



5th November 2018

ASX Limited
20 Bridge Street
Sydney, NSW, 2000

Attn; Ms. Lisa Banh (Senior Adviser, Listings Compliance, Sydney)

Dear Ms Banh

SomnoMed Limited ("ASX:SOM") : Appendix 4C Query

In reference to your letter dated 1st November 2018, we reply as follows:-

1. Based on current trading performance it is expected that SomnoMed Limited will not have a negative operating cash flow in Quarter 2 FY19. The reasons for this are that Quarter 2 is a larger trading quarter for the entity, coupled with the fact that the recent centre closures relating to the loss making Renew Sleep Solutions ("RSS") subsidiary of the entity in the US will take effect during this quarter, resulting in significant cash savings.
2. The entity is currently not contemplating raising additional funds in the market.
3. The entity will be able to continue its operations and meet its business objectives, due to the restructuring and continuing reassessment of the "RSS" business during Quarter 2. The SomnoMed Core business is currently performing to guidance.
4. The entity is in full compliance with the Listing Rule 3.1 and all relevant and necessary information has been released to the market.
5. These responses have been authorized by the Board of SomnoMed Limited.

Yours sincerely,

T. Flitcroft
Company Secretary



1 November 2018

Mr. Terence Flitcroft
Company Secretary
SomnoMed Limited
Level 3
20 Clarke Street
Crows Nest NSW 2065

By email

Dear Mr Flitcroft

SomnoMed Limited (the “Entity”): Appendix 4C Query

I refer to SomnoMed Limited’s Appendix 4C quarterly report for the period ended 30 September 2018 lodged with ASX Market Announcements Platform and released on 26 October 2018 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$5,765,000;
- cash at the end of the quarter of \$7,012,000; and
- estimated cash outflows for the next quarter of \$17,500,000.

It is possible to conclude, based on the information in the Appendix 4C, that if the Entity were to continue to expend cash at the rate indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Entity 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 the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity 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 the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that the Entity 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 the Entity’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 the Entity with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity 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 09:30am AEDT on Tuesday, 6 November 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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 the Entity'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 the Entity'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 the Entity'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 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]

Lisa Banh

Senior Adviser, Listings Compliance (Sydney)

T 02 9227 0409

E lisa.banh@asx.com.au