



20 March 2020

Ms Vanessa Nevjestic
Advisor, Listings Compliance (Perth)
Australian Stock Exchange

Dear Vanessa

Skin Elements Limited (SKN) – Aware Query

Skin Elements Limited (SKN) provides the following response to ASX Aware query of 13 March 2020:

ASX refers to the following:

A. SKN’s announcement entitled “Half Yearly Report and Accounts” lodged on the ASX Market Announcements Platform and released on 2 March 2020 (the ‘Announcement’), which includes the following disclosure on page 1

“New Product Launch – Invisi Shield

The Company confirms its development program involving its Invisi Shield skin medical range has seen the consolidation of market testing on its product. This is being brought forward for immediate release given the global issues associated with the COVI-19 pandemic.”

B. The increase in the price of SKN’s securities from a closing price of \$0.01 on 5 March 2020 to an intraday high of \$0.025 on 6 March 2020 with a significant increase in the volume of SKN’s securities traded that day.

C. The ASX price query letter sent to SKN on Friday 6 March 2020 and SKN’s response to the letter released on MAP on 13 March 2020.

D. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.

E. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

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“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks SKN to respond separately to each of the following questions and requests for information:

- 1. Does SKN consider the development and/or the launch of its Invisi Shield skin medical range (“Invisi Range”) as referred to in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No.

- 2. If the answer to question 1 is “no” with respect to the development and/or the launch of the Invisi Range, please advise the basis for that view.*

The front cover page of the Announcement provided a business update in conjunction with the Half Year Report and Accounts.

The basis for the view that the Invisi Shield products being launched would not be expected to have a material effect on the price or value of SKN securities was formed on the basis that the market characteristics for this product range:

- a) is highly competitive,
- b) has low barriers to entry, and
- c) the Company is yet to secure sales contracts.

3. When did SKN begin development of the Invisi Range?

Skin Elements was approached in January 2018 by Absolut Solutions Pty Ltd (an independently owned company) to examine a hand sanitiser product that Absolut Solutions were proposing to market in Western Australia.

Absolut Solutions created the brand name Invisi Shield in 2018 and undertook initial test batch production and test marketing of the Invisi Shield hand sanitiser to independent pharmacies in Western Australia, and selected schools and daycare centres.

In late 2018, Skin Elements was approached by Absolut Solutions to assist with technical assessment of ingredients and formula in the hand sanitiser applications. Subsequently, recognising that they did not have suitable personnel and sufficient capital to progress the Invisi Shield project to commercialisation, Absolut Solutions offered the project to Skin Elements Limited in late 2019.

Over January and February 2020, Skin Elements undertook a due diligence assessment of the Invisi Shield product which included a review of the test market feedback undertaken by Absolut Solutions and saw the increasing demand for hand sanitisers. This was completed on the 28 February 2020, when Skin Elements confirmed that they would take over the project from Absolut Solutions, acquired the Invisi Shield brand and historical test market data.

Skin Elements is now proceeding to bring the project to commercialisation with a range of personal care hand sanitisers under the Invisi Shield brand including:

- Invisi Shield Extended Life Hand Sanitiser – Alcohol Free formula with long lasting effectiveness against germs up to 24 hours which is currently being produced for sale.
- Invisi Shield Natural Hand Sanitiser – Fast acting plant based alcohol formula with natural moisturisers which is currently ready for manufacturing.
- Invisi Shield Natural Alcohol Free Hand Sanitiser –plant based formula containing natural bioflavonoid extracts with up to 2 hours anti-microbial action which is currently being formulated.

4. Please outline the research and development work undertaken since development commenced.

See 3 above.

5. When did SKN decide to release the Invisi Range?

On 28 February 2020, concurrently with the Board approval of the Half Yearly report.

6. If the answer to question 1 is “yes” with respect to the development and/or the launch of the Invisi Range, and SKN first became aware of the relevant information before the relevant date, did SKN make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe SKN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SKN took to ensure that the information was released promptly and without delay.

Not Applicable - see 1 above

7. Please provide details regarding the stage of development of the Invisi Range (including, but not limited to, detailed information regarding the testing undertaken on the Product, SKN’s compliance with the Code of Best Practice for Reporting Life Science Companies and details of any regulatory approvals required for the marketing and sale of the Product).

The stage of development of the Invisi Shield hand sanitiser range is as follows:

- Invisi Shield Extended Life Hand Sanitiser – is currently being produced and is not required to be registered by the Therapeutics Goods Administration (TGA). This product is deemed personal cosmetic products which comply with the Therapeutic Goods (Excluded Goods) Determination 2018.
- Invisi Shield Natural Hand Sanitiser – ready for manufacturing and is not required to be registered by the Therapeutics Goods Administration (TGA). This product is deemed personal cosmetic products which comply with the Therapeutic Goods (Excluded Goods) Determination 2018.
- Invisi Shield Natural Alcohol Free Hand Sanitiser –currently being formulated. Once the new plant based formulas have been finalized, the assessment of any applicable regulatory framework and appropriate independent laboratory testing program will be undertaken. Further information will be released to the market at this time.

Notwithstanding that Skin Elements will always use best practice in reporting on matters, based on the information above, the Code of Best Practice for Reporting Life Science Companies is not applicable to Skin Elements for the Invisi Shield products.

8. Please explain what processes are involved in the “consolidation of market testing” of Invisi Range as referred to in the Announcement.

The consolidation of market testing meant a due diligence review by Skin Elements of the market feedback provided by Absolut Solutions.

9. If regulatory approvals are required for the production and sale of the Product, have these approvals been obtained? In answering this question please specify the dates on which any regulatory approvals were obtained and any conditions or material information regarding the regulatory approvals.

Invisi Shield products are currently not required to be registered by the Therapeutics Goods Administration (TGA). Invisi Shield is a personal care sanitiser product range that offers personal users broad spectrum antimicrobial control and protection. The Invisi Shield Hand Sanitisers are

deemed personal cosmetic products which comply with the Therapeutic Goods (Excluded Goods) Determination 2018.

10. Who manufactures the Product?

- Invisi Shield Extended Life Hand Sanitiser – manufactured by Skin Elements in Perth.
- Invisi Shield Natural Hand Sanitiser – manufactured by AWARE Environmental Ltd in Melbourne.

11. What are the material terms of the manufacturing agreement (if any)?

There are no long form manufacturing agreements in place. All work is undertaken through purchase orders as follows:

- Invisi Shield Extended Life Hand Sanitiser – Skin Elements currently sources ingredients and packaging for manufacturing of the product in Perth.
- Invisi Shield Natural Hand Sanitiser – On confirmation of order, AWARE Environmental Ltd source all ingredients and packaging and manufacture to an Invisi Shield formula specification provide by SKN for an agreed price per unit on up to 90 day payment terms.

12. Has SKN generated any revenue from the sale of the Invisi Range?

No but will be on sale presently.

13. If no revenue has been generated to date, please advise when SKN anticipates receiving revenue from the sale of the Invisi Range.

SKN is launching Invisi Shield Extended Life Hand Sanitiser online sales next week.

The Invisi Shield Natural Hand Sanitiser is ready for manufacture with 60,000 units to be available for sale in April through the Company's website and its distributors.

14. Please provide detailed information in relation to any sales agreement currently in place for the Invisi Range products, including all material terms.

No sales agreements are in place at this time.

15. Please confirm that SKN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that SKN is complying with the Listing Rules and, in particular, Listing Rule 3.1. and 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.

16. Please confirm that SKN'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 SKN with delegated authority from the board to respond to ASX on disclosure matters.

SKN's responses to the questions above have been authorised and approved by the Board of Directors in accordance with its published continuous disclosure policy.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Craig Piercy', written in a cursive style.

Craig Piercy
Company Secretary

