



Wednesday, 18th May 2016

Dear Shareholder

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.

In accordance with ASX Listing Rule 7.7.1(b), Respiri hereby advises that Respiri will not be offering the new shares under the Rights Issue to you. On that basis, you will not be receiving a copy of the offer booklet and the Rights Issue will not be offered or made available to you.

Details of the Rights Issue are set out in the offer booklet and Appendix 3B that has been lodged with ASX. Both documents are available on ASX's website (www.asx.com.au) and on Respiri's website (www.respiri.com.au). The key information of the Rights Issue is also summarised below for your information.

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	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: <ul style="list-style-type: none">▪ holders of shares in Respiri, who are entered on the register of shareholders, as at the Record Date;▪ who are resident in Australia and New Zealand;▪ who are not US Persons (as defined in Regulation S made under the <i>Securities Act 1933</i> (US)); and▪ who are not acting on account for or on behalf of US Persons.

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.

Respiri has appointed Patersons Securities Limited (**Nominee**) as nominee (subject to approval by ASIC under section 615 of the Corporations Act) to sell the rights to subscribe for new shares pursuant to the offer booklet (**Entitlements**) to which ineligible shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

The net proceeds of the sale of these Entitlements will then be forwarded by Respiri as soon as practicable to ineligible shareholders, in proportion to their share of such Entitlements (after deducting all expenses associated with the sale).

Notwithstanding that the Nominee may sell Entitlements, ineligible shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlement of ineligible shareholders on ASX and ineligible shareholders may receive no value for the Entitlements. Both Respiri and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

Receiving any net sale proceeds may have taxation, financial and other implications. If you are in any doubt as to how to deal with any proceeds you may receive, you should contact your stockbroker or other professional adviser.

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