



Wednesday, 18<sup>th</sup> May 2016

Dear Option Holder

### RESPIRI LIMITED - RIGHTS ISSUE

Respiri Limited (ASX: RSH) (**Respiri**) announced to ASX on 19 May 2016 a renounceable pro rata offer to eligible shareholders to subscribe for 1 new fully paid ordinary share in Respiri for every 2 shares held as at 24 May 2016 (the **Record Date**) at an offer price of \$0.03 (3 cents) per share (**Rights Issue**) to raise approximately \$4,323,832.23.

The ASX Listing Rules require Respiri to provide you notification of your right to participate in the Rights Issue and the record date of the Rights Issue.

Your options do not entitle you to participate in the Rights Issue. You are entitled to participate in the Rights Issue in respect of your options only if you exercise your options (in accordance with the terms of those options) and are entered into Respiri's share register as a shareholder on or before the Record Date.

The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Rights Issue.

If you exercise your options and are entered into Respiri's share register as a shareholder on or before the Record Date, and have a registered address in Australia and New Zealand, you will be sent an offer booklet and an entitlement and acceptance form in respect of the Rights Issue.

The Rights Issue is fully underwritten by Patersons Securities Limited and partly sub-underwritten by Investment Holdings Pty Ltd, an existing substantial shareholder, and the directors of Respiri. Details of the potential effect of the underwriting and sub-underwriting arrangements on Respiri, as well as the underwriting agreement itself, are set out in the offer booklet.

Eligible shareholders who take up their entitlements in full will be able to apply for any new shares not taken up by eligible shareholders.

Respiri will use the proceeds of this issue to provide working capital for its commercialisation activities, including completing the current independent AirSonea research study at the University of Chicago, progressing current regulatory submissions for AirSonea in FDA and CE, and undertaking a market pilot in Australia with a major pharmacy chain.

#### Summary of Key Information

Type of offer	Renounceable pro rata offer to eligible shareholders of up to 144,127,741 fully paid ordinary shares. The shares will rank equally in all respects from the date of allotment with the existing class of quoted shares.
Offer price	\$0.03 (3 cents) per share.
Offer ratio	1 new share for every 2 existing shares held at the Record Date. Fractions will be rounded up.
Shortfall participation rights	Eligible shareholders will have the opportunity to apply for shortfall shares.
Renounceable	Your entitlements may be sold on ASX or otherwise transferred.
Ranking of new shares	The New Shares will be fully paid and will rank equally in all respects with Respiri's existing issued ordinary shares.

Eligible shareholders	<p>In accordance with the ASX Listing Rules, the directors of Respiri have determined that the following shareholders will be eligible to participate in the Rights Issue:</p> <ul style="list-style-type: none"> <li>▪ holders of shares in Respiri, who are entered on the register of shareholders, as at the Record Date;</li> <li>▪ who are resident in Australia and New Zealand;</li> <li>▪ who are not US Persons (as defined in Regulation S made under the <i>Securities Act 1933</i> (US)); and</li> <li>▪ who are not acting on account for or on behalf of US Persons.</li> </ul>
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### **Indicative Timetable**

Event	Date
Announcement of Rights Issue and lodgement of Appendix 3B, Offer Booklet and Cleansing Notice with ASX Option holders (if any) to be notified	Thursday 19 May 2016
Notice of Rights Issue sent to all shareholders	Friday 20 May 2016
'Ex' date (date from which securities commence trading without the entitlement to participate in the Rights Issue) Rights trading commences	Monday 23 May 2016
Record date (7.00pm Melbourne Time)	Tuesday 24 May 2016
Dispatch of offer booklet and entitlement and acceptance form to shareholders	Friday 27 May 2016
Rights trading ends	Tuesday 7 June 2016
Last date to extend the applications closing date	Thursday 9 June 2016
Last date for receipt of entitlement and acceptance forms and payment (5:00pm WST)	Wednesday 15 June 2016
Shortfall Shares notification to ASX, underwriter and sub-underwriter	Friday 17 June 2016
Allotment of new shares	Wednesday 22 June 2016
Expected commencement of trading of new shares and dispatch of holding statements for new shares	Thursday 23 June 2016

\*These dates are subject to change and are indicative only. Subject to compliance with the ASX Listing Rules, Respiri reserves the right to: (i) not proceed with the Rights Issue and return any applications moneys received without interest; or (ii) vary the dates and times above including closing the offer earlier or later.

If you have any questions in relation to the Rights Issue, please do not hesitate to contact Respiri on 1800 476 632.

Your sincerely



**Peter Vaughan**  
Company Secretary