

Dear Mr Bristow,

Nanopac Innovation Ltd (the "Company" or "NNO")

Re: Continuous Disclosure Query

NSX identified a warning issued by Germany's Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht or BaFin) relating to the Company.

The warning was issued on 27 April 2016 and warns the public of buy recommendations for shares stating "Manipulation Nanopac Innovation Ltd. (ISIN : AU000000NNO0): BaFin warns against buying recommendations for shares."

A link to the warning can be found below:

https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Verbrauchermitteilung/Marktmanipulation/2015/vm_160427_Nanopac_Innovation_Ltd.html

In light of this warning please respond to the following questions.

1. NSX notes the warning was issued on 27 April 2016, when and how was the Company first made aware of the warning?
2. Does the Company consider the warning to contain information that is necessary to avoid the establishment of a false market in its securities?
3. If the answer to question 2 is "no", please advise the basis for that view.
4. If the answer to question 2 is "yes", why did the Company not announce the warning to the market?
5. Is the Company aware of any disciplinary action, including pending disciplinary action, that is a result of the warning?
6. Please provide an update to the content of the warning issued.

Your response should be provided no later than 4pm on 29 January 2018. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Listing Rule 6.4

The NSX continuous disclosure rule states:

Generally, and apart from compliance with all the specific requirements, the issuer shall keep the Exchange informed without delay, for dissemination of any information relating to the group of which it is aware that:

- is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group;

24 January 2018

Attn: Andrew Bristow

Nanopac Innovation
Ltd

C/O - Highgate
Corporate Advisors
Pty Ltd
33 Lexington Dr
Bella Vista NSW
2153

- is necessary to avoid the establishment of a false market in its securities; or
- a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to the Exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the Exchange of information that:

- is not generally available; and
- a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

Listing Rule 6.14

The issuer must advise the Exchange without delay if its securities cease to be listed on another stock exchange or if it is the subject of a disciplinary action by another stock exchange or any other securities regulatory body.

Yours sincerely,

Greg Fitzpatrick
Head of Market Operations