



ABN 27 621 105 824  
ACN 621 105 824

20 July 2020

Mr Corey Lian  
Adviser, Listings Compliance (Sydney)  
ASX, 20 Bridge Street  
Sydney NSW 2000

By email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

**Smiles Inclusive Limited ('SIL' or "the Company"): Query Letter**

SIL's refers to your letter dated 13 July 2020, and provide the following responses as requested:

**1. Please confirm the date that SIL finalised the short term loan agreement with HOLZRC.**

The \$200,000 was advanced by HOLZRC to the Company on 27 April 2020, however the commercial terms were only finalised on 30 June 2020.

**2. Please confirm the date that SIL became aware Ms Corcoran would be leaving the company.**

The Company (SIL) received Ms Corcoran's resignation by email on 11 May 2020. Ms Corcoran continued to work for SIL after this date to assist with the half-year audit review and other handover matters. Her final formal day was 15 May 2020.

**3. Please confirm whether Ms Corcoran:**

- (a) voluntarily resigned her positions as Chief Financial Officer and Company Secretary; or  
(b) was asked to resign, or was terminated from, those positions.**

As stated in the response to question 2, Ms Corcoran voluntarily resigned from her positions as Chief Financial Officer and Company Secretary.

**4. If the answer to question 3 is:**

- (a) voluntary resignation, please provide a copy of Ms Corcoran's resignation letter, including the date it was sent (not for release to the market)  
(b) anything other than the reason in paragraph 4.a, please confirm the date of, and reasons for, Ms Corcoran's departure from those positions.**

A copy of Ms Corcoran's notice of resignation supplied to the ASX (not for release).

**5. In light of the above, please confirm that SIL continues to assert it became aware of the Appendix 4C errors on receipt of ASX's query letter dated 18 May 2020.**

To clarify, SIL became aware of the Appendix 4C errors when the response was being prepared to ASX's email dated 18 May 2020. SIL otherwise re-asserts its statement lodged on MAP on 25 June 2020 in this regard.

6. **ASX calculates the total facilities in paragraph E.i to be \$22,364,000, not \$23,364,000 as stated. Is this calculation correct?**

SIL acknowledges the calculation error noted by ASX above.

7. **The breakdown in section 7.6 of the amended Appendix 4C (paragraph E.ii) does not appear to reconcile with sections 7.1 and 7.3. Based on SIL's breakdown in 7.6, ASX calculates the loan facilities to total \$19,519,000 (\$18,034,000 reported by SIL in 7.1), and the other facilities to total \$3,445,000 (\$4,430,000 reported by SIL at 7.3), forming a grand total of \$22,964,000 (\$22,364,000 reported by SIL, assuming the amendment in question 6 is carried).**

**Please account for the differences in sections 7.1 and 7.3 against section 7.6 of SIL's amended Appendix 4C.**

SIL clarifies the Financing facilities as at 31 March 2020 to be as follows:

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities <sup>1</sup>	\$19,519	\$19,519
7.2 Credit standby arrangements	-	-
7.3 Other <sup>2</sup>	\$3,445	\$3,340
<b>7.4 Total financing facilities</b>	<b>\$22,964</b>	<b>\$22,859</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>\$105</b>

<sup>1</sup> Loan facilities comprise of (\$A'000):

- NAB senior debt facility	\$14,034
- Working capital facility	\$ 4,000
- Third party loans	\$ 1,485
	<b>\$19,519</b>

<sup>2</sup> Other financing facilities comprise of (\$A'000):

- NAB senior debt facility	\$ 500 (\$395k drawn at quarter end)
- Equipment lease facility	\$ 2,945
	<b>\$ 3,445</b>

8. **Please confirm that SIL is in compliance with the listing rules and, in particular, listing rule 3.1.**

SIL considers that it is complying with listing rule 3.1. However, SIL wishes to note that upon the appointment of Ms Michelle Aquilina to the role of CEO and Managing Director and Appendix 3X was not lodged. This will be corrected at the earliest opportunity.

9. **Please confirm that SIL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SIL with delegated authority from the board to respond to ASX on disclosure matters.**

This response has been authorised and approved by the Board of SIL.

For further information please contact:  
Michelle Aquilina, Chief Executive Officer  
E: [michelle.aquilina@totalysmiles.com.au](mailto:michelle.aquilina@totalysmiles.com.au)



13 July 2020

Mr Andrew Ritter  
Company Secretary  
Smiles Inclusive Limited  
Unit 3, 38-40 Township Dr West Burleigh, QLD 4219

By email: Andrew@pleiadescorp.com

Dear Mr Ritter

### Smiles Inclusive Limited ('SIL'): Query Letter

ASX refers to the following:

- A. SIL's announcement titled "Short-term loan and grant of options" lodged on the ASX Market Announcements Platform ('MAP') on 30 June 2020, which disclosed:
- *"Smiles Inclusive Limited (the Company) advises that it has entered into a short-term loan agreement with HOLZRC Pty Ltd (HOLZRC), an entity controlled by Dr Richard Holzgrefe, to assist with immediate working capital requirements."*
  - HOLZRC had loaned SIL \$200,000 without security.
  - Interest on the principal would be calculated at 10% per annum.
  - SIL would issue options to HOLZRC for the right to acquire 4,000,000 fully-paid ordinary shares in SIL at an exercise price of \$0.025 and an expiry date of 25 August 2020.
- B. SIL's announcement titled "Response to ASX Query" lodged on MAP on 25 June 2020, which disclosed (emphasis added):
- i. ***"The errors were uncovered when the response to your email (on behalf of the ASX) on 18 May 2020 was being prepared in relation to miscalculations and amendments for the Appendix 4C for the March 2020 quarter. As the ASX had requested a clarifying announcement be issued by SIL it was discovered the errors also related to the December 2019 Appendix 4C."***
  - ii. ***"The timing for completion of the transaction is still not yet known. SIL confirms it remains in negotiations with potential investors."***
- C. SIL's announcement titled "Operations Update" lodged on MAP on 15 May 2020, which disclosed:
- "The company also wishes to advise a senior executive change. Emma Corcoran Chief Financial Officer and Company Secretary will be leaving the Company on Friday 15 May 2020."*
- D. ASX has received market intelligence suggesting that, as at 12 May 2020, it was known by select SIL joint venture partners that Ms Corcoran's position as Chief Financial Officer and Company Secretary had been terminated.
- E. SIL's announcement titled "Appendix 4C - Amendment" lodged on MAP on 1 June 2020, which disclosed in section 7:
- i. loan facilities of \$18,034,000 (7.1) and "other" facilities of \$4,430,000 (7.3), erroneously totalled to \$23,364,000 (7.4); and
  - ii. a breakdown of the facilities (7.6) showing:  
loan facilities in 7.1:

- 
- NAB senior debt of \$14,034,000;
  - working capital facility of \$4,000,000;
  - 3<sup>rd</sup> party loans of \$1,485,000, and other facilities in 7.3:
  - a credit card facility of \$500,000; and
  - an equipment lease liability balance of \$2,945,000.

### Request for information

Having regard to the above, ASX asks SIL to respond separately to each of the following questions and requests for information:

1. Please confirm the date that SIL finalised the short term loan agreement with HOLZRC.
2. Please confirm the date that SIL became aware Ms Corcoran would be leaving the company.
3. Please confirm whether Ms Corcoran:
  - a. voluntarily resigned her positions as Chief Financial Officer and Company Secretary; or
  - b. was asked to resign, or was terminated from, those positions.
4. If the answer to question 3 is:
  - a. voluntary resignation, please provide a copy of Ms Corcoran's resignation letter, including the date it was sent (not for release to the market)
  - b. anything other than the reason in paragraph 4.a, please confirm the date of, and reasons for, Ms Corcoran's departure from those positions.
5. In light of the above, please confirm that SIL continues to assert it became aware of the Appendix 4C errors on receipt of ASX's query letter dated 18 May 2020.
6. ASX calculates the total facilities in paragraph E.i to be \$22,364,000, not \$23,364,000 as stated. Is this calculation correct?
7. The breakdown in section 7.6 of the amended Appendix 4C (paragraph E.ii) does not appear to reconcile with sections 7.1 and 7.3. Based on SIL's breakdown in 7.6, ASX calculates the loan facilities to total \$19,519,000 (\$18,034,000 reported by SIL in 7.1), and the other facilities to total \$3,445,000 (\$4,430,000 reported by SIL at 7.3), forming a grand total of \$22,964,000 (\$22,364,000 reported by SIL, assuming the amendment in question 6 is carried).  
  
Please account for the differences in sections 7.1 and 7.3 against section 7.6 of SIL's amended Appendix 4C.
8. Please confirm that SIL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that SIL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SIL with delegated authority from the board to respond to ASX on disclosure matters.

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### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Friday, 17 July 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SIL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require SIL to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SIL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in SIL's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to SIL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that SIL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

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Kind regards

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**Corey Lian**  
Adviser, Listings Compliance (Sydney)