

Dear Mr. Incollingo,

IQnovate Ltd (the “Company” or “IQN”)

Re: Convertible Note Issue Query

NSX notes the following announcements made by the Company:

- 1) On 12/03/2015 the Company announced ‘Private Placement of the Company’s Shares’. [Link](#)
The Company announced the private placement whereby the company expected to raise upto \$5,000,000 by way of a placement to sophisticated and professional investors.
- 2) On 9/10/2015 the Company announced ‘Extension of Private Placement Closing Date’- [Link](#)
The closing date under the Offer is extended until 31/03/2016.
- 3) On 7/04/2016 the Company announced ‘Extension of Private Placement Closing Date’- [Link](#)
The closing date under the Offer is extended until 31/09/2016.
- 4) On 10/10/2016 the Company announced ‘iQnovate Share Placement Extended’- [Link](#)
The offer is extended until 28/02/2017.
- 5) On 7/03/2017 the Company announced ‘Extension of proposed Convertible Note Issue’ - [Link](#)
The proposed Convertible Note Issue is extended to 30/06/2017.
- 6) On 5/07/2017 the Company announced ‘Extension of proposed Convertible Note Issue’ - [Link](#)
The proposed Convertible Note Issue is kept open to 31/10/2017.
- 7) On 22/11/2017 the Company announced ‘Extension of Convertible Note Issue’ - [Link](#)
The proposed Convertible Note Issue is kept open to 31/12/2017.
- 8) On 22/12/2017 the Company was issued a price query for the change in price of the company’s securities from \$0.300 to a high of \$0.450 on 21/12/2017. - [Link](#)
- 9) On 22/12/2017 the Company announced ‘iQnovate Limited Completion of Convertible Note Issue’- [Link](#)
The announcement confirms the issued Convertible Notes will convert to ordinary shares in accordance with term of offering.
- 10) On 27/12/2017 the Company responded to the Price Query issued on 22/12/2017. - [Link](#)
- 11) On 31/01/2018 the Company announced ‘Share Allotment and Cleansing Notice’ - [Link](#)
The announcement confirms the issuance of 19,436,244 fully paid ordinary shares in the Company.

In light of the sequence of events state above please respond to below items:

- 1) Please provide the calculation for the issue price determined for the conversion of Convertible Notes.
- 2) The timeline and circumstances around the Director’s resolution to close the Convertible Note Issue confirming when was the Company first aware that the Convertible Share were to be closed.
- 3) Confirmation for when the Convertible Notes holders were first advised of the closure of Private placement.
- 4) Given the sequence of events does the company believe the announcement ‘iQnovate Limited Completion of Convertible Note Issue’ was delayed?
- 5) Given the sequence of events does the company believe information regarding the closure of the issue was price sensitive in nature? If not, why not?
- 6) Please lodge for release as an announcement the current Trading Policy with this response.

15 February 2018
iQnovate Ltd
Attn: Mr. Gerardo Incollingo
Level 7
222 Clarence Street
New South Wales
Sydney
Australia, 4802

Sent by email:
germy@lqipartners.com

Your response should be sent to me directly at ron.kaushik@nsx.com.au no later than 4pm on 19th February 2018. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Listing Rule 6.4

The NSX continuous disclosure rule states:

Generally, and apart from compliance with all the specific requirements, the issuer shall keep the Exchange informed without delay, for dissemination of any information relating to the group of which it is aware that:

- is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group;
- is necessary to avoid the establishment of a false market in its securities; or
- a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to the Exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the Exchange of information that:

- is not generally available; and
- a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

Trading Halts

If the Company is unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately; the Company should consider a request for a trading halt in the Company's securities. The request may be writing. The Exchange is not bound to act upon the request.

In your request please include the following information:

- a. The reasons for the trading halt.
- b. How long you want the halt to last.
- c. The event you expect to happen that will end the trading halt.
- d. That you are not aware of any reason why the trading halt should not be granted.
- e. Any other information necessary to support your request.

Conditions for the trading halt:

87.1 A trading halt may be imposed by the Exchange if:

- (a) the Exchange releases an announcement in relation to an Issuer which, in the opinion of the Exchange, is market sensitive; or
- (b) an Issuer requests a trading halt and the Exchange agrees to impose a trading halt.

87.2 Securities subject to a trading halt will be placed into Pre-Opening Phase. However, if the trading halt is imposed after the end of Closing Phase, the Securities subject to a trading halt will be placed into Pre-Opening Phase, the next Trading Day.

87.3 Securities subject to a trading halt must not be traded (including by way of Crossings and Special Crossings) during the period of the trading halt, regardless of whether the Securities have been placed into Pre-Opening Phase.

87.4 A trading halt will end at the earlier of:

(a) the time announced by the Exchange that the trading halt will end (and the Exchange will provide at least ten minutes notice before the end of the trading halt); or

(b) the commencement of Normal Trading on the second Trading Day after the day the trading halt is imposed.

87.5 When a trading halt ends, the Securities will be placed in the phase applying to the market as a whole unless the Exchange decides otherwise.

If a trading halt is requested and granted and the Company is still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by the Exchange from the commencement of trading if not previously requested by the Company. The same applies if the Company has requested a trading halt because the Company is unable to release information to the market, and are still unable to do so before the commencement of trading.

Yours sincerely

Ron Kaushik
Manager- Compliance and Market Surveillance