

16 November 2017

Dean Litis
ASX Limited
Level 4, North Tower
525 Collins Street
MELBOURNE VIC 3000

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

Jayex Healthcare Limited (“the Company”) – Response to ASX Appendix 4C query

Dear Mr Litis

We acknowledge receipt of ASX’s letter dated 13 November 2017 regarding the Company’s quarterly report for the period ended 30 September 2017 lodged with ASX on 31 October 2017 and respond to your queries in number order as follows:

1. The Company expects to have negative operating cash flows for the time being, reflecting the activities being undertaken in pursuit of the Company’s long term growth strategy. The Company continues to review the size and scale of its operations across Australia, UK and New Zealand and its current cash position is reflective of the ongoing cost reductions and ongoing investment initiatives being made. However, as revenue grows, the negative operating cash flows are expected to reduce.
2. The Company continues to assess its funding requirements in light of its business objectives and other investment opportunities. Achieving this will be dependent on continuing wins of high quality corporate customers, careful expense management and existing market and economic conditions. As part of this process, it is expected that in addition to the current unsecured loan facility with Covenant Holdings (WA) Pty Ltd in the amount of \$250,000 an additional unsecured loan facility with Covenant Holdings (WA) Pty Ltd, in the amount of \$300,000 will be advanced over the coming weeks. The Directors are encouraged by the progress being made by the business and are confident of the ongoing growth opportunities of the Company.
3. The Company expects to be able to continue its operations and meet its business objectives on the basis that it expects to draw on its current unsecured loan facility with Covenant Holdings (WA) Pty Ltd and on additional funds over the coming weeks, as outlined above.
4. The Company confirms that, to its best knowledge and belief, it is compliant with ASX Listing Rule 3.1. The Company believes that there is no information that should be given to the ASX about its financial condition, in accordance with that Rule that has not already been released to the market.

5. I confirm that the above response to the questions has been authorised and approved in accordance with the Company's continuous disclosure policy and has been authorised by the Board of Directors.

The Company believes that it is in compliance with ASX Listing Rule 12.2 as it is of the view that it has access to sufficient sources of funds to meet short term operating commitments.

Please do not hesitate to contact me if you would like to discuss any of the above matters.

Yours sincerely,

JAYEX HEALTHCARE LIMITED



MELANIE LEYDIN
Company Secretary



13 November 2017

By email to <mailto:mleydin@leydinfreyer.com.au>

Re: Jayex Healthcare Limited (JHL)- Appendix 4C Query- Quarter ending 30 September 2017

Dear Ms Leydin

I refer to JHL's Appendix 4C quarterly report for the period ended 30 September 2017 lodged with ASX Market Announcements Platform and released on 31 October 2017 (the "Appendix 4C").

ASX notes that JHL has reported:

- negative net operating cash flows for the quarter of \$891,000;
- cash at the end of the quarter of \$1,374,000; and
- estimated cash outflows for the next quarter of \$2,210,000.

ASX also notes that JHL:

- has an unsecured loan facility with Covenant Holdings (WA) Pty Ltd ("Covenant"), a related entity of the Company's Chairman and major shareholder, Mr Michael Boyd, in the amount of \$2,000,000 at an interest rate of 8.0% per annum which is fully drawn; and
- announced on 11 October 2017 a second unsecured loan facility with Covenant in the amount of \$250,000 at an interest rate of 12.0% per annum ("Second Loan Facility").

It is possible to conclude, based on the information in the Appendix 4C, that if JHL were to continue to expend cash at the rate indicated by the Appendix 4C, even if the Second Loan Facility was fully drawn, it may not have sufficient cash to continue funding its operations. In view of that, ASX asks JHL to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

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

Please also provide any other information that JHL considers may be relevant to ASX forming an opinion on whether JHL is in compliance with Listing Rule 12.2 (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, 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 **9:30am AEST on Thursday, 16 November 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in JHL'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, JHL'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.

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

Kind regards

Sent electronically, without signature

Dean Litis
Principal Adviser