submission of the Acceptance Slip or payment by BPAY® does not exceed A\$15,000.
7. Invion Limited reserves the right to make amendments to this Application Form where appropriate.
8. Applicants are not assured of receiving the Shares for which they have applied as Invion Limited may scaleback applications in its discretion.

SAMPLE

How to Lodge your Acceptance Slip and Application Payment

A reply paid envelope is enclosed for you to return your Acceptance Slip and Application Payment. No postage stamp is required if it is posted in Australia.

Acceptance Slip and the payment for New Shares must be received by the Registry no later than the closing date shown overleaf. If paying by BPAY® you do not need to complete or return the Application Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Invion Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

or

Hand Delivery

Invion Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and Application Payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 30 November 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Invion Limited reserves the right not to process any Acceptance Slips and Application Payments received after the Closing Date.

If you require information on how to complete this Acceptance Slip please contact the Invion Limited SPP Offer Information Line on 1300 131 543 if calling within Australia or +61 1300 131 543 if calling from outside of Australia.