



ASX Announcement

6 September 2019

RESPIRI LIMITED – UPDATE ON THE MATTER OF OPTIONS ISSUED TO FORMER DIRECTORS

We refer to the Company's previous announcements on 6 July 2018 and 10 August 2018, and note 20 to the audited financial statements for the year ended 30 June 2018.

The Company today announces that it has resolved the legal dispute with its two former directors on terms satisfactory to both parties and in accordance with the original terms of the options, which were set out in the Explanatory Memorandum to the notice of the 2017 Annual General Meeting and approved by shareholders at that meeting.

The dispute related to whether 14m options issued to two former directors were validly issued and had vested (and as a consequence were either exercisable or had expired). On 30 May 2018, the directors who were issued the options retired from their directorships. On that same day, the Company's board accepted the former directors' retirement and passed resolutions that the options vested immediately and therefore the options did not expire (in accordance with their terms). Notwithstanding, the Company on 6 July 2018 released an announcement to the ASX stating that the options had expired.

The current board of Respiri has sought to resolve this matter and firmly believes that it is in the best interests of the Company to do so. Piper Alderman, as independent legal counsel, has been engaged to advise the board in this matter.

The Company has potentially avoided costly, and drawn out, litigation during a crucial stage of the Company's evolution.

The Company confirms that the options issued to the two former directors were validly issued. In addition, the Company confirms that, as approved by the board on 30 May 2018, the options vested immediately (as a result of the former directors' retirement) and therefore the options did not expire and are exercisable. As a result of these findings the Company now corrects its previous announcement dated 6 July 2018 which incorrectly stated that the options had expired.

In accordance with the option terms, the options are exercisable upon the satisfaction of the original share price and term exercise conditions, a summary of which is set out in the annexure to this announcement.

The exercise conditions in respect of the first tranche of 8m options were satisfied in May 2019. The first tranche of options are therefore now exercisable immediately.

The exercise conditions in respect of the second tranche of 6m options have not yet been satisfied.

The ASX has advised the Company that no further approval from shareholders is required in order for the former directors to exercise their options.

Alastair Beard
 Company Secretary
 Respiri Limited
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Annexure – Option Exercise Conditions

	Tranche One options	Tranche Two options	Total options
Options class	Series 1	Series 2	
Options code	RSHA1	RSHA2	
Exercise price	\$0.03	\$0.03	
Exercise conditions	ASX market closing price at or above 10c for 10 days within a 20 day trading period between 1 October 2018 and 31 Dec 2019	ASX market closing price at or above 15c for 10 days within a 20 day trading period between 1 January 2019 and 31 Dec 2020	
Expiry date	31 Dec 2023	31 Dec 2024	
<u>Former director name</u>			
Leon L’Huillier	6,000,000	6,000,000	12,000,000
John Ribot-de-Bresac	2,000,000	nil	2,000,000
Total	8,000,000	6,000,000	14,000,000