

18 January 2018

Ms Elizabeth Harris
Principal Adviser, Listings Compliance
ASX Limited
Level 40, Central Park, 152–158 St Georges Terrace
PERTH WA 6000

By email: Elizabeth.Harris@asx.com.au

Dear Madam

**RE: DEPARTMENT 13 INTERNATIONAL LIMITED (ASX: D13) (the Company")
RELEASE OF SECURITIES FROM RESTRICTION ON 18 DECEMBER 2017**

We refer to your letter of 15 January 2018 and provide the following responses:

1. *Why did the Entity instruct Automic Registry to release the holding lock on the Shares without having received prior written consent from ASX to do so?*

The start date of the two year restriction period applicable to the Shares was incorrectly believed to be 18 December 2015. It was therefore believed, consistent with that incorrect belief, that the restriction period ended, and the Shares were automatically released from restriction, on 18 December 2017. It was believed that the Company was not required to seek prior consent or approval of ASX where securities are automatically released from restriction at the end of the restriction period. The Company Secretary acted in accordance with those beliefs when notifying the share registry of the release of the Shares from restriction.

2. *Please provide Automic Registry's explanation for releasing the holding lock on the Shares without having received prior written consent from ASX to do so.*

Please refer to the attached letter from the Company's share registry, Automic Pty Ltd.

3. *Why did the Entity apply for quotation of the Shares prior to the end of the restriction period?*

As referred to in the response to question 1, above, the Company Secretary acted in accordance with the mistaken belief that the restriction period ended, and the Shares were automatically released from restriction, on 18 December 2017 without requiring the prior consent or approval of ASX. The Company Secretary acted in accordance with those beliefs when the Appendix 3B applying for quotation of the Shares was given to ASX.

4. *What arrangements does the Entity have in place to ensure that it is able to comply with its obligations under the listing rules?*

The Company has adopted governance and compliance policies and procedures which are published on its website. All relevant personnel are provided with a copy of the policies and procedures as part of his or her induction upon commencement. External advice is sought by the Board where significant transactions or corporate actions are proposed.

The Board has implemented with immediate effect a strict requirement that all proposed releases to ASX are circulated to and confirmed in writing (which may be by email) by all Board members before being uploaded or given to ASX. This requirement applies to all releases and matters regardless of whether they are considered procedural or administrative, not only price sensitive announcements. The draft document to be given to ASX is required to be circulated and approved, not only a description of an upcoming required action or release. The requirement for full Board confirmation will apply at least until the review and amendment of governance and compliance policies and procedures referred to below.

The Board has also implemented with immediate effect a strict requirement that no action which requires ASX approval or consent is permitted to be taken without obtaining written evidence of the approval or consent (which may be by email), and circulating it to the Board with the proposed release or other documents. This applies regardless of whether the action is considered procedural or administrative.

The Company has confirmed there are no remaining securities which are the subject of ASX restriction. In future, the specific calendar date of the start and end restriction periods will be to be notified to ASX in writing for confirmation, rather than referring to a period from an event. This will ensure any misunderstanding about dates is identified and the appropriate correction made before it can result in an error.

5. *If the current arrangements are inadequate, what additional steps does the Entity intend to take to ensure that it is able to comply with the listing rules?*

The Company with the assistance of its solicitors will review its governance and compliance policies and procedures in detail to identify any improvements or changes to ensure awareness of and compliance with requirements for or applicable to corporate actions such as the release of securities from restriction and obtaining prior approval or consent from ASX, to ensure that they are clear and appropriate, and are applied in respect of the preparation and authorisation for all announcements and other documents given to ASX for release. Relevant personnel including service providers will be informed of and required to confirm their understanding of any new policies and procedures.

The review will include extending the Board's diary of events and actions to include dates for matters such as but not only the end of escrow, in addition to reporting dates, and ensuring the diary and dates are a standing agenda item at each Board meeting.

The upkeep of the diary and confirmation of dates for matters such as but not only the end of escrow with ASX will be required to be confirmed to the Board as a standing agenda item for each Board meeting.

The requirement that no action which requires ASX approval or consent is permitted to be taken without obtaining written evidence of the approval or consent (which may be by email), and circulating it to the Board, referred to above, will continue to apply.

Compliance with these requirements, and all other policies and procedures, will be specifically reviewed, at least annually (and more frequently in at least the first year after adoption).

The review will include reviewing the relevant experience, qualifications and performance of all relevant personnel including service providers, particularly but not only for knowledge of the Listing Rules, and other requirements applicable to the Company as a listed entity. The selection of new personnel including service providers will include assessment of experience, qualifications and performance as a standing requirement.

The Company will also adopt a program of regular, ongoing education for all relevant personnel to ensure awareness of and understanding of the governance and compliance policies and procedures, the Listing Rules, and other requirements applicable to the Company as a listed entity. The experience, qualifications and performance of all relevant personnel including service providers will be reviewed on a regular, at least annual, basis as a specific review item.

6. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

7. *Please confirm that the Entity'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 the Entity with delegated authority from the board to respond to ASX on disclosure matters.*

The above responses have been authorised and approved in accordance with its published continuous disclosure policy by an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

In addition to the above, the Company confirms it at all times seeks to comply with the requirements applicable to it as an ASX listed company, including the spirit and intention of the Listing Rules. This misunderstanding regarding the end date of the restriction period and any consequential errors do not indicate a disregard for the Listing Rules, or systematic

failure to have regard to the Rules, only a misunderstanding of the factual dates for the commencement and end of the restriction period.

We trust the above responses are satisfactory to ASX and request the reinstatement of the Company's securities to quotation.

Yours faithfully
Department 13 International Limited

A handwritten signature in black ink, appearing to read "Jonathan A. Hunter". The signature is written in a cursive style with a large initial 'J'.

Jonathan Hunter
Chairman

enc

Department 13 International Ltd
PO Box 1628
Subiaco WA 6904

16 January 2018

Dear Kevin

Automic provide the following response in relation to the recent ASX query for Department 13 International Ltd.

Question 2: Please provide Automic Registry's explanation for releasing the holding lock on the Shares without having received prior written consent from ASX to do so.

On review of this matter we have identified that the escrow class in question was not adequately marked as being an ASX imposed escrow. The security class was originally set up prior to Automic being bought out by our current owners, at a time when our staff members and our internal procedures were different to what they are today. Our current procedure, which has been in place since acquisition, is that when setting up a new escrowed security class we flag the security in a way to explicitly indicate to staff members that an escrowed security is under an ASX imposed escrow. All staff members are aware that in order to release these securities from escrow we are required to sight written ASX confirmation including notification of the release date. As this D13 security fell under old procedure and was not clearly flagged as an ASX imposed escrow, when we received the written instruction from the Issuer to release the securities to the tradeable class we did not follow up for the required ASX notification. Upon reviewing the sequence of events and knowing that it was an ASX imposed escrow we fully appreciate that ASX consent should have been sighted prior to release. As a result of this we have replaced the lock on all Issuer Sponsored securities and will retain the lock on the holdings until such notification is received.

As a result of this, we have carried out a full review of all escrow restrictions which were applied under the pre-acquisition procedure to ensure all ASX imposed restrictions are sufficiently noted.

Please don't hesitate to give me a call if you have any questions.

Yours sincerely



On behalf of Automic



15 January 2018

Mr Kevin Kye
Company Secretary
Department 13 International Limited
Suite 5
531 Hay Street
Subiaco WA 6008

By Email: kkye@department13.com

Dear Mr Kye

DEPARTMENT 13 INTERNATIONAL LIMITED (the "Entity"): ASX Query

ASX Limited ("ASX") refers to the following:

1. The ASX Notice which was released on the ASX Market Announcements Platform ("MAP") on 11 January 2016 which stated (inter alia) that 276,710,000 fully paid ordinary shares ("Shares") in the Entity would be held in escrow for a period of 24 months from the date of reinstatement of the Entity's securities to official quotation. The escrow period ended on 13 January 2018.
2. The reinstatement of the Entity's securities to official quotation on 13 January 2016 following the completion of the Entity's back-door listing transaction (being the acquisition of Department 13 LLC).
3. The undertaking given to ASX by Automic Registry Services, undertaking not to release the holding lock on any of the Entity's securities (which includes the Shares) without the written consent of ASX.
4. The Appendix 3B released by the Entity on MAP on 18 December 2017 which sought quotation of 287,960,000 fully paid shares. The announcement stated as follows:

"Attached is Appendix 3B application for quotation of 287,960,000 fully paid shares being released from escrow restrictions on 18 December 2017."

5. ASX Listing Rule 3.10A which states as follows:-

"An entity must tell ASX that restricted securities or securities subject to voluntary escrow will be released. It must do so not less than ten business days before the end of the escrow period."

6. ASX Listing Rule 9.1 which states as follows:-

"An entity which issues restricted securities, or has them on issue, must do each of the following.

9.1.3 Apply the restrictions in Appendix 9B or other restrictions as ASX, in its discretion, decides."

Please note that ASX is required to record details of breaches of the listing rules by listed entities for its reporting requirements.

ASX reminds the Entity of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Entity make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to the above, ASX asks the Entity to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Why did the Entity instruct Automic Registry to release the holding lock on the Shares without having received prior written consent from ASX to do so?
2. Please provide Automic Registry's explanation for releasing the holding lock on the Shares without having received prior written consent from ASX to do so.
3. Why did the Entity apply for quotation of the Shares prior to the end of the restriction period?
4. What arrangements does the Entity have in place to ensure that it is able to comply with its obligations under the listing rules?
5. If the current arrangements are inadequate, what additional steps does the Entity intend to take to ensure that it is able to comply with the listing rules?
6. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that the Entity'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 the Entity 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, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00pm AWST on Wednesday 17 January 2018**.

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, the Entity'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.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Elizabeth.Harris@asx.com.au and copied to tradinghaltspert@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 the Entity'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 the Entity'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.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Elizabeth Harris

Principal Adviser, Listings Compliance (Perth)

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