

R H I N O M E D

10 June 2015

ASIC Notice

ASIC has issued an infringement notice to Rhinomed Limited (ASX:RNO) pursuant to section 1317DAC of the Corporations Act 2001. The infringement notice related to an alleged contravention of the Company's continuous disclosure obligations under section 674(2) of the Act in connection with a promotional and sampling campaign in respect of the Turbine® product run during July 2014. ASIC has characterised the Information regarding the agreement to run a promotional and sampling campaign as 'price sensitive' information warranting immediate disclosure by Rhinomed to the ASX.

Rhinomed strongly denies the alleged contravention.

An independent expert presented a comprehensive case on behalf of Rhinomed to ASIC outlining why this information was not price sensitive and did not warrant immediate disclosure.

Rhinomed fundamentally disagrees with ASIC's position regarding the issue of the infringement notice in the present circumstances. Nevertheless, given the relatively immaterial \$33,000 penalty (when compared with the likely cost and distraction of challenging the matter further), the board considers it in the best interests of the company's shareholders simply to pay the penalty and focus its energies and efforts on continuing to develop and commercialise its technology platform.

The issuing of an infringement notice "simply signals [ASIC's] view of the alleged conduct"¹ and does not represent a finding that the Act has been breached. Compliance with the infringement notice does not constitute any admission of liability by Rhinomed in respect of this matter.

For further information:

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¹ Australian Securities and Investments Commission, Regulatory Guide 73: Continuous disclosure obligations, infringement notices (June 2012).