

ASX Code: PIL

22 August 2019

ASX Appendix 4C Query

Penelope Reid
Adviser, Listings Compliance (Perth)
Level 40 Central Park
152 – 158 Saint George's Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Penelope,

We refer to the Appendix 4C Query received from the ASX yesterday. In it you ask a series of questions which are set out below along with our response.

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

Response 1: Yes.

Question 2: Has PIL 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: Yes. As noted in the Quarterly Overview and Operational Update announced by PIL on 31 July 2019:

"In late April, PEGG Capital Limited agreed to increase its equity in Peppermint via a \$2million placement at a premium of 2.5 cents per share. Furthermore, it offered to make available an additional \$3 million in funding to Peppermint over time, increasing PEGG Capital's funding offer to Peppermint to \$5million in total.

The receipt of PEGG Capital's \$2million is imminent with regulatory foreign exchange and banking jurisdictional clearances currently being processed. The Company has been in daily contact with PEGG Capital to complete delivery of the funding which is unanimously recognised as the best outcome for Peppermint's growth objectives and ultimately all of its shareholders.

In the interim Peppermint has drawn down a total of \$827,500 from a \$1.5 million convertible note facility (placed at 2.5cps) with Melbourne-based sophisticated investor, Caason Group, to satisfy ongoing working capital requirements.



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

Response 3: Yes, on the basis of the funding support outlined in answer 2.

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

Response 4: Confirmed.

Question 5: Please confirm that PIL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PIL with delegated authority from the board to respond to ASX on disclosure matters.

Response 5: Confirmed.

Please also note apart from the information conveyed to the ASX and the market in our December 2018 Half Yearly Report, and our Quarterly Overview and Operational Updates, there is no other information PIL considers relevant to the ASX forming an opinion on whether PIL is complying with Listing Rule 12.2.

Yours Faithfully,



Anthony Kain

Executive Director - Company Secretary





21 August 2019

Reference: ODIN05313

Mr Anthony Kain
Company Secretary
Peppermint Innovation Limited
Suite 20, 7 The Esplanade
MT PLEASANT WA 6153

By email: anthony.kain@pepltd.com.au

Dear Mr Kain

Peppermint Innovation Limited ('PIL'): Appendix 4C Query

ASX refers to PIL's Appendix 4C quarterly report for the period ended 30 June 2019 lodged with the ASX Market Announcements Platform and released on 31 July 2019 (the 'Appendix 4C').

ASX notes that PIL has reported:

- negative net operating cash flows for the quarter of \$335,000;
- cash at the end of the quarter of \$82,000; and
- estimated cash outflows for the next quarter of \$726,000.

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

Request for Information

In view of that, ASX asks PIL 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 PIL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PIL 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 PIL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that PIL 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 PIL'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 PIL with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that PIL considers may be relevant to ASX forming an opinion on whether PIL 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 **9 AM AWST Friday, 23 August 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in PIL'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, PIL'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 PIL'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 PIL'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 PIL'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

Penelope Reid

Adviser, Listings Compliance (Perth)