

mariposa HEALTH

(ABN 67 134 154 680)

Shareholder Newsletter August 2014

Dear Shareholder,

You will know from our letters to shareholders dated 15 October 2010, 26 October 2011, 28 August 2012 and 3 March 2014 that we have been steadily working with the primary objective of building a suite of products with the potential to treat chronic, obstructive pulmonary disease (COPD).

- The first major step was taken in 2010 with the acquisition of the intellectual property rights attached to TA-270, an anti-inflammatory and anti-oxidant for the treatment of COPD , and
- The second major step was taken in 2013 with the acquisition of the intellectual property rights attached to HI-164, a bacterial vaccine for the treatment of COPD

Bringing these two treatments together under the Mariposa's "ownership" has involved a huge effort by the Company but well worth that effort given the result is a de-risking of the business of the Company.

The portfolio of products has assisted with the execution a non-binding agreement with a significant Chinese Pharmaceutical Company for the commercial development of COPD projects in the Peoples' Republic of China, Taiwan, Hong Kong and Macau. The Chinese Pharmaceutical Company and the Mariposa have been in due diligence phase over the last few months and it is anticipated that with the due diligence nearing completion commercial discussions will now take place.

We are continuing also discussions with advisors to assist us with a similar transaction path for the EU, US and the rest of Asia.

Our challenge as always has been funding the Company in still difficult markets. Despite the difficult conditions, the Company has been able to maintain its IP portfolio and add value to the Company's proposed programmes using a low cost approach that has also minimised shareholder dilution while continuing the path to commercialisation.

To this end, the Company has been in confidential discussions with our advisors for a possible listing in the US. We have executed a Letter of Intent with a major financial institution in the US to underwrite the possible listing. This is, of course, subject to due diligence which is currently being compiled. Although we have every expectation of completing the transaction, it will still be subject to the vagaries of the financial markets.

What next?

We are preparing to hold a meeting of shareholders and to this end have submitted our accounts for the years ended 30 June 2011, 2012 and 2013 to Deloitte Touche and Tohmatsu for auditing. The unaudited accounts are available on request. Once the audit is completed we will advise the date of the meeting of shareholders to further report on progress and the plans for the future. In parallel, we are preparing accounts for Audit under GAAP for US purposes.

The next few months will see us endeavour to complete the out-licensing for PR China and, depending on financial markets, provide clarity on the timetable to listing. We anticipate additional announcements as we continue the commercialization process. Thank you for your continued support, and please feel welcome to call me to discuss any of the above matters.

Yours faithfully,



Phillip Comans
Executive Chairman
14th August, 2014

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