

7 February 2019

Isabelle Andrews
Adviser, Listings Compliance (Perth)
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Isabelle

CONNECTED IO LIMITED – APPENDIX 4C QUERY

We refer to your letter dated 4 February 2019 in relation to the Company's Appendix 4C quarterly report for the period ended 31 December 2018 released on 31 January 2019 and respond as follows.

- 1. Question 1: Does CIO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

Response 1: Yes

- 2. Question 2: Has CIO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

Response 2: The Company has not taken any steps, nor does it propose to take any steps to raise further cash from issuing equity to fund its operations in the short term. As noted in the Quarterly Report dated 31 January 2019, current accrued revenues, being shipped and invoiced product for the current quarter total A\$431,959. In addition, the Company has purchase orders excluding accrued revenues and customer cash receipts currently reaching approximately A\$1.33m, expected to convert to customer cash receipts before the end of FY19. The Company also has the potential to seek manufacturing debt funding which will decrease the Company's need to use cash at bank for manufacturing expenses.

- 3. Question 3: Does CIO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Response 3: Yes. The Company believes that the operating cash flows as detailed in item 2 above will enable it to meet its business objectives.

- 4. Question 4: Please confirm that CIO is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.**

Response 4: Yes, the Company confirms it is in compliance with the listing rules, and in particular listing rule 3.1.

- 5. Question 5: Please confirm that CIO'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 CIO with delegated authority from the board to respond to ASX on disclosure matters.**

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Response 5: The responses provided above have been authorised by the Company's Board.

6. **Question 6: Please also provide any other information that CIO considers may be relevant to ASX forming an opinion on whether CIO is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.**

Response 6: The Company refers to its recent Quarterly Activities Report lodged on 31 January 2019 detailing the recent operational activities undertaken by the Company.

Yours faithfully



Nicki Farley
Company Secretary

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4 February 2019

Ms Nicki Farley
Company Secretary
Connected IO Limited
Level 24, 44 St Georges Terrace
Perth WA 6000

By email:

Dear Ms Farley

Connected IO Limited ('CIO'): Appendix 4C Query

ASX refers to CIO's Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 31 January 2019 (the 'Appendix 4C').

ASX notes that CIO has reported:

- negative net operating cash flows for the quarter of \$687,000;
- cash at the end of the quarter of \$663,000; and
- estimated cash outflows for the next quarter of \$819,000.

It is possible to conclude, based on the information in the Appendix 4C, that if CIO were to continue to expend cash at the rate indicated by the Appendix 4C, CIO may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks CIO to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does CIO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CIO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CIO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CIO is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that CIO'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 CIO with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CIO considers may be relevant to ASX forming an opinion on whether CIO is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:00 AM AWST Friday, 8 February 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in CIO'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, CIO'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 ListingsCompliancePerth@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 Rule 3.1 and 3.1A

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. In responding to this letter, you should have regard to CIO'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 CIO'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.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CIO's securities under Listing Rule 17.1. If you wish to request 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*.

Enquiries

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

Yours sincerely

Isabelle Andrews
Adviser, Listings Compliance (Perth)