

11 November 2019

Adherium Limited
Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne VIC 3000 Australia

Ms C Tang
Senior Adviser
ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Level 11, 16 Kingston Street
Auckland 1010 New Zealand

Dear Ms Tang

ASX QUERY LETTER DATED 4 NOVEMBER 2019

Adherium Limited (ASX:ADR) in response to your letter of 4 November 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?*

During the quarter to 30 September 2019 the company completed the financing under the previously announced secured debt note financing of \$1.8 million. Today an extension of this financing by an additional \$1.2 million through the issue of secured debt notes to a new investor was announced, taking total secured debt note funding to \$3 million. Pending shareholder approval at the upcoming AGM, these notes will become convertible to ordinary shares in the Company, including mandatory conversion on achievement of a capital raise of a minimum of \$2.5 million which the Company intends to undertake prior to 31 January 2020. The Company continues to assess its funding requirements in light of its business objectives, including the expectation of revenue. 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.

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 sufficient resources and plans in place, including a management budget 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 refers to the announcement today regarding the issue of further secured debt notes, and confirms that it is in compliance with Listing Rule 3.1 and that there is no other 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". The signature is fluid and cursive.

Rob Turnbull

Joint Company Secretary