

4 April 2017

<u>UPDATED STATEMENT OF COMMITMENTS</u> (BASED ON ACTUAL FUNDS RAISED – \$4,500,000)

De.mem Limited (ACN 614 756 642) (**Company**) intends to apply funds raised from the public offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

| Funds available | Based on actual funds raised (\$4,500,000) | Percentage of Funds (%) |
|--|--|-------------------------|
| Existing cash reserves ¹ | 390,000 | 7.98% |
| Funds raised from the public offer | 4,500,000 | 92.02% |
| Total | 4,890,000 | 100% |
| Allocation of funds ² | | |
| Expenses of the offers ³ | 489,000 | 10.00% |
| BOO contracts | 1,640,595 | 33.55% |
| Nanofiltration membrane manufacture ⁴ | 1,204,896 | 24.64% |
| Other product development and patent expenses | 159,903 | 3.27% |
| Geographic expansion | 755,505 | 15.45% |
| Sales and marketing expenses | 311,004 | 6.36% |
| Working capital | 329,097 | 6.73% |
| Total | 4,890,000 | 100% |

Notes:

- 1. The cash reserves of De.mem Private Pte Ltd were acquired by the Company following completion of the consideration offer under the Prospectus. These funds are held in Singapore dollars and are converted to Australian dollars at an assumed exchange rate of 1.05 SGD:1 AUD.
- 2. The Company will apply the funds as referred to in section 6.10 on page 24 of the Prospectus.
- 3. For details on expenses of the offers refer to the section entitled 'Expenses of the Offer' on page 95 of the Prospectus.
- 4. Nanofiltration membrane manufacture includes funds to be spend on the pilot manufacturing line, as set out on page 39 of the Prospectus.

The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.