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6 November 2023

Mr Dale Allen  
Manager, Listings Compliance (Perth)  
ASX Compliance Pty Ltd

By email: ListingsCompliancePerth@asx.com.au.

Dear Dale

**My Rewards International Limited ('MRI'): Response to ASX Further Financial Condition & Aware Query**

We refer to your letter dated 30 October 2023 (**Letter**). Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined. Set out below is the response of My Rewards International Limited (ABN 47 095 009 742) (**MRI** or the **Company**) to each of the questions in the Letter.

**Remuneration Report**

1. Please explain why MRI's auditors were not able to obtain sufficient audit evidence to provide a basis for an audit opinion on the Remuneration Report.

MRI understands that, as the Remuneration Report necessarily refers to the Financial Report, and the auditors were unable to form an opinion on the Financial Report, that the auditors are therefore unable to form an opinion on the Remuneration Report.

2. Is MRI able to confirm that in the Director's opinion, the Remuneration Report complies with section 300A of the Corporations Act 2001.

In the Director's opinion, the Remuneration Report complies with section 300A of the Corporations Act 2001.

3. In light of the disclaimed audit opinion on the Remuneration Report, is MRI able to confirm that it has complied with Chapter 10 of the ASX Listing Rules during the financial year ended 30 June 2023?

The Directors confirm that MRI complied with Chapter 10 of the ASX Listing Rules during the financial year ended 30 June 2023.

In particular, the total amount of fees paid to non-executive directors of \$45,204 is within the \$250,000 non-executive director fee pool included in the Prospectus dated 2 November 2021 and released on 9 February 2022.

Directors were paid cash and statutory superannuation in FY2023.

No equity was issued to directors by way of remuneration in FY2023.



Ms Khire acquired 300,000 options under the entitlement offer announced on 4 October 2022.

4. If the answer to question 3 is “yes” on what grounds are the directors of MRI satisfied MRI has complied with Chapter 10 of the ASX Listing Rules given the disclaimed audit opinion on the Remuneration Report?

The Directors have closely reviewed Chapter 10 of the ASX Listing Rules and are satisfied that MRI has complied with all relevant requirements.

**The Frankly Acquisition**

5. Which party initiated the variations to the Frankly Agreement (Variations)?

My Rewards.

6. Why was there a change to the payment schedule as a result of the Variations?

The acquisition was originally anticipated to complete in June, but closed earlier than expected at the end of May. The parties subsequently agreed to amend the payment schedule.

7. Did Frankly consent to the changes to the payment schedule as a result of the Variations?

Yes.

8. Please detail the current payment schedule as a result of the Variations (including due dates and amount for each instalment).

Payment Dates 2023	Original payment schedule announced 4 May 2023	Current payment schedule per 23 June 2023 Variation Agreement
	Payment Amount \$	Payment Amount \$
June <ul style="list-style-type: none"> <li>• ‘early’ (original)</li> <li>• 30<sup>th</sup> (variation)</li> </ul>	250,000 -	- 100,000
July <ul style="list-style-type: none"> <li>• +30 days (original)</li> <li>• 31<sup>st</sup> (variation)</li> </ul>	100,000	250,000
August <ul style="list-style-type: none"> <li>• +60 days (original)</li> <li>• 31<sup>st</sup> (variation)</li> </ul>	100,000	100,000
September <ul style="list-style-type: none"> <li>• +90 days (original)</li> <li>• 30<sup>th</sup> (variation)</li> </ul>	100,000	100,000
October <ul style="list-style-type: none"> <li>• +120 days (original)</li> <li>• 31<sup>st</sup> (variation)</li> </ul>	100,000	100,000



Payment Dates 2023	Original payment schedule announced 4 May 2023	Current payment schedule per 23 June 2023 Variation Agreement
	Payment Amount \$	Payment Amount \$
November <ul style="list-style-type: none"> <li>+150 days (original)</li> <li>30<sup>th</sup> (variation)</li> </ul>	100,000	100,000
<b>Total</b>	<b>750,000</b>	<b>750,000</b>
<b>Payments made</b>		
31 May		(1)
29 June		(100,000)
<b>Notional balance owing under Variation Agreement (in Dispute)</b>		<b>649,999</b>

9. Does MRI consider the Variations to be information that a reasonable person would expect to have a material effect on the price or value of its securities having regard to the fact the original announcement of MRI's proposed acquisition of Frankly was marked as 'price sensitive'?

On balance, it was considered that reasonable person would not expect the Variations to have a material effect on the price or value of MRI's securities, as there was no change in the total \$750,000 consideration payable, and no material change in the timeline for the total consideration to be paid.

10. If the answer to question 9 is "no", please advise the basis for that view, commenting specifically on MRI's cash and cash equivalents position as at 30 June 2023 of nil, a bank overdraft of \$8,598 and a working capital deficit of \$3,460,576.

In addition to the response to question 9 above, the whole balance owing under the original agreement and variation agreements appears in the balance sheet as a current liability 'Promissory Note \$649,999' and reflects the maximum consideration anticipated by the Company under the Agreement and Variations.

11. Given MRI became aware of the Variations on 26 May and 23 June 2023 did MRI make any announcement prior its Response to ASX Query which disclosed the Variations? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Variations under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.

Refer response to question 9 above.

12. Please explain how the Variations did not constitute 'excluded information' and did not warrant disclosure in the 12 Cleansing Notices released by MRI post 31 May 2023.

For reference, 'excluded information' is defined in s708A as:

(7) For the purposes of [subsection](#) (6), excluded information is information:



- (a) that has been excluded from a continuous disclosure notice in accordance with the [listing rules](#) of the [relevant market operator](#) to whom that notice is required to be given; and
  - (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
    - (i) the [assets](#) and liabilities, financial position and performance, profits and losses and prospects of the body; or
    - (ii) the [rights](#) and liabilities attaching to the relevant [securities](#).
- (8) The notice given under [subsection](#) (5) must contain any excluded information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in a disclosure document.

As noted in the response to question 9 above, the variation did not alter the total amount payable under the agreement nor materially alter the timeline for the total consideration to be paid, i.e., under the original Agreement and the Variations, the total amount to be paid was \$750,000, to be paid by 30 November 2023.

It was considered that the Variations would have no impact on investors and their professional advisers for the purpose of them making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company, or the rights and liabilities attaching to the relevant securities.

#### **Frankly Dispute**

13. Does MRI consider the Dispute to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

[MRI does consider the Dispute to be material information under Listing Rule 3.1.](#)

14. If the answer to question 13 is “no”, please advise the basis for that view.

[Not applicable.](#)

15. Given MRI became aware of the Dispute on or around 19 July 2023 did MRI make any announcement prior to its disclosure in the Annual Report which referenced the Dispute? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Dispute under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.

[The Dispute with Frankly was first reported in the 2023 Annual Report released on 29 September 2023.](#)

[MRI first identified what it considered to be potential discrepancies with the purchase documentation on 19 July 2023. The Directors were firmly of the opinion that the differences could be amicably resolved. The information concerned an incomplete negotiation under Listing Rule 3.1A.1, the outcome of which was insufficiently definite to warrant disclosure under Listing Rule 3.1A.1.](#)

16. Please explain how the Dispute did not constitute ‘excluded information’ and did not warrant disclosure in the 5 Cleansing Notices released by MRI post 19 July 2023.

[If settled to the benefit of My Rewards, the outcome of the Dispute may result in the total amount of consideration to be paid by My Rewards being reduced. As the matter was highly sensitive, and there was no certainty of a favourable outcome, the](#)



matter was not considered excluded information as a prudent investor or professional advisors would not include the potential reduction in consideration in assessing the Company. Alternatively, at that time, the maximum liability under the Agreement and Variations was as previously released and published in the Annual Report.

17. Does MRI consider the Writ it received on 15 September 2023 (Writ) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

MRI does not, at this time, consider the Writ to be material information. MRI is seeking legal counsel regarding the Writ, and have been advised that it is in early stages, and too early to predict an outcome. The worst case scenario is that MRI has to pay the full \$750,000 consideration as previously released and published in the Annual Report, plus incidental costs.

18. If the answer to question 17 is “no”, please advise the basis for that view. In answering this question please have specific reference to ASX Guidance Note 8 Continuous Disclosure, Annexure A, Example E – material law suit.

In this instance, and in contrast to the Example E in ASX Guidance Note 8 Continuous Disclosure, the Writ does not qualify as a material law suit, as the full amount of \$649,999 demanded to be paid under the Writ (excluding, if awarded, costs and interest) is consistent with previous announcements on the matter and is already fully provided for in the Company’s balance sheet at 30 June 2023.

19. Given MRI became aware of the Writ on 15 September 2023 did MRI make any announcement prior to the Response to ASX Query which disclosed the receipt of the Writ? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the receipt of the Writ under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.

As noted in response to question 18 above, the full amount of \$649,999 demanded to be paid under the Writ (excluding, if awarded, costs and interest) is consistent with previous announcements on the matter and is already fully provided for in the Company’s balance sheet at 30 June 2023. The information concerned an incomplete negotiation under Listing Rule 3.1A.1, the outcome of which was insufficiently definite to warrant disclosure under Listing Rule 3.1A.1.

### **The Subscription Agreement**

20. Does MRI consider the Subscription Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

The Subscription Agreement was first referred to in the 2023 Annual Report as:

“Subsequent to year-end, a shareholder has committed to acquire shares valued at \$1,900,000 until 31 December 2024, pending approval by shareholders. To date, \$300,000 has already been received as of the report signing date”.

The Subscription Agreement was documented as a ‘heads of agreement’ and it was understood that as a heads of agreement that it was not sufficiently definite for the Company to be able to rely on it to raise funds and therefore it was insufficiently definite to be considered material information under Listing Rule 3.1.



21. If the answer to question 20 is “no”, please advise the basis for that view. In answering this question please comment specifically on cash and cash equivalents position as at 30 June 2023 of nil, a bank overdraft of \$8,598, a working capital deficit of \$3,460,576 and that the existence and availability of the Subscription Agreement was referred to in the Going Concern Note in the Annual Report as one of the factors upon which MRI’s directors were satisfied it was appropriate to adopt the going concern basis in the preparation of MRI’s Annual Report.

[Please refer the response to question 20 above.](#)

22. Given MRI entered into the Subscription Agreement on 11 August 2023 did MRI make any announcement prior to the Annual Report which disclosed the Subscription Agreement? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Subscription Agreement under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.

[Please refer the response to question 20 above.](#)

23. Please explain how the Subscription Agreement did not constitute ‘excluded information’ and did not warrant disclosure in the 4 Cleansing Notices released by MRI post 11 August 2023.

[As noted in the response to question 20 above, the Subscription Agreement was documented as a ‘heads of agreement’ and it was understood that as a heads of agreement that it was not sufficiently definite for the Company to be able to rely on it to raise funds and therefore it would not be taken into account by investors and their professional advisers for the purpose of them making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company, or the rights and liabilities attaching to the relevant securities.](#)

24. Please provide ASX with a copy of the Subscription Agreement. This request is made pursuant to ASX Listing Rule 18.7 (the copy of the Subscription Agreement is not for release to market).

[A copy of the Subscription Agreement has been provided in conjunction with this response.](#)

### **Audit Observations**

#### [Extract of Audit Observations from Query Letter:](#)

G. The audit observations which ASX understands MRI’s auditor noted as part of the audit process of MRI’s Annual Report:

- (i) MRI’s auditor was unable to obtain sufficient appropriate evidence that services had been delivered by consultants;
- (ii) MRI’s auditor observed payments to some consultants were made before the relevant invoice had been received and the audit identified concerns regarding the validity of invoices, such as a lack of ABNs disclosed or GST charged;
- (iii) MRI’s auditor observed prepayments to consultants were made significantly in advance of services being provided which resulted in cash flow constraints leading to uncertainty in respect of going concern and indicating potential issues with the safeguarding and management of group assets; and
- (iv) MRI’s auditor identified potential management override of controls by MRI directors, in instructing staff to make payments without the appropriate documentary evidence. (together, the **Audit Observations**)



25. Are the Audit Observations correct?
- Yes.
26. If the answer to question 25 is “no” please provide a detailed explanation of why MRI does not believe its auditor made the Audit Observations addressing each observation separately.
- n/a.
27. If the answer to question 25 is “yes”, commenting specifically on each observation, please explain why MRI’s directors believe:
- 27.1 MRI is in compliance with the ASX Listing Rules generally, including Listing Rule 3.1, Chapter 10 of the Listing Rules, and Listing Rules 12.2 and 12.5;
- MRI notes that the auditors comments reflect an unsatisfactory situation, however, for context, the auditors comments relate to ten transactions out of many thousands of transactions over the financial year and the Company has taken steps to rectify the deficiencies.
- The Directors believe MRI is in compliance with the ASX Listing Rules generally, including Listing Rule 3.1, Chapter 10 of the Listing Rules, and Listing Rules 12.2 and 12.5.
- 27.2 MRI’s view that it has an appropriate system of risk management and internal control that is operating effectively;
- MRI acknowledges the auditor’s comments regarding the system of risk management and internal control and have met with the auditor to rectify the deficiencies.
- 27.3 MRI’s 30 June 2023 financial statements:
- 27.3.1 Complies with the Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) (‘Accounting Standards’); and
- 27.3.2 Gives a true and fair view of MRI’s financial position as at 30 June 2023 and of its performance for the year ended on that date.
- The Directors understand each of the items that the auditor raised and consider that each item has been treated appropriately in the financial statements.

#### **MRI Financial Condition**

28. Having regard to the matters contained in the Continuation of Suspension Release, notwithstanding MRI’s answer to Question 19 in the Response to ASX Query, does MRI propose to raise additional capital whilst it remains suspended in order to demonstrate compliance with Listing Rule 12.2?
- Yes, MRI has and will continue to draw on the AMRAM line of credit facility. The Company is also exploring other options whilst suspended.
29. With regard to the CFO Resignation, when does MRI anticipate appointing a new CFO?
- MRI anticipates appointing a new CFO during Nov 2023.



30. Please confirm that MRI is complying with the Listing Rules and in particular, Listing Rule 3.1.

[MRI confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.](#)

31. Please confirm that MRI'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 MRI with delegated authority from the board to respond to ASX on disclosure matters.

[MRI confirms that this response has been authorised and approved by the Board.](#)

Yours sincerely

•

David Vinson  
Executive Chairman

•





30 October 2023

Reference: 81771

Mr Daniel Goldman  
Director & Company Secretary  
My Rewards International Limited

By email:

Dear Mr Goldman

**My Rewards International Limited ('MRI'): Further Financial Condition & Aware Query**

ASX refers to the following:

- A. MRI's annual report for the year ended 30 June 2023 (**Annual Report**) lodged on the ASX Market Announcement's Platform (**MAP**) and released on Friday, 29 September 2023.
- B. The Independent Auditor's Report attached to the Annual report which contained a disclaimer of opinion.
- C. The suspension in MRI's securities on Monday, 2 October 2023 in accordance with Listing Rule 17.3 on the basis that ASX had determined, in its opinion pursuant to Listing Rule 12.2, that MRI's financial condition was not adequate to warrant the continued quotation of its securities.
- D. ASX's query letter dated 12 October 2023 (**Query Letter**) and MRI's response to the Query Letter released on MAP on 30 October 2023 (**Response to ASX Query**).
- E. MRI's announcement entitled 'Change of Company Secretary and CFO' released on MAP on 30 October 2023 which disclosed that MRI's CFO had resigned, effective 27 October 2023 and that MRI would announce a new CFO in due course (**CFO Resignation**).
- F. ASX's Market Release entitled 'Continuation of Suspension' released on MAP on 30 October 2023 which noted the following:
  - (i) ASX will not lift the suspension of trading of MRI's securities until ASX is satisfied that MRI can demonstrate compliance with Listing Rule 12.2. As a first step to demonstrate compliance with Listing Rule 12.2, MRI is required to provide to ASX audited financial statements which do not contain a disclaimer of opinion, qualification paragraph, adverse opinion or other modification to the audit report which ASX may find unacceptable (this applies to both the financial statements and the remuneration report); and
  - (ii) If MRI needs to raise capital before it can demonstrate compliance with Listing Rule 12.2, MRI will need to raise that capital before its securities can be reinstated to quotation. ASX notes that companies can, and do, raise capital whilst suspended.  
**(Continuation of Suspension)**
- G. The audit observations which ASX understands MRI's auditor noted as part of the audit process of MRI's Annual Report:
  - (i) MRI's auditor was unable to obtain sufficient appropriate evidence that services had been delivered by consultants;

- (ii) MRI's auditor observed payments to some consultants were made before the relevant invoice had been received and the audit identified concerns regarding the validity of invoices, such as a lack of ABNs disclosed or GST charged;
- (iii) MRI's auditor observed prepayments to consultants were made significantly in advance of services being provided which resulted in cash flow constraints leading to uncertainty in respect of going concern and indicating potential issues with the safeguarding and management of group assets; and
- (iv) MRI's auditor identified potential management override of controls by MRI directors, in instructing staff to make payments without the appropriate documentary evidence.

(together, the **Audit Observations**)

#### Remuneration Report

- H. The Independent Auditor's Report attached to the Annual Report which contains a disclaimer of opinion on the Remuneration Report, the relevant excerpt is set out below:

##### **Report on the Remuneration Report**

###### *Disclaimer of Opinion on the Remuneration Report*

We were engaged to audit the Remuneration Report included in the directors' report for the year ended 30 June 2023.

The Group's accounting and statutory records were not adequate to permit the application of necessary audit procedures, and we were unable to obtain all the information and explanations we required in order to form an opinion on the Remuneration Report. As a result, we have been unable to obtain sufficient appropriate audit evidence over the amounts stated in the Remuneration Report, and we were unable to determine whether any adjustments were necessary in respect of these items.

###### *Responsibilities*

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with *section 300A of the Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

#### The Frankly Acquisition

- I. MRI's announcement entitled "Quarterly Activities/Appendix 4C Cash Flow Report" lodged on MAP and released on 28 April 2023, disclosing, among other things, that MRI had a total of \$41,000 as cash and cash equivalents as at 31 March 2023.
- J. MRI's announcement entitled 'My Rewards to acquire Frankly' marked as price sensitive and released on MAP on 4 May 2023 disclosing, among other things, that:
  - (i) MRI entered into a binding asset purchase agreement with Frankly Agency Pty Ltd (**Frankly**), pursuant to which MRI agreed to acquire Frankly's business and assets (**Frankly Agreement**);
  - (ii) The consideration payable by MRI under the Proposed Transaction is \$1.8 million, of which \$750,000 was to be paid in cash comprising:
    - (1) \$250,000 cash on completion; and
    - (2) \$100,000 cash at each of 30, 60, 90, 120 and 150 days following completion (**Monthly Cash Instalments**).

- 
- K. MRI's announcement entitled 'My Rewards completes Frankly acquisition' lodged on MAP and released on 31 May 2023 (**Frankly Completion Announcement**) disclosing, among other things, that:

*"My Rewards International Ltd (ASX: MRI, "My Rewards", the "Company") advises that it has today completed the acquisition under the asset purchase agreement ("Agreement") with Frankly Agency Pty Ltd ("Frankly") announced on 4 May 2023."*

- L. MRI's announcement entitled "Response to ASX Query" released on MAP on 30 October 2023, which stated, relevantly (ASX queries bolded):

**3. Given the Frankly Agreement as disclosed by MRI on 4 May 2023 required MRI to pay \$250,000 cash on completion, had MRI fulfilled its disclosed completion obligations at the time it released the Frankly Completion Announcement?**

*Following the original Frankly Agreement (itself dated 4 May 2023), the parties entered a variation to the original agreement dated 26 May 2023 and a further variation dated 23 June 2023, with the outcome being that the total payable by 30 June 2023 would be \$100,000, with the balance payable in instalments to 30 November 2023 (i.e. for the same total value of \$750,000 and concluding in the same calendar month as anticipated in the original agreement and announcement). As there was no material change to the quantum or timing, the variations were not announced separately.*

...

**6. Has MRI paid any cash to the vendor of Frankly? If so, please specify the amount(s) paid and the date(s) on which the amount(s) were paid.**

*The Company has paid the following instalments to the vendor of Frankly:*

- \$1 paid on 31 May 2023;
- \$100,000 paid on 29 June 2023;
- no instalments paid since 29 June 2023.

#### The Frankly Dispute

- M. The Annual Report, which discloses, among other things, that:

- MRI is in dispute with Frankly over certain aspects of MRI's acquisition of Frankly's assets (**Dispute**). Pages 13 and 54 of the Annual Report state that the Dispute "*...is described more fully in the Directors Report and financial statements. The Company anticipates to satisfactorily resolve the matter*" (**Dispute Disclosure**);
- at Note 12(a) 'Summary of acquisition – Acquisition of Frankly Agency Ltd' disclosed cash paid and payable to the vendor of \$100,001 and a promissory note of \$649,999 (**Note 12(a) Disclosure**).

- N. MRI's announcement entitled "Response to ASX Query" released on MAP on 30 October 2023, which stated, relevantly (ASX queries bolded)

**9. Other than on pages 13 and 54 of the Annual Report, please indicate where the Dispute is described more fully in the Directors Report and financial statements, If there is no other disclosure relating to the Dispute set out in the Annual Report, please provide a detailed summary of the nature of the Dispute.**

*The Frankly Dispute is noted on pages 13 and 54 of the Annual Report.*

*The Dispute with Frankly centres on the underlying information on which the consideration is determined. The Company has engaged lawyers to defend a writ filed on behalf of Frankly Agency Pty Ltd and the matter is currently in discovery phase. The writ seeks payment of amounts outstanding under the original agreement (plus damages, costs and interest).*

**10. What date did MRI first become aware of the Dispute?**

MRI first identified what it considered to be potential discrepancies with the purchase documentation on 19 July 2023, followed by a meeting with the vendor which MRI subsequently confirmed in writing, also in July 2023.

**11. Commenting specifically on the Dispute disclosure contained in the Annual Report, does MRI consider that its disclosure regarding the Dispute is adequate having regard to MRI's obligations under the ASX Listing Rules and the Corporations Act 2001 (Cth)? If so, please explain why.**

MRI considers that its disclosure in the Annual Report regarding the Dispute is adequate having regard to:

(a) the whole balance owing under the original agreement and variation agreements appears in the balance sheet as 'Promissory Note \$649,999' (refer response to question 8) and materially reflects the maximum consideration anticipated by the Company under the Agreement and variations;

(b) the Dispute with Frankly centres on the underlying information on which the consideration is determined. The Company has engaged lawyers to defend the writ filed on behalf of Frankly Agency Pty Ltd and the matter is currently in discovery phase;

(c) the Company anticipates to satisfactorily resolve the matter; and

(d) the information concerns an incomplete negotiation.

...

**13. Have any legal proceedings been commenced by Frankly in relation to the Dispute? If so, what date did MRI become aware of legal proceedings?**

MRI received a writ on 15 September 2023. The writ seeks payment of amounts outstanding under the original agreement.

O. ASX Guidance Note 8 Continuous Disclosure, Annexure A, Example E – material law suit.

The Subscription Agreement

P. The Annual Report, which discloses at Note 22(a)(iii) that:

*"Subsequent to year-end, a shareholder has committed to subscribe shares valued at \$1,900,000 until 31 December 2024, pending approval by shareholders. To date \$300,000 has already been received as of the report signing date" (Subscription Agreement);*

Q. MRI's announcement entitled "Response to ASX Query" released on MAP on 30 October 2023, which stated, relevantly (ASX queries bolded)

**14. What date did MRI enter into the Subscription Agreement?**

11 August 2023.

**15. What are the material terms of the Subscription Agreement?**

The Subscription Agreement is titled 'Heads of Agreement' and contains the following material terms:

1. Investment

a. Subject to sufficient placement capacity in the Company, Investor guarantees to invest a minimum of AUD \$1.9 mil in the Company (Tranche 1)

b. The Investor, at their discretion may choose to further invest up to \$2.5 million in the Company (Tranche 2)

2. Investment Schedule:

a. The investor will invest a minimum of \$100,000 per week starting 11 August 2023.

3. Price:

a. Shares in MRI issued to the Investor for Tranches 1 & 2, will be calculated at a 5 day VWAP.

4. Closing Conditions.

The investment in each tranche is subject to the following conditions:

a. Company shall have provided Investor with all information requested by Investor in connection with the investment;

b. Investor shall have received and approved all necessary legal documentation in connection with the investment;

c. Company shall have obtained all necessary approvals, consents, and authorizations required for the investment; and

d. Company shall have complied with all applicable laws and regulations in connection with the investment.

At the time of preparing this letter, the maximum additional shares that can be issued to this investor within the 20% relevant interest threshold is 62,106,201 shares which, at the closing price on 29 September 2023 of \$0.009 ea., represents an amount of \$558,956. A resolution seeking shareholder approval for these shares has been included on in the draft Notice of Annual General Meeting scheduled for 30 November 2023.

R. The Annual Report, which discloses that at 30 June 2023, MRI had:

- (i) cash and cash equivalents of nil;
- (ii) a bank overdraft of \$8,598;
- (iii) total current liabilities of \$4,923,628;
- (iv) a working capital deficit of \$3,460,576; and
- (v) cash outflows from operations amounting to \$(1,711,142) for the year ended 30 June 2023.

Cleansing Notices

S. ASX refers to the table below which details MRI's announcements released on MAP between 31 May 2023 to 29 September 2023 each entitled "Notice Under Section 708A" (**Cleansing Notice**). Each Cleansing Notice referred to below discloses, among other things, that:

*"...as at the date of this notice, there is no information to be disclosed which is 'excluded information' (as defined in sections 708A(7) and 708A(8) of the Corporations Act) which is required to be disclosed by the Company."*

Matter	Relevant Date	Cleansing Notices released post the Relevant Date
Subscription Agreement	11 August 2023	1. Cleansing Notice released 14 August 2023 2. Cleansing Notice released 24 August 2023 3. Cleansing Notice released 28 August 2023 4. Cleansing Notice released 5 September 2023

Dispute	19 July 2023	<ol style="list-style-type: none"> <li>1. Cleansing Notice released 31 July 2023</li> <li>2. Cleansing Notice released 14 August 2023</li> <li>3. Cleansing Notice released 24 August 2023</li> <li>4. Cleansing Notice released 28 August 2023</li> <li>5. Cleansing Notice released 5 September 2023</li> </ol>
Variations	26 May 2023 23 June 2023	<ol style="list-style-type: none"> <li>1. Cleaning Notice released 31 May 2023</li> <li>2. Cleansing Notice released 1 June 2023</li> <li>3. Cleansing Notice released 8 June 2023</li> <li>4. Cleansing Notice released 16 June 2023</li> <li>5. Cleansing Notice released 26 June 2023</li> <li>6. Cleansing Notice released 6 July 2023</li> <li>7. Cleansing Notice released 17 July 2023</li> <li>8. Cleansing Notice released 31 July 2023</li> <li>9. Cleansing Notice released 14 August 2023</li> <li>10. Cleansing Notice released 24 August 2023</li> <li>11. Cleansing Notice released 28 August 2023</li> <li>12. Cleansing Notice released 5 September 2023</li> </ol>

### The ASX Listing Rules

T. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

U. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

V. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

W. Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* which sets out:

(i) at section 4.1, a number of examples of the type of information that could be market sensitive, including:

*"the entry into, variation or termination of a material agreement"; and*

(ii) at section 4.15, guidelines on the contents of announcements under Listing Rule 3.1, including:

(1) *"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."*

(2) *"An announcement under Listing Rule 3.1 must be accurate, complete and not misleading.";*  
and

(3) *"..."Complete" in this context means not omitting material information".*

(iii) at section 5.8, ASX's policy position on the concept of "confidentiality, namely:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.";*

X. Chapter 10 of the ASX Listing Rules – entitled '*Transactions with persons in a position of influence*'

Y. Listing Rule 12.2 which states:

*"An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing."*

Z. Listing Rule 12.5 which states:

*"An entity's structure and operations must be appropriate for a listed entity."*

AA. Listing Rule 18.6 which states:

*"On admission to the \*official list, an entity must comply with the listing rules. This applies even if \*quotation of the entity's \*securities is deferred, suspended or subject to a \*trading halt."*

BB. Listing Rule 18.7 which states:

*"An entity must give ASX any information, document or explanation that ASX:*

(a) *asks for to enable ASX to be satisfied that the entity is, and has been, complying with, or will comply with, the listing rules or any conditions or requirements imposed under the listing rules; or*

(b) *reasonably requires to perform its obligations as a licensed market operator."*

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CC. Listing Rule 18.8A – Censure for breach of the rules, which states:

*“Without limiting any other powers ASX may exercise under these rules in relation to the breach, if ASX considers that an entity has breached the listing rules or a condition or requirement imposed under the listing rules and that it is appropriate to do so, ASX may formally censure the entity and release the censure and the reasons for it to the market.”*

DD. Listing Rule 19.11A which states:

*“If a listing rule requires an entity to give ASX accounts, the following rules apply.*

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the accounts must be consolidated accounts.*
- (b) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the accounts must be consolidated accounts.*
- (c) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*
- (d) If the listing rule requires audited accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (e) If the listing rule requires accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a foreign entity, an overseas equivalent of a registered company auditor).*
- (f) If there is a directors’ declaration that relates to the accounts, the directors’ declaration must be given to ASX with the accounts.*
- (g) If there is a directors’ report that relates to the period covered by the accounts, the directors’ report must be given to ASX with the accounts.”*

### **Request for information**

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



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### Remuneration Report

1. Please explain why MRI's auditors were not able to obtain sufficient audit evidence to provide a basis for an audit opinion on the Remuneration Report.
2. Is MRI able to confirm that in the Director's opinion, the Remuneration Report complies with section 300A of the Corporations Act 2001.
3. In light of the disclaimed audit opinion on the Remuneration Report, is MRI able to confirm that it has complied with Chapter 10 of the ASX Listing Rules during the financial year ended 30 June 2023?
4. If the answer to question 3 is "yes" on what grounds are the directors of MRI satisfied MRI has complied with Chapter 10 of the ASX Listing Rules given the disclaimed audit opinion on the Remuneration Report?

### The Frankly Acquisition

5. Which party initiated the variations to the Frankly Agreement (**Variations**)?
6. Why was there a change to the payment schedule as a result of the Variations?
7. Did Frankly consent to the changes to the payment schedule as a result of the Variations?
8. Please detail the current payment schedule as a result of the Variations (including due dates and amount for each instalment).
9. Does MRI consider the Variations to be information that a reasonable person would expect to have a material effect on the price or value of its securities having regard to the fact the original announcement of MRI's proposed acquisition of Frankly was marked as 'price sensitive'?
10. If the answer to question 9 is "no", please advise the basis for that view, commenting specifically on MRI's cash and cash equivalents position as at 30 June 2023 of nil, a bank overdraft of \$8,598 and a working capital deficit of \$3,460,576.
11. Given MRI became aware of the Variations on 26 May and 23 June 2023 did MRI make any announcement prior its Response to ASX Query which disclosed the Variations? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Variations under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.
12. Please explain how the Variations did not constitute 'excluded information' and did not warrant disclosure in the 12 Cleansing Notices released by MRI post 31 May 2023.

### Frankly Dispute

13. Does MRI consider the Dispute to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
14. If the answer to question 13 is "no", please advise the basis for that view.
15. Given MRI became aware of the Dispute on or around 19 July 2023 did MRI make any announcement prior to its disclosure in the Annual Report which referenced the Dispute? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Dispute under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.
16. Please explain how the Dispute did not constitute 'excluded information' and did not warrant disclosure in the 5 Cleansing Notices released by MRI post 19 July 2023.

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17. Does MRI consider the Writ it received on 15 September 2023 (**Writ**) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  18. If the answer to question 17 is “no”, please advise the basis for that view. In answering this question please have specific reference to ASX Guidance Note 8 Continuous Disclosure, Annexure A, Example E – *material law suit*.
  19. Given MRI became aware of the Writ on 15 September 2023 did MRI make any announcement prior to the Response to ASX Query which disclosed the receipt of the Writ? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the receipt of the Writ under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.

#### The Subscription Agreement

20. Does MRI consider the Subscription Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
21. If the answer to question 20 is “no”, please advise the basis for that view. In answering this question please comment specifically on cash and cash equivalents position as at 30 June 2023 of nil, a bank overdraft of \$8,598, a working capital deficit of \$3,460,576 and that the existence and availability of the Subscription Agreement was referred to in the Going Concern Note in the Annual Report as one of the factors upon which MRI’s directors were satisfied it was appropriate to adopt the going concern basis in the preparation of MRI’s Annual Report.
22. Given MRI entered into the Subscription Agreement on 11 August 2023 did MRI make any announcement prior to the Annual Report which disclosed the Subscription Agreement? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRI was obliged to disclose the Subscription Agreement under Listing Rules 3.1 and 3.1A and what steps MRI took to ensure that the information was released promptly and without delay.
23. Please explain how the Subscription Agreement did not constitute ‘excluded information’ and did not warrant disclosure in the 4 Cleansing Notices released by MRI post 11 August 2023.
24. Please provide ASX with a copy of the Subscription Agreement. This request is made pursuant to ASX Listing Rule 18.7 (the copy of the Subscription Agreement is not for release to market).

#### Audit Observations

25. Are the Audit Observations correct?
26. If the answer to question 25 is “no” please provide a detailed explanation of why MRI does not believe its auditor made the Audit Observations addressing each observation separately.
27. If the answer to question 25 is “yes”, commenting specifically on each observation, please explain why MRI’s directors believe:
  - 27.1 MRI is in compliance with the ASX Listing Rules generally, including Listing Rule 3.1, Chapter 10 of the Listing Rules, and Listing Rules 12.2 and 12.5;
  - 27.2 MRI’s view that it has an appropriate system of risk management and internal control that is operating effectively;
  - 27.3 MRI’s 30 June 2023 financial statements:
    - 27.3.1 Complies with the Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) (‘Accounting Standards’); and

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27.3.2 Gives a true and fair view of MRI's financial position as at 30 June 2023 and of its performance for the year ended on that date.

#### MRI Financial Condition

28. Having regard to the matters contained in the Continuation of Suspension Release, notwithstanding MRI's answer to Question 19 in the Response to ASX Query, does MRI propose to raise additional capital whilst it remains suspended in order to demonstrate compliance with Listing Rule 12.2?
29. With regard to the CFO Resignation, when does MRI anticipate appointing a new CFO?
30. Please confirm that MRI is complying with the Listing Rules and in particular, Listing Rule 3.1.
31. Please confirm that MRI'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 MRI with delegated authority from the board to respond to ASX on disclosure matters.

#### **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 **2.00 PM AWST Monday, 6 November 2023**. 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, MRI's obligation is to disclose the information 'immediately'.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@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 the ASX Market Announcements Platform.

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

In responding to this letter, you should have regard to MRI'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 MRI'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**

ASX reserves the right to release all or any part 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.

Kind regards

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**Dale Allen**  
Manager, Listings Compliance