26 February 2014

Dear Option Holder

Invion Entitlement Offer - notice to option holders

On 21 February, Invion Limited (**Invion**) announced 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 for general working capital.

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**).

Your options do not entitle you to participate in the Entitlement Offer.

The purpose of this letter is to give you notice prior to the Record Date that you may exercise your options should you wish to participate in the Entitlement Offer. Accordingly, if you wish for some or all of the shares underlying your options to be counted as part of your Entitlement under the Entitlement Offer, you will need to exercise that portion of your vested and exercisable options for which you wish to participate and pay the current exercise price for them so that those shares are issued to you before the Record Date. Please contact the Company Secretary should you wish to exercise your options.

If you choose to participate in the Entitlement Offer by exercising some or all of your options prior to the Record Date, you will be sent an Information Booklet and personalised Entitlement and Acceptance Form containing important information about the Entitlement Offer. A copy of the Information Booklet will also be available on the ASX website at www.asx.com.au and Invion's website at www.inviongroup.com.

If you do not wish to participate in the Entitlement Offer (in respect of your options) you do not need to take any action. In that case, you should be aware that your options confer no right to a change in exercise price, nor a change to the number of underlying shares over which they can be exercised, as a result of 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, the Entitlement Offer is open only to Shareholders with registered addresses in Australia or New Zealand.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Entitlement Offer carefully and consult with your professional adviser if necessary.

Should you have any queries, please contact the Company Secretary on +61 73295 0506 or via melanie.farris@inviongroup.com.

Yours sincerely

Dr Greg Collier
Managing Director and CEO