

NANOPAC INNOVATION LTD

ARBN 169 020 580

29 January 2018

The Manager
National Stock Exchange of Australia Ltd
1 Bligh Street
SYDNEY NSW 2000

Dear Sirs

NANOPAC Innovation limited (the “Company”) – Response to Continuous Disclosure Query

1.NSX notes the warning was issued on 27 April 2016, when and how the Company first made aware of the warning.

The Chairman of the Company was made aware of the warning by or either its Frankfurt Stock Exchange listings specialist or its then corporate advisor on or about 28 April 2016. He was informed that, as a result of the warning, trade in the Company’s shares on the Frankfurt Stock Exchange was temporarily suspended. The corporate advisor advised that representations were being made in order to lift the suspension which occurred on or about 30 May 2016.

Neither the Chairman nor the listing specialist nor the corporate advisor informed the Company Secretary/Nominated Advisor of the warning at that time.

It is noted that the Company, nor its officers have had any approach from Bafin in respect of the matters raised in the warning.

It is also noted that the Company, nor its officers, nor its listing specialist, have had any approach from Bafin in respect of the months raised in the warning and that the actions of the Frankfurt Stock Exchange were unusual in the circumstances.

It is also noted that the Company did not organise any “cold calls” in respect of its shares or authorise the release of information by any person other than that disclosed to the market.

2. Does the Company consider the warning to certain information that is necessary to avoid the establishment of a false market in its securities?

In hindsight and following discussions with the Company Secretary/Nominated Advisor the Company can see how a false market could have been created through failing to release an announcement to the market in respect of the warning.

The Company does, however, note that the details of false or misleading information being provided by ‘cold callers’ is vague; the suspension on Frankfurt was unusual and short-lived and it has not been approached in relation to the matter by Bafin.

3. If the answer to question 2 is "no" please advise the basis for that view.

Please response to 2 above.

4.If the answer to question 3 is "yes" why did the Company not announce the warning to the market.

As noted in the response to question 1 at the time no advice was sought from the Company Secretary/Nominated Advisor. The Company relied upon its then corporate advisor to resolve the matter which appeared to have occurred promptly within the lift of the suspension of trade on the Frankfurt Stock Exchange on 30 May 2016.

5. Is the Company aware of any action, including pending disciplinary action, that is a result of the warning?

No.

6. Please provide an update to the content of the warning issued?

The Company advises that neither it, nor its officers, nor its listing specialist have been approached by Bafin in respect of the matters referred to in the warning issued on 27 April 2016. The Company notes that the Frankfurt Stock Exchange lifted its suspension of trade in its shares, imposed as a result of the warning, on 30 May 2016. The Company is not aware of any investigation into the matters or of any disciplinary proceedings as a result of such investigation.

At no time did the Company authorise any person to make representations on its behalf which contained information not disclosed to the market and reminds the investors that they should only rely upon information announced to the market.

If you have any questions in respect of the answers above please contact the writer in first instance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'AB', is written above the printed name and title.

Andrew Bristow
Secretary