

Tuesday 9th September 2014

Dean Litis
Principal Adviser, Listings Compliance (Melbourne)
ASX Compliance Pty Ltd

Via email: dean.litis@asx.com.au

Dear Dean,

RE: iSonea Limited (ASX:ISN) (the "Entity") – ASX Price Query

We refer to your letter received via email today in relation to the noted change in price of the Entity's securities from a close on 5 September 2014 of 14.5 cents to an intra-day low of 10 cents today, together with the noted increase in the volume of trading in the Entity's securities over this period.

We provide the following response to your queries:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No.

2. If the answer to question 1 is "Yes":

- a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?
- b) Can an announcement be made immediately?
- c) If an announcement cannot be made immediately, why not, and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?

No.

The Board is not aware of any explanation other than the previously released information:

- *On the 29th August 2014 the Entity released its Appendix 4E Preliminary Final Report which highlighted that;*
 - *iSonea has a strong balance sheet position as at 30 June 2014 of \$8.21M in cash assets, \$1.5M of standard current trade creditors, and no other short or long term debt;*
 - *iSonea has substantially reduce the Company's burn rate and had now achieves an underlying cash burn rate of less than \$500K per month; and*
 - *iSonea cash position was further bolstered during the 2014 financial year by a cash injection of more than \$2.3M from the ISNOB Optionholders which conveys the confidence these investors have in iSonea and its intellectual property portfolio;*
 - *iSonea has now put in place a series of substantial measures to stabilise the company including upgrading the device and App software of its flagship AirSoneaTM product;*
 - *iSonea recently received FDA clearance for the SonoSentryTM1 device to be sold over-the-counter (OTC) in the United States; and*
 - *iSonea also recently received a patent grant for our Asthma Inhaler Compliance Monitor.*

- *By the end of September 2014, the Company will release its Annual Report which will contain a detailed Review of Operations for the financial year ended 30 June 2014.*

This Review of Operations will also provide commentary on the Company's planned pathway for commercialisation of its product portfolio in respiratory mobile health.

The Entity is not aware of any other explanation at this time.

4. Please confirm that the Entity is in compliance with the listing rules and, in particular, listing rule 3.1.

The Entity continues to comply with all ASX Listing Rules.

Yours sincerely,



Peter Vaughan
Company Secretary
iSonea Limited.



ASX Compliance Pty Ltd
ABN 26 087 780 489
Level 4
North Tower
525 Collins Street
Melbourne VIC 3000

Telephone 61 3 9617 8611
Facsimile 61 3 9614 0303
www.asx.com.au

9 September 2014

Mr Peter Vaughan
Company Secretary & CFO
iSonea Limited

By email

Dear Phillip

iSonea Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from a close on 5 September 2014 of 14.5 cents to an intra-day low of 10 cents today at the time of writing today. We have also noted an increase in the volume of trading in the Entity's securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":

- a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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 **2:00 p.m. AEST today, 9 September 2014**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

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. 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 Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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

Yours sincerely

Sent by electronic means without signature

Dean Litis

Principal Adviser, Listings Compliance (Melbourne)