



7 May 2019

Ms C Tang
Senior Adviser
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Dear Ms Tang

ASX QUERY LETTER DATED 1 MAY 2019

Adherium Limited (ASX:ADR) in response to your letter of 1 May 2019 requesting information from the Company under Listing Rule 18.7 provides the following information:

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

Adherium does expect that it will continue to have negative operating cash flows for the time being while it is in a growth phase and developing its customer channels.

2. *Has ADR 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?*

The Company continues to assess its funding requirements in light of its business objectives, including the expectation of revenue and potentially raising new capital. Achieving the business objectives will be dependent on continuing to gain new customers, successfully deploying the Company's adherence solution to existing customers, and careful expense management. In December 2018 the Company initiated a reorganisation which is now complete and has significantly reduced ongoing committed cash outflows. The Directors regularly review with management the Company's operations against budget, and the Directors are encouraged by the progress being made by the business and are confident of the ongoing growth opportunities of the Company. Based on the management budget and the Directors monitoring of revenue, costs and cash position, the Directors do not presently have plans to raise funds through the issue of shares.

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

As explained above the Company has a management budget in place and actual performance is monitored closely against this and reviewed with the Directors. The Company expects to be able to continue its operations and to meet its business objectives for the foreseeable future.

4. *Please confirm that ADR 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.*

Adherium confirms that it is in compliance 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 ADR'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 ADR with delegated authority from the board to respond to ASX on disclosure matters.*

Adherium confirms that these responses have been approved in accordance with its Communications and Disclosure Policy developed under sections 6.4 and 6.5 of its Corporate Governance Policy (disclosed on its website investors.adherium.com).

Yours faithfully

A handwritten signature in black ink, appearing to read "Rob Turnbull".

Rob Turnbull

Joint Company Secretary