Dear Investor

I am delighted to open Invion's newsletter for the second half of 2013 - the first since I joined as CEO in May.

The period since our last newsletter has been extremely productive, culminating in the commencement, in July, of two new phase II trials. The INV103 (ala-Cpn10) trial is being conducted under an Investigational New Drug application with the US FDA, and is designed to assess the effect of the drug in patients suffering with mild lupus. Our second INV102 trial is designed to examine the effect of INV102 (nadolol) on chronic bronchitis sufferers who are in registered quit smoking programs. The data from this program will complement data emerging from our asthma program which commenced in January 2013 under funding from the US National Institutes of Health.

Outside of the clinic, we have been working hard to raise Invion's profile with investors, both domestically and abroad, with feedback to date being overwhelmingly positive. I look forward to the opportunity to meet with investors on further roadshows that are planned in coming months.

The chance to work alongside Invion's well-respected Chief Medical Officer, Dr Mitchell Glass, and to utilise my sector experience with an aim of replicating past commercial successes, were major drivers for me taking up the post of Invion CEO. I feel very confident in our programs and our team, and if our clinical results are positive, I believe our drug development strategy could deliver excellent outcomes to both patients and investors.

We look forward to keeping you updated as we continue to make progress.

Greg Collier
Managing Director and CEO

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**Investor Relations**

**Investor engagement and conferences**

The third quarter of 2013 was very active for Invion's management team with multiple investor roadshows conducted in Australia and key international markets including Hong Kong, Singapore and the US. In addition to meeting with investors in Hong Kong, Invion’s CEO Dr Greg Collier also presented at the inaugural Asia Biotech Invest conference which was held in Hong Kong and attended by over 240 high level delegates from the life science community. Dr Collier also presented Invion to the Rodman and Renshaw Global Investment Conference, held in New York in September.

**Upcoming company presentations and meetings:**

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<th>Date</th>
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<td>22-23 October 2013</td>
<td>Australian Microcap Investment Conference, Melbourne</td>
<td>Dr Greg Collier</td>
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<td>28-29 October 2013</td>
<td>Ausbiotech Australia Biotech Invest, Melbourne</td>
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<td>21 November 2013</td>
<td>Innovation Series Breakfast, Brisbane</td>
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Invion has two drug assets in three FDA-regulated, phase II clinical trials currently underway in the US. INV102 (nadolol) is a beta blocker (beta adrenergic inverse agonist) currently used in the treatment of high blood pressure and migraine that is being repurposed to treat chronic inflammatory airway diseases (e.g. asthma and COPD). Data from completed phase II trials has demonstrated acceptable safety and dose-dependent airway responsiveness. Early data led to the US National Institutes of Health funding Invion’s phase II asthma clinical trial in excess of USD$4M, and a second phase II trial in chronic bronchitis (smoking cessation) is also now underway.

INV103 (ala-Cpn10) is a modified naturally occurring human protein shown to reduce IL-6, a key marker in the chronic inflammatory disease, lupus. Data from Invion’s phase II lupus clinical trial is anticipated late in 2013.

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).

Activities to watch 2013
- Commence phase II study in asthma (1Q)
- Submit US IND for phase II lupus study (2Q)
- Commence phase II study in lupus (3Q)
- Commence phase II study in chronic bronchitis (3Q)
- Asthma: early signal of activity (4Q13 / 1Q14)
- Lupus: completion of 1 or 2 cohorts (4Q13 / 1Q14)
- Inhaled program: development progress (2Q 14)

Investment drivers
INV102 has entered a further round of phase II trials in the major indications of chronic bronchitis (in patients undergoing smoking cessation) and asthma. Data from these trials will support the inhaled product program which offers significant commercial opportunity.

INV103 is in phase II studies in the large unmet need indication of lupus. The lupus trial is being conducted under US FDA IND.

Invion at a glance
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Invion in the news
In the past few months a number of articles have been released on Invion, covering Dr Greg Collier’s appointment as Managing Director and Chief Executive Officer, the commencement of Invion’s phase II clinical trial in lupus, and the commencement of our phase II clinical trial in chronic bronchitis.

**FINANCIAL REVIEW**

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The Australian Financial Review
6 May, 2013

“Where to find small cap opportunities...”

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