INVION
Targeting inflammation

20 March 2015

Dear Option Holder

Invion Entitlement Offer - notice to option holders

Invion Limited (**Invion**) today announced that it will raise approximately $5 million through a $895,000 placement to professional and sophisticated investors (**Placement**), and a $4.1 million 2 for 7 non-renounceable rights issue to existing shareholders (**Entitlement Offer**) (together the **Equity Raising**) of fully paid ordinary shares in Invion (**New Shares**).

Funds raised from the Placement and Entitlement Offer will be applied to the further 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 2 New Shares for every 7 existing Invion ordinary shares held at 7.00pm (AEDT) on Thursday 26 March 2015 (**Record Date**) at an offer price of 2.5 cents 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 7 3295 0506 or via melanie.farris@inviongroup.com.

Yours sincerely

Dr Greg Collier
Managing Director & Chief Executive Officer