

Letter to Shareholders : Melbourne, 22nd January 2020

Dear Shareholder,

Understandably, the Company is receiving a number of requests for "updates", in particular with regard to its court action against the ASX, the commencement of which was explained in our announcement dated 5th December 2019, found here:

<https://www.asx.com.au/asxpdf/20191205/pdf/44c9v8l5yp3yhn.pdf>

I have compiled responses to many queries we have received recently from shareholders.

Court Action - ASX ats ISX

There are no further updates since ISX lodged a statement of claim with the Federal Court, as previously announced on the ASX platform on the 5/12/19.

The first directions hearing before the Court is 7th February.

Any updates to the action will be posted by the court

here: <https://www.comcourts.gov.au/file/Federal/P/VID1315/2019/actions>

Whatever information is posted on the court website is also the extent of the information that the Company can disclose. Therefore, please check the court website for updates.

Is the ASX a Regulator?

The ASX is not a regulator. It is a public company that has been granted a 'market licence' by the Australian Securities and Investment Commission (ASIC) and is also supervised by the Reserve Bank of Australia (RBA) to operate an organised market for trading in securities and associated clearing, settlement and payment systems. See <https://www.asx.com.au/regulation/regulatory-compliance/regulatory-authorities.htm>

From the ASX website (emphasis added):

"The limits on ASX's investigation and enforcement powers. ASX is not an arm of the government that can exercise police powers. It cannot conduct searches, seize evidence, examine people on oath or arrest people who don't co-operate, in the way that ASIC or other government regulators can. Its ability to investigate is limited to its power under the Listing Rules to request information from a listed entity mentioned above.

ASX can only investigate and take action in relation to matters that are regulated by the Listing Rules.

Many of the complaints ASX receives relate to conduct that is not regulated by the Listing Rules. In particular, ASX often receives complaints about matters that are regulated by ASIC under the Corporations Act or the Market Integrity Rules made by ASIC under that Act, rather than by ASX under the Listing Rules. ASX is powerless to do anything about these types of complaints, other than to refer them to ASIC under the provisions mentioned above."

<https://www.asx.com.au/documents/regulation/listing-rules-enforcement.pdf>

Why hasn't the ASX announced the Court Action under its code?

When lodging the 'court action' release on the 5th December, ISX marked the release for cross release under the ISX Code. Under the new listing rules dated 1st December 2019, Listing Rule 3.1 requires disclosure if "becoming a plaintiff or defendant in a material lawsuit". Any queries should be directed to the ASX, or ASIC who supervise the ASX against its own listing rules.

Appendix 4C

Appendix 4C will be released on or before the 31st January 2020, per our ASX Listing Rule obligations.

Annual Report FY 2019

The Company's annual report for FY2019 (January to December), will be released on or before the 28th February 2020. The Company was profitable during FY2019.

Continuous Disclosure Whilst Securities Suspended

Under continuous disclosure requirements, we are required to continue to communicate to shareholders via the ASX announcements platform when there is a material change of circumstances, per the ASX Listing Rules

There are no new factors at present that are 'sufficiently definite' that require disclosure.

Prospectus

The Company confirms that it will need at some stage to issue a prospectus, as the securities in the Company have been suspended for longer than 5 days. The prospectus is not a bar to lifting suspension and is not required for the securities to be re-quoted.

The prospectus is a bar to new share issues being able to be traded within 12 months of issue. This includes options being converted to shares. However, as the Company is not at this stage contemplating any new share issue, this is a minor factor.

ISS ESG Prime (Proxy Reports)

We continue to maintain a prime rating from ISS (www.iss-esg.com).

The Company was provided with ISS's 32-page report, which is available from ISS directly for a fee, and has been accessed by many of our institutional shareholders already.

The Company has still not directly received from the Melbourne based start-up, Ownership Matters, a verified copy of their report, nor, has the Company been afforded the opportunity input to their report.

By way of contrast, ISS which is the world's leading global provider of corporate governance and responsible investment solutions, market intelligence and fund services,

and editorial content for institutional investors and corporations, interacted with the Company to produce its report.

We are currently under review by another international proxy advisory firm, who have also engaged with the Company via a preliminary report for discussion. The preliminary 'for comment' issue appears to be favourable for the Company, and we will be responding over the next 4-6 weeks to the draft.

The Company has not made any financial contribution towards the production of any of these reports, which are independent.

Ownership Matters have not (yet) disclosed who sponsored and paid for the production of their report. Nor has Ownership Matters complied with its own engagement policy as represented to ASIC, as set out in ASIC report 578

<https://download.asic.gov.au/media/4778954/rep578-published-27-june-2018.pdf>

We have raised these issues with ASIC, and we have reserved our legal rights with regard to future legal action against Ownership Matters.

General Business Update

The ASX imposed suspension is affecting our growth and has dampened some demand from potential customers. Existing customers by and large are unaffected by the suspension.

The Company remains positive in outlook, and continues with business as usual, with the impact of the suspension continuing to be assessed. The negative connotations of suspension diminish rapidly upon re-quotations of ISX securities.

Thanking you for your support.

Regards (and authorised by)



N J Karantzis

Managing Director

iSignthis Ltd (ASX : ISX)