



Adherium Limited
Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne VIC 3000 Australia

Level 11, 16 Kingston Street
Auckland 1010 New Zealand

11 December 2019

Companies Announcements Office
ASX Limited

Dear Sir/Madam

Adherium Rights Issue: Letter to optionholders

Adherium Limited ACN 605 352 510 (**Adherium or the Company**), (ASX code: **ADR**) advises that the attached letter to optionholders has been distributed in relation to the Rights Issue offer announced earlier today.

For further information, please view our website (www.adherium.com/) or contact the Company at investors@adherium.com.

The release of this announcement was authorised by the Board of Adherium.

Yours faithfully

A handwritten signature in black ink, appearing to read "Rob Turnbull".

Rob Turnbull
Joint Company Secretary



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Dear Optionholder,

2019 Non Renounceable Rights Issue Offer and Shortfall Offer

As announced on 11 December 2019, Adherium Limited (**Company**) is undertaking a non renounceable pro-rata rights offer to the Company's shareholders (**Offer**). The Offer is open to all eligible shareholders of the Company who are on the share register as at 16 December 2019 (**Record Date**) and who have a registered address in Australia or New Zealand (**Eligible Shareholder**). The Company is seeking to raise a minimum of \$2.5 million and a maximum of approximately \$5.4 million (before costs) from the Offer, on the basis that no more than approximately 180 million New Shares will be issued pursuant to the Offer. Proceeds raised from the Offer will be used by the Company towards advancing the Company's plans to develop features in its product range to gain reimbursement, extend the portfolio of products from asthma into COPD, and for working capital purposes.

Under the terms of the Offer, each Eligible Shareholder will have the right to subscribe for New Shares in the Company on the basis of a non-renounceable Rights Issue of 1 new share for each share held as at the Record Date (rounded up to the nearest share) at a price of \$0.03 per new share (**Rights Issue Offer**).

You are the holder of unlisted options to purchase shares in the Company. The Rights Issue Offer is only available to holders of shares in the Company, and not with respect to shares that underlie any options that have not been exercised.

The purpose of this letter is to advise you that you are not entitled to participate in the Rights Issue (with respect to any shares that underlie your options) other than to the extent to which you first exercise some or all of your options. The exercise of your options needs to be completed before the Record Date. If you wish to exercise some or all of your options and they are eligible to be exercised on their terms, you should complete a notice of exercise of options (available from the Company) and lodge that notice with the Company Secretary together with your payment of the exercise price for the number of options you wish to exercise. The address for Rob Turnbull, Joint Company Secretary is Level 11, 16 Kingston Street, Auckland 1010, New Zealand.

If you decide to exercise some or all of your options before the Record Date, the shares that issue upon that exercise of those options will be included in your shareholding as at the Record Date for the purposes of the Offer. Your aggregate holding of shares at the Record Date determines the extent of your entitlement to participate in the Rights Issue Offer.

The anticipated timetable for the Offer is as follows:

Rights Issue announced	11 December 2019 (Pre opening)
Letter sent to option holders advising they cannot participate in the Rights Issue without first exercising their options.	11 December 2019
'ex' date	13 December 2019
Record date to determine entitlements under the Rights Issue Offer	16 December 2019
Rights Issue document dispatched to shareholders and Rights Issue Offer opens	19 December 2019
Rights Issue Offer closes	10 January 2020
Rights Issue securities quoted on a deferred settlement basis	13 January 2020
Allotment of New Shares issued under the Rights Issue Offer. Deferred settlement trading ends.	17 January 2020

The above timetable is indicative only and subject to change. Subject to the *Corporations Act 2001* and the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.

Further details of the Offer are contained in the announcement made on ASX on 11 December 2019. The Offer Document will be available on the ASX website (www.asx.com.au) as from the opening of the Offer. The Offer Document and the Entitlement and Acceptance Form will be sent to all Eligible Shareholders on 19 December 2019.

Please ensure you read the Offer Document in its entirety and refer to the Company's ASX announcements before considering whether to participate in the Offer. If in any doubt you should consult your professional advisor.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

For further information on your Entitlement please contact the Company's share registry, Computershare via www.investorcentre.com.

On behalf of the Board of Directors



Rob Turnbull
Joint Company Secretary