

Dear Shareholders,

Your company now has two products on the market. Having launched our first technology, Turbine™, into the Australian market for testing in January 2014, we have now released our new technology, Mute™ into the OTC snoring space.

This is an important step in the process of commercialising the company's innovative nasal technology platform. With two clinical programs underway to target significant unmet needs and with cash reserves to support growth, the company's position has been strengthened significantly in the last two years.

Our strategy as outlined a little over two years ago has been to socialise the company's technology platform by entering the global sport market with a lead adopter group of elite athletes and to leverage that brand awareness and acceptance into the significantly larger global OTC snoring market. Having established this beachhead, we will then support our clinical programs in the sleep apnea and drug delivery markets.

This strategy is gaining traction as our global distribution of Turbine grows and interest from distributors and partners in the Mute technology increases.

TURBINE UPDATE

Following Turbine's launch just over a year ago, we began testing market responses with a range of consumers. While the initial response to Turbine was exciting, it became clear that the potential for the product to slip in extreme conditions impacted performance and customer experience. We responded to this feedback quickly and began design analysis and prototyping new versions of the Turbine in the second quarter of FY15. Tooling began prior to Christmas and, one year after the initial Turbine was released, we began shipping the next generation product in February 2015.

Key features of the new design include greater comfort and a more flexible and improved dilation system for better fit and greater airflow. We've also added a small size to the range, specifically to cater for the increasing enquiries we've had from women.

Importantly, the new shape, inspired by the internal anatomy of the nose, along with the soft paddle fins, greatly improves grip during percussive aerobic activity. The new design lends itself to application in a much wider range of sports and activities.

"...the new shape, inspired by the internal anatomy of the nose, along with the soft paddle fins, greatly improves the grip during percussive aerobic activity".



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TURBINE UPDATE CONTINUED

After initially trialling the Turbine during the Vuelta a Espana, 2013 Tour de France winner and Team Sky captain Chris Froome joined Aussie star Matt Goss in our trial program of the new Turbine in December 2014 during a Tasmanian training session. This was a great opportunity to get two of the world's best cyclists to provide first hand feedback on our new generation Turbine. Chris and Matt's input played a critical role in fine tuning the Turbine you can buy today.

In early February we saw the new Turbine design put through its paces in the heat of competition. During the Cadel Evans Road Race, many riders wore the Turbine with special mention to Trek's Calvin Watson and huge congratulations goes to road cycling champion Rachel Neylan who wore the Turbine to victory in the Cadel Evans Road Race. Rachel's victory was a demonstration of not only brilliant strategic nous but raw power as she beat a strong field home.

Later in February Jack Bobridge wore the new Turbine in gruelling high intensity conditions when he came within 450m of beating the World Hour Record in February 2015. For those who haven't seen this simply extraordinary effort visit [click here](#) to watch Jack in action.

We congratulate Jack not just on this amazing attempt, but also his sterling efforts in securing a silver medal at the World Championships in Paris later that same month.

JACK BOBRIDGE DURING
UCI HOUR RECORD ATTEMPT IN
JANUARY 2015



**“Thanks again
@theturbine, I
didn't take the
record but I had
great airflow.
#moreair”**

JACK BOBRIDGE WITH
COACH, TIM DECKER
AFTER A GRUELLING HIGH
INTENSITY HOUR RIDE.

TURBINE UPDATE CONTINUED

While the delay resulting from the introduction of the new Turbine disrupted momentum and led to lower sales in the second quarter, the interest surrounding the new product gives us confidence that Turbine will soon be an essential part of the kit of all serious athletes.

We are now well placed to develop a significant global market for Turbine and capitalise on the interest following the Interbike exhibition in the USA in September 2014. A leading global trade show attended by 24,000 cycling industry representatives, Interbike presented a unique opportunity to showcase the technology and the process of selling into trade and global distributors.

As a result of excitement generated at Interbike, we secured immediate distribution in South Korea, Japan, Taiwan, Hong Kong, Indonesia, Singapore, Malaysia, Thailand and Colombia. Turbine is now on the market in 15 countries worldwide. With the launch of the new Turbine, our key focus is extending global distribution and working with our distributors to establish substantial markets. With the broader application of the new Turbine, we are also introducing Turbine to runners and those participating in other percussive sport and exercise.

Rhinomed is working to develop Turbine's sporting, scientific and medical credentials by demonstrating efficacy in independent user trials.

Toward the end of the second quarter FY15 we commenced an independent trial at the Murdoch University (WA) School of Exercise Science under the leadership of Dr Jeremiah Peiffer. This trial seeks to measure Turbine's impact on athletes during a 20km time trial. The results of this trial are expected at the end of FY15.

In July 2014, the company successfully registered Turbine as a Class I medical device with the US FDA, followed by CE Mark and TGA registration. Registering Turbine in this manner is a clear message on the importance of quality control to our customers and distribution partners. The introduction of a robust quality management system (QMS) is a critical element of our regulatory strategy and will be utilised across all areas of the company's operations.

The company is actively seeking to build long-term relationships with a number of leading athletes, globally. Keep an eye out for our new ambassadors including champion track cyclist, Jack Bobridge, and leading international triathletes, Luke Bell and Annabel Luxford.

Shareholders can enjoy \$5 discount to put the new Turbine design to the test. Just use promo code **SHAREHOLDER\$5OFF** on the checkout page when you **click here** to go through to the Turbine website.

NEW GENERATION TURBINE EXPLAINED

Ultra soft angled ribbing on the paddles that extends around the curved arms for better grip & comfort

Enclosed dilation mechanism that delivers a perfect individualised fit & the ability to adjust in situ

Septum is completely shielded from the dilation mechanism and cushioned by an ultra soft overmould material

Shaped to follow the internal anatomy of the nose for increased comfort & better grip

Made with ultra soft polymers recommended for use up to 10 times



INTRODUCING MUTE - CHANGING SLEEP FOREVER

Mute, Rhinomed's patented, over-the-counter snoring product, offers a solution to a clear and significant unmet need in the global OTC snoring market.

Independent user trial results (conducted November 2014) confirmed the efficacy of Mute as well as providing essential insights into the market and the benefits of Mute:

- 75% of respondents reported a reduction in snoring
- More than 4 times as many partners reported good or excellent sleep quality when their snorer was using Mute
- Most surprisingly however, was that snorers experienced a significant jump in good/excellent sleep quality from 21% to 57% when using Mute.

In December 2014, the company achieved a significant milestone when Mute was registered as a Class I medical device with the US FDA and Australian TGA and received a European CE Mark.

We have appointed an Australian pharmacy broking and sales team to assist us with gaining distribution and driving sales through community pharmacy. This will be an ongoing focus for the team in CY2015.

Ahead of full Australian distribution, we commenced limited test marketing and launched Mute online at mutesnoring.com in December 2014. Initial feedback has been very encouraging and we are using these lessons to strengthen our communications with pharmacy wholesalers, pharmacists and consumers.

The company is now actively exploring ways to enter overseas markets through distribution into established retailers or through other key partners with an existing franchise in clinical sleep and snoring markets.

Shareholders can enjoy a \$5 discount to put Mute to the test. Just use promo code **SHAREHOLDER\$5OFF** on the checkout page when you [click here](#) to go through to the Mute website.



75% REPORTED A REDUCTION IN SNORING

70% HAD PREVIOUSLY USED OTHER SNORING PRODUCTS & REPORTED MUTE WAS MORE EFFECTIVE

69% OF SNORING PARTNERS REPORTED GOOD OR EXCELLENT SLEEP QUALITY WHEN THEIR SNORER WAS USING MUTE

NEW INSTRUCTIONAL VIDEOS OUT NOW

Click the image to watch the TURBINE video



Click the image to watch the MUTE video



PRODUCT DEVELOPMENT

In addition to launching the first two commercial products from the Rhinomed technology platform, the company has made important advances in the development of the technology for sleep apnea and drug delivery applications.

Sleep Apnea

The vast majority of sleep apnea sufferers have mild to moderate sleep apnea and the current gold standard solution set comprises CPAP, APAP and mandibular splints. Compliance rates for these solutions are low with some sleep specialists reporting rates under 40%. Rhinomed has identified an opportunity to develop a low invasive, well tolerated solution that targets mild to moderate sleep apnea patients.

Development work has begun on a new nasal device that will create positive air pressure in the upper airway when patients breathe out. This solution (EPAP) has been shown in other therapies to produce a clinical outcome. We are currently awaiting ethics approval for a trial that will commence at Melbourne's Monash Medical Centre to demonstrate the efficacy of the technology.

The trial, which is being led by Associate Professor Dr Darren Mansfield will also seek to establish that this new technology will deliver a well-tolerated clinical outcome. Results are expected in June 2015.

Rhinotriptan Drug Delivery program

The company's drug delivery program seeks to demonstrate that Rhinomed has a platform capable of delivering drugs intranasally. Our initial pre clinical work gives us great confidence that the platform is capable of achieving this outcome. In previous newsletters we have described the significant opportunity for nasal drug delivery. A great summary of this area has been developed by global innovation leader 3M – we would encourage investors to read further by [clicking here](#).

We identified an opportunity in the migraine market where less than 25% of patients were satisfied with their existing solution such as sprays, tablets, injections and patches. The company began work on developing a variant of its proprietary nasal technology that could carry a drug into the nose and deliver it across the membrane into the blood stream. In June 2014, we teamed up with Melbourne based IDT, to work on the formulation of our sumatriptan application. Our initial preclinical work has produced some positive results and demonstrates that we do indeed have an effective platform. Focus now shifts to ensuring that the ongoing development of the drug formulation optimises the opportunity for intranasal delivery prior to the commencement of the Phase 1 bio-equivalence trial. We will be in a position to update shareholders on the progress of the company's program in the final quarter of FY15.

CORPORATE UPDATE

The company continues to build awareness of our platform. Over the next six months we will be attending a range of exhibitions and conferences. In early March the company exhibited the Turbine technology at the 2015 International Health, Racquet & Sportsclub Association (IHRSA) convention.



IHRSA has over 10,000 members and represents a unique opportunity to build on the 2014 promotional program commenced with Fitness First in Australia and broaden the reach of Turbine into the US gym and health club environment. We will provide an update on this event in April.

We would like to also warmly welcome Mrs Justine Heath to the role of CFO/COO. Justine brings an extraordinary wealth of operational experience to the company. Having operated in this health sector for many years, she will play a crucial role in ensuring a seamless roll-out of the company's programs.

FORWARD LOOKING STATEMENT

Any forward looking statements in this newsletter have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside Rhinomed Limited's control. Important factors that could cause actual results to differ materially from any assumptions or expectations expressed or implied in this newsletter include known and unknown risks. As actual results may differ materially to any assumptions made in this newsletter, you are urged to view any forward looking statements contained in this newsletter with caution. This newsletter should not be relied on as a recommendation or forecast by Rhinomed Limited, and should not be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

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