

19 February 2018

By email: ron.kaushik@nsx.com.au
Mr Ron Kaushik
Manager- Compliance and Market Surveillance
National Stock Exchange of Australia
PO Box 283
NEWCASTLE NSW 2300

Dear Mr Kaushik

IQNOVATE LIMITED (iQN) – Convertible Note Issue Query

We refer to the NSX query dated 15 February 2018 regarding the conversion of convertible notes by iQN and respond as follows, adopting the numbering in your letter:

1. The issue price was determined by the terms of the relevant Convertible Notes being a 15% discount to the market price as at the relevant date.
2. The directors of iQN resolved to close the private placement on 22 December 2017 having regard to the approaching maturity date, and anniversary of the maturity date, of the notes. The directors determined that the offer had been open for a reasonable period, further fund raising from the convertible notes was not necessary and it was an appropriate time to close the offer.

The Convertible Notes originally had maturity dates of either 31 December 2016 or 31 December 2017. Pursuant to the terms of the Convertible Notes, iQN retained the right to amend or vary the placement terms and conditions (including key dates) at any time.

As announced to the market, the placement was closed on 22 December 2017 and the Convertible Notes converted to ordinary shares on 31 January 2018.

3. The Convertible Note Holders were first advised of the closure of the private placement by notice to the market on 22 December 2017.
4. No.
5. No. It was, and remains the opinion of the board that the market has been fully informed regarding the existence of and relevant stages of the capital raising by private placement, through announcements to the NSX and as included in its 2017 annual report again lodged with the NSX. The closing of the offer was announced to the market prior to communications with individual convertible note holders. The board of iQN it is not aware of any information that has not been released to the market that a reasonable person would expect to have a material effect on the price or value of iQN securities.
6. Please see attached copy of the iQNovate Limited Securities Trading Policy for release to the market.

Yours sincerely



Gerardo Incollingo
Company Secretary
For and on behalf of the Board