ASX / MEDIA ANNOUNCEMENT

20 March 2015

INVION $5 MILLION PRIVATE PLACEMENT & RIGHTS ISSUE

- **Successful completion of $895,000 private placement to sophisticated investors**
- **Fully underwritten Non-Renounceable Rights Issue to raise $4.1 million**
- **Capital raised to immediately progress lead clinical programs**
- **Company positioning for near term strategic partnership**
- **Conclusion of existing funding facility with The Australian Special Opportunity Fund**

Australian drug development company Invion Limited (ASX: IVX) is pleased to announce that it has successfully raised $895,000 in a private placement to institutional and sophisticated investors and will now raise a further $4.1 million in a fully underwritten non-renounceable rights issue to existing shareholders.

The institutional placement is for approximately 35.8 million fully paid ordinary shares at 2.5 cents per share. This price represents a 36% discount to the 3.9c closing price on 11 March 2015 (the last trading day prior to commencement of the placement).

Under the terms of the rights issue, Invion will offer existing shareholders 2 new shares for every 7 shares held at the record date (Thursday 26 March) to raise a further A$4.1 million at the same price as the private placement. Eligible shareholders will also be able to apply for additional shares over and above their entitlement through a Top-Up Facility.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable.

As part of this capital raising, the company has mutually agreed to conclude an existing funding arrangement with the Australian Special Opportunity Fund managed by The Lind Partners, LLC.

Managing Director and Chief Executive Officer Dr Greg Collier said conclusion of this agreement and the current capital raising was part of a broader strategy to position the company for a near term strategic partnership.

He commented: “The company is grateful for the contribution that the Australian Special Opportunity Fund has provided in assisting with bridging the company’s funding requirements since November 2014. The new capital raised will be immediately deployed to core activities and to aggressively progress our lead programs. In particular, we are working towards important results from our Phase II clinical trials for INV103 and INV102, which are both expected around the middle of this year, which we hope will be significant catalysts for the company”.

“Achieving key milestones in these lead programs in the short term provides optimal opportunity to achieve our partnership goal.”

"These lead programs have all produced highly encouraging data to date and we are now in a position to seek to maximise shareholder value. All funds raised will underpin this endeavour and we invite shareholders to participate in this promising near term opportunity."

Next milestones for lead programs include:

- Completion of enrolment and dosing and receipt of data in the phase II clinical trial of INV103 (ala-Cpn10) in lupus patients;
- Completion of dosing and receipt of data in the phase II clinical trial of oral INV102 (nadolol) in smoking cessation;
- Completion of feasibility, production of tox and phase I clinical supplies, and pre-IND status for inhaled INV102 (nadolol); and
- Selection of formulation and device for inhaled INV104 (zafirlukast) and partnering the program

Dr Collier said pivotal data was anticipated in INV103 and INV102 programs within 3-4 months.

He further commented: "Based on recent industry transactions it is anticipated this data will enable the company to negotiate a strategic investment or partnership within six months."

Conclusion of Funding Facility with Australian Special Opportunity Fund

The current capital raising program follows a mutual agreement between Invion and the Australian Special Opportunity Fund (ASOF) managed by The Lind Partners, LLC to conclude the Share Purchase and Convertible Security Agreement (SPCSA) struck in November 2014. Under the terms of the new agreement, the existing convertible security and all other outstanding liabilities will be repaid. ASOF will retain its existing shares and options, and as compensation for giving up its various rights under the SPCSA, it will receive a new convertible note valued at $250,000, which can be converted at any time at the election of ASOF after 15 December 2015, with some exceptions to allow for early conversion, such as a change of control of the Company.

Unsecured (non-equity related) debt funding has been provided by Invion directors for working capital and for the repayment of outstanding liabilities under the SPCSA.

R&D Tax Offset Funding

Invion has also entered into an agreement with Metamor Capital Partners to access capital ahead of the anticipated receipt of its R&D tax incentive rebate. This funding facility provides Invion with a valuable capital management tool as it progresses current R&D activities and continues partnering discussions. This non-dilutive (non-equity related) secured facility has a limit of A$1.56M and is due for full repayment by 30 October 2016 which payment will be met from the R&D tax incentive rebate.

Morgans Corporate Limited ABN 32 010 539 607 and Patersons Securities Limited ACN 008 896 311 have been appointed as joint lead managers and underwriters for the capital raising.

About Invion Limited

Invion is a life sciences company focussed on the development of treatments for major opportunities in respiratory disease and autoimmune disease. The Group has three drug assets in development, and three phase II clinical trials, regulated by the Food & Drug Administration (FDA), currently underway in the United States. INV102 (nadolol) a beta blocker (beta adrenergic inverse agonist) currently used to treat high blood pressure and migraine, is being repurposed to treat chronic inflammatory airway diseases, including asthma and chronic obstructive pulmonary disease (COPD). INV104 (zafirlukast) is a leukotriene receptor antagonist (LTRA) that reduces inflammation, constriction of the airways, and the build-up of mucus in the lungs. 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 is an ASX listed company (ASX:IVX), with its clinical headquarters in Delaware, USA.

FOR MORE INFORMATION CONTACT

Managing Director and CEO: Dr Greg Collier. P: 07 3295 0500 greg.collier@inviongroup.com