



INVION

Targeting inflammation

INVESTOR UPDATE



ASX:IVX

MARCH 2014

CONTENTS

Welcome: from Dr Greg Collier

News: Developing Invion's inhaled franchise

Research: Science behind Nadolol receives independent validation

Update: Investor relations

Invion: at a glance

Dear Shareholders,

Welcome to Invion's first 2014 investor newsletter. It's already been a big year for Invion, with the announcement of our collaboration with 3M Drug Delivery Systems and a successful capital raising, where new institutions have seen the value behind Invion's drug development strategy and joined our register.

On 21 February, we announced that a private placement to institutional and sophisticated investors was oversubscribed, and raised \$5 million at 7.5 cents per share. Invion also announced a rights issue entitlement offer to raise \$2 million, consisting of a 1-for-20 non-renounceable entitlement offer of fully paid ordinary shares, at the same price as the institutional placement.

The offer to eligible investors opened on 11 March and will close on 25 March. Hard copies of the Rights Issue Information Booklet and personalised applications were issued to shareholders last week.

Our collaboration with 3M, a global leader in pressured metered dose inhaler (PMDI) technology, kick starts the next phase of Invion's strategic development and growth, and was a catalyst for the capital raising.

Inhaled respiratory drugs may provide advantages over other delivery methods due to their targeted delivery, smaller doses and fewer side effects. If Invion's inhaled treatments prove safe and effective in patients,

Invion will have the opportunity to target the multi billion dollar respiratory market with three potential drug candidates – oral INV102, inhaled INV102 and inhaled INV104.

Invion continues to focus on progressing our portfolio of treatments targeting inflammatory and respiratory disease. There is significant recent precedent with pharmaceutical partnering deals for drugs in the lupus space, and Invion remains heavily focussed on securing a partner for the INV103 (ala-Cpn10).

We look forward to keeping our investors updated as we make additional progress throughout the year.

Sincerely,
Dr Greg Collier
 Managing Director and CEO



STOP PRESS:

3M to Sponsor the 10th annual Asthma & COPD Conference taking place this April in London.

This year's event will focus on the cutting edge concepts driving the developments of asthma and COPD forward.

Invion was mentioned in 3M's press release.

For further information follow this link:

<http://www.einpresswire.com/article/192476230/3m-to-sponsor-the-10th-annual-asthma-copd-conference-taking-place-this-april-in-london>

For further information on the Rights Issue Entitlement Offer, please contact the Entitlement Offer Information Line on 1300 910 051, or contact Melanie Farris, Company Secretary & Head of Operations via investor@inviongroup.com.

Developing Invion's inhaled franchise

Invion's agreement with 3M Drug Delivery Systems will assess the feasibility of inhaled versions of INV102 (nadolol) and INV104 (zafirlukast), delivered using 3M's proprietary pressurized metered dose inhalation (pMDI) technology.

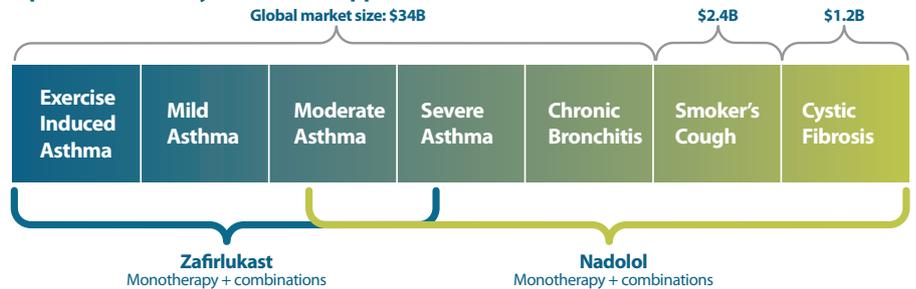
It will also enable manufacture for toxicology, and subsequently phase I studies, under an Investigational New Drug application sponsored by Invion with the US Food and Drug Administration (FDA).

This will begin in the first half of 2014 and progress as follows:

- Inhaled monotherapy INV102 (nadolol) as a COPD treatment to pre-IND stage and commencing phase I studies, during 1H 2015
- Feasibility for inhaled INV102 (nadolol) combination therapies, targeted to treat cystic fibrosis and asthma, during 1H 2015
- Inhaled monotherapy INV104 (zafirlukast) as a treatment for asthma to IND stage and commencing phase I studies, during 1H 2015
- Feasibility for inhaled INV104 (zafirlukast) combination therapies targeted to treat asthma, during 1H 2015.

Hear Invion MD & CEO Dr Greg Collier discussing the inhaled respiratory franchise and the collaboration with 3M at: brrmedia.com/event/120626

Spectrum of airway disease and opportunities



This expansion into the development of inhaled therapies adds significant potential to the value of Invion's assets, and is an

important step toward commercialising our drug development pipeline. The inhaled treatment pipeline is outlined below.

Airway inflammation	1H14	2H14	1H15	Next milestone (calendar year)
INV102 (nadolol) = beta adrenergic inverse agonist				
Asthma	oral program, ongoing phase II study			Completion 2Q15
Smoking cessation	oral program, phase II interim and final data and EOP2		commence ph III	EOP2 4Q14
COPD	inhaled monotherapy: formulation and development			pre-IND, commence ph I
Asthma				feasibility: inhaled monotherapy + ICS
Cystic fibrosis				feasibility: inhaled monotherapy + antibiotic
INV104 (zafirlukast) = leukotriene receptor antagonist				
Asthma	inhaled monotherapy: formulation and development			IND, commence ph I
Asthma				feasibility: inhaled combination therapies
				IND 2Q15

How does COPD differ from asthma?

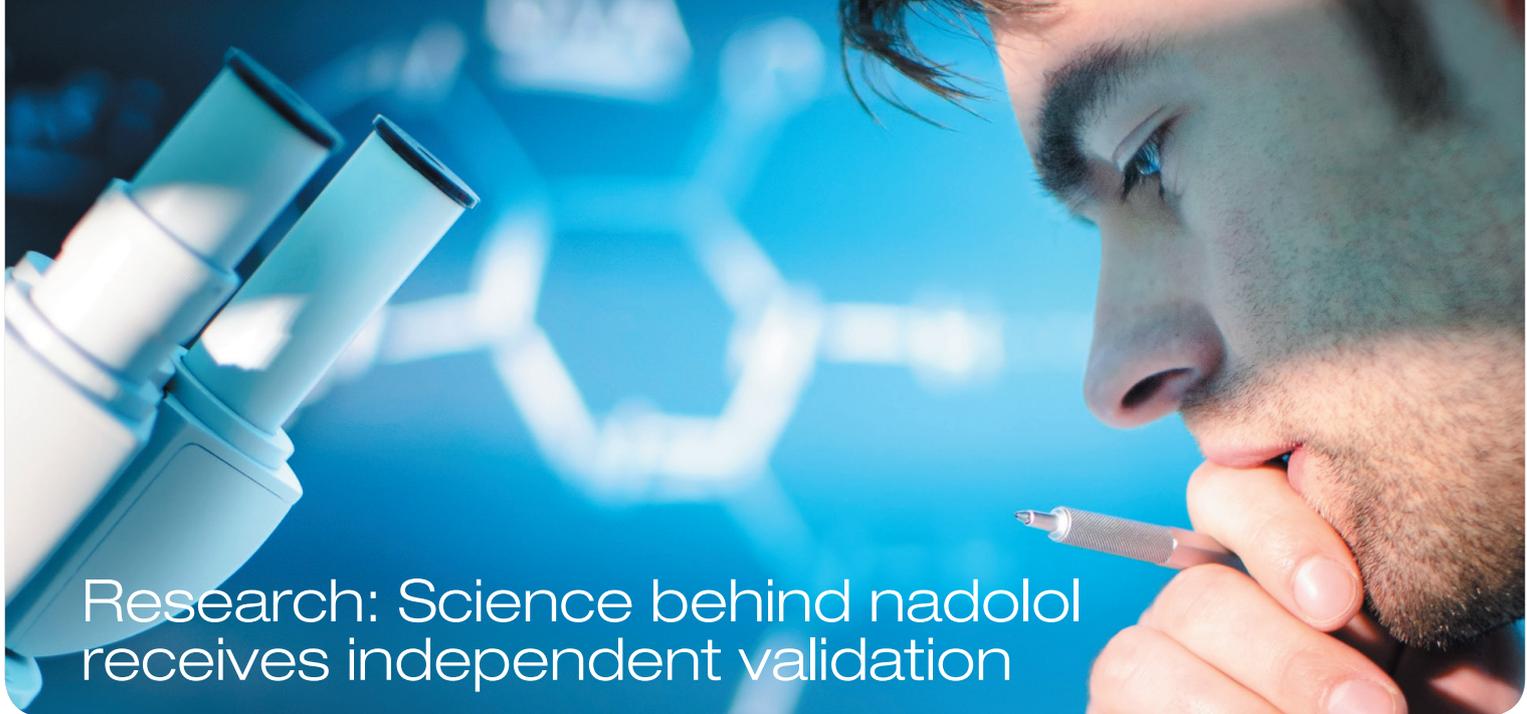
Although COPD and asthma have similar characteristics such as the signs of coughing and wheezing, they are two distinct conditions in terms of disease onset, frequency of symptoms and reversibility of airway obstruction.

Asthma

- The onset of asthma typically occurs during childhood or adolescence.
- Exacerbations of asthma – characterized by recurrent wheezing, shortness of breath, chest tightness and cough – often have identifiable triggers such as allergens, cold air or exercise.
- With treatment, asthma patients have near-normal lung function and are symptom-free between exacerbations.
- The first-line maintenance therapy for most patients with moderate asthma is an inhaled corticosteroid, with the addition of a bronchodilator if needed to control symptoms.

COPD

- COPD most often develops in smokers and former smokers who are in their mid-40s.
- Exacerbations in COPD patients are commonly caused by respiratory tract infections.
- COPD patients rarely experience a day without symptoms. Airflow obstruction in COPD sufferers is only partially reversible with smoking cessation and bronchodilator use.
- The reverse is true for the treatment of COPD. Bronchodilators are the first-line maintenance treatment for COPD. Treatment with inhaled corticosteroids is reserved only for selected patients whose COPD is not adequately managed with bronchodilators.



Research: Science behind nadolol receives independent validation

The American Journal of Respiratory and Critical Care Medicine has published a letter advocating the use of nadolol as a potentially effective treatment for asthma and respiratory disease (Vol. 189, No. 3, February 2014). This letter was written by Dr Raymond Penn, Director of Pulmonary Research at the Jane and Leonard Korman Lung Center in Philadelphia, Pennsylvania.

Dr Penn's response is significant in validating the scientific principles behind Invion's inhaled respiratory drug franchise, and reiterates his confidence in Professor Richard Bond's theory of 'inverse agonism'. This theory explains how nadolol, a beta blocker which is conventionally used to treat heart diseases and headaches, can be used inversely to treat lung disease by stimulating the smooth muscles in the lungs for contraction.

However following the precedent and parallel pharmacology of beta adrenergic inverse agonists, a subclass of beta blockers to which INV102 belongs, as a treatment for chronic heart failure, also once contraindicated, it is hypothesized that longer-term dosing of INV102 may also provide a safe and effective therapy for the treatment of asthma", said Dr Glass.

As a world-class expert in pulmonary (lung) medicine, Dr Glass is highly qualified to comment on the potential value of a drug effective at treating smokers cough. The smoking cessation drug market was estimated at \$2.4 billion in 2012.

"Tobacco is a known or probable cause of at least 25 diseases, including lung and other cancers, heart disease, stroke, emphysema and other chronic lung diseases, and people who smoke have higher rates of wound infection following surgical procedures.

"About one in two regular smokers dies of a smoking related disease, losing on average 16 years of life. This is a significant global health problem and a huge commercial space. A therapy which can reduce or eliminate smokers cough, a key barrier to quitting smoking, could be life changing for patients", said Dr Glass.

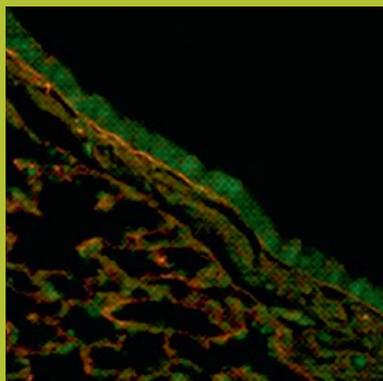
As Invion returns to the clinic for a series of phase II trials for INV102, Dr Glass' experience and strong networks in the United States will be an invaluable aid to the Company's clinical planning, design and execution.

For more information on The American Journal of Respiratory and Critical Care Medicine, and access to published articles, please click on a link to their website here. (<http://www.atsjournals.org/journal/ajrcm>)

What is inverse agonism?

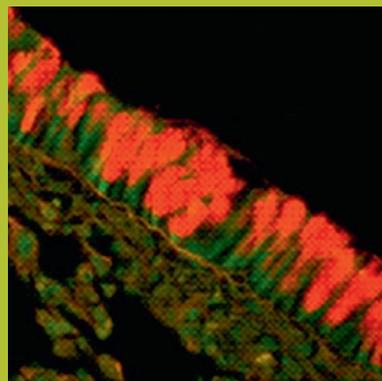
- "Receptors" are found on the surface of cells and receive chemical signals originating externally from the cell. When signals bind to a receptor they direct a cell to a certain action. Receptors can exist as "active" or "inactive".
- An agonist is a chemical that binds to an "active" receptor of a cell and triggers a response by that cell (it causes an action).
- An antagonist blocks the action of the agonist (neutralising an action).
- An inverse agonist, by preferring and selecting the "inactive" state of a receptor, inhibits the constitutive activity of the receptor, causing an action opposite to that of the agonist.

Control



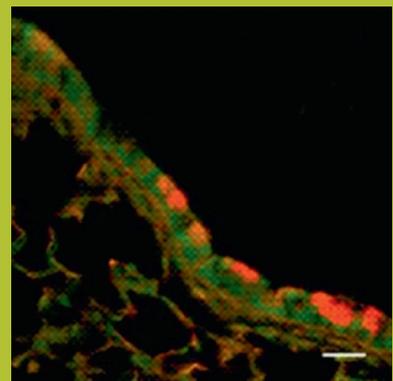
Control lung tissue.

Vehicle S/C



Lung tissue of 'asthmatic' mice – epithelial cells have been converted to mucus producing goblet cells. No effect of alprenolol.

Nad 28 d S/C



Lung tissue of asthmatic mice treated with b-adrenergic inverse agonist INV102 for 28 days: restored epithelium.



Investor Relations update

A highlight of our recent IR activities was the JP Morgan Healthcare Conference in San Francisco in January, where approximately 300 private and public companies presented to 4,000 investors.

Invion also featured more recently in London as part of the ASX Spotlight Series which featured a number of emerging Australian companies, particularly in the life sciences sector.

These events provided an ideal opportunity to raise Invion's profile with both potential partners and investors. Other upcoming conferences at which the Company will either be presenting to investors, or in professional attendance are outlined below:

April 1	Shaw Stockbroking healthcare day?	Melbourne, Australia
April 8 – 9	BIO Asia International Conference	Toyko, Japan
May 16	American Thoracic Society	San Diego, USA

Invion at a glance

Invion is a clinical-stage life sciences company focussed on the development of treatments for major opportunities in the inflammatory diseases market including asthma and COPD (\$34B) and systemic lupus erythematosus (lupus) (to \$4B).

Invion has three drug assets – INV102 (nadolol); INV104 (zafirlukast); and INV103 (ala-Cpn10) – and three FDA-regulated, phase II clinical trials, which are currently underway in the US.

Following the announcement of a partnership with 3M Drug Delivery Systems, Invion will also be developing inhaled treatment options for INV102 and INV104, to treat a range of inflammatory respiratory diseases.

Invion has an experienced management team in Managing Director & CEO Dr Greg Collier (former ChemGenex CEO), and Executive Vice President R&D and Chief Medical Officer, Dr Mitchell Glass (5 drugs approved with FDA and 50 INDs).

Contact details:

Dr Greg Collier
Managing Director and CEO, Invion Limited
GPO Box 1557, Brisbane, QLD 4001 Australia
P: +61 7 3295 0500

US Office
Suite 700, 901 Market St, Wilmington,
Delaware 19801 USA
P: +1 302 295 4855

E: investor@inviongroup.com
W: www.inviongroup.com
Twitter: @InvionLimited
Linked In: [linkedin.com/company/invion-limited](https://www.linkedin.com/company/invion-limited)