

IOT Group Limited
ACN 140 475 921
Suite 35A
9 George Street
North Strathfield NSW 2137

18th June 2019

George Tharian
Adviser, Listings Compliance (Sydney)
ASX Limited
20 Bridge Street
Sydney NSW 2000

via email

Dear George

IOT Group Limited ('IOT'): Appendix 4C Query

I refer to your letter dated 14 June 2019 in relation to IOT's Appendix 4C, quarterly report for the period ended 31 March 2019, lodged with ASX and released on 14 June 2019. IOT's responses to the queries raised in the letter as follows:

1. Does IOT Group expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

IOT expects it will continue to have negative operating cash flows for the time being.

The Company had been relying on receipt of funds from PropertyBay in accordance with the Company's agreement with PropertyBay, the services provided by the Company to PropertyBay and the increased scope of work required by the Dunk Island Project. However, despite numerous assurances provided by PropertyBay, IOT's invoices to PropertyBay remain unpaid.

Further, as disclosed in IOT's Business Update dated 7 June 2019, an Application to Wind Up a Company has been lodged with ASIC with respect to PropertyBay; and Dunk Island is currently up for sale. PropertyBay has advised IOT that they are in negotiations to reach a settlement to stay winding up proceedings, however, despite PropertyBay's assurances, IOT feels it can no longer rely on receiving the consulting fees due under the agreement with PropertyBay in a timely manner (if at all) and is working hard to fill the gap created by the non-payment of invoices and the potential sale of Dunk Island, the main project.

Accordingly, IOT is in a transitional stage as it pivots direction away from any reliance on PropertyBay and back towards NetObjex, Clinitraq and the development of other IoT devices and opportunities to generate future income for the Company. This includes both short and long term approaches in order to develop cash flows through the implementation of simple sales and marketing plans while developing our relationships with the appropriate parties within the broadly defined smart city sector. We expect the sales process within the smart city sector to take time hence the need for IOT to diversify with ready to go products and services.

IOT has also reduced costs significantly and is in discussion with ASX in relation to a number of items including a potential acquisition.

2. Has IOT Group 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?

IOT has a demonstrated track record of its ability to raise capital. It has funded the current quarter's activities through receipt of two loans for a total of \$105,000 from non-related parties, both of which have the ability to convert to equity, subject to Shareholder approval.

IOT is currently waiting on the outcome of numerous discussions with ASX and other parties (potential clients, partners, device manufacturers and purchases) which will influence the Company's approach to its future direction and capital raising activities.

3. Does IOT Group expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

To the best of the Company's knowledge and belief at this time, the Company expects to be able to continue its operations and to meet its business objectives.

IOT expects the Clinitraq smart radiation dosimeter, powered by NetObjex, for which IOT has distribution rights, to be ready to demonstrate to potential customers within the next three months. This is expected to deliver significant revenue streams to IOT. Once the exact release date is known, it will update the market accordingly.

Clintiraq is a medical device that measures radiation exposure. It connects to NetObjex's flagship platform and can provide radiation exposure results in real-time, providing a solution for healthcare workers and cancer patients alike. Current technologies have long wait times, creating the risk of health and safety issues.

IOT is also currently in discussions with NetObjex to further develop this relationship as well as other IoT device developers, manufacturers and users.

4. ASX notes that a deposit of \$53,000 was returned to IOT during the March quarter (see item 1.8 of the Appendix 4C). Please provide a full description of this returned deposit.

The \$53,000 funds received during the quarter was the returned deposit for the bank guarantee on the William Street lease, the Company's previous premises.

5. Please confirm that IOT Group is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

The Company confirms that it is compliance with the ASX Listing Rules, in particular Listing Rule 3.1.

6. Please confirm that IOT Group'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 IOT Group with delegated authority from the board to respond to ASX on disclosure matters.

IOT confirms that the content of this letter is in accordance with the Company's continuous disclosure policy and is authorised and approved by all IOT Directors.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'M Roper', written in a cursive style.

Mark Roper
Executive Director



14 June 2019

Reference: ODIN03388

Ms Elissa Hansen
Company Secretary
IOT Group Limited
Suite 35A
9 George Street
North Strathfield NSW 2137

By email

Dear Ms Hansen

IOT Group Limited ('IOT'): Appendix 4C Query

ASX refers to IOT's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 14 June 2019 (the 'Appendix 4C').

ASX notes that IOT has reported:

- negative net operating cash flows for the quarter of \$2,000;
- negative cash at the end of the quarter of \$1,000; and
- estimated cash outflows for the next quarter of \$104,000.

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

Request for Information

In view of that, ASX asks IOT 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 IOT expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has IOT 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 IOT expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. ASX notes that a deposit of \$53,000 was returned to IOT during the March quarter (see item 1.8 of the Appendix 4C). Please provide a full description of this returned deposit.
5. Please confirm that IOT 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.
6. Please confirm that IOT'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 IOT with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that IOT considers may be relevant to ASX forming an opinion on whether IOT 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 **9:00 AM AEST Wednesday, 19 June 2019**.

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, IOT'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 ListingsComplianceSydney@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 IOT'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 IOT'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.

Enquiries

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

Yours sincerely

George Tharian
Adviser, Listings Compliance (Sydney)