

10 November 2015

ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Attn: Ms Stephanie Yong

by email: stephanie.yong@asx.com.au

Dear Ms Yong

ASX APPENDIX 4C QUERY

We acknowledge receipt of ASX's letter dated 5 November 2015 regarding the Company's quarterly report for the period ended 30 September 2015 lodged with ASX and released on 30 October 2015 (the **Appendix 4C**).

In response to each of your questions, we advise as follows:

1. The Company expects to have negative operating cash flows for the time being due to the current stage of development of its businesses. The Company is aggressively growing the size and scale of the businesses and the increased level of operating expenditure is reflective of the ongoing investment being made. But as revenues grow, the negative operating cash flows are expected to reduce.
2. The Company continues to assess its funding requirements in light of its business objectives and other investment opportunities. Collaborate Corporation has been approached by a number of prospective investors who have expressed interest in making an investment in the Company. The Company has raised \$2.86 million over the past 12 months and therefore the directors consider it reasonable that the Company will be able to raise further funding as and when required. The Company is encouraged by the improved availability of capital during 2015. In January 2015, the \$1.26 million placement was heavily oversubscribed, in June 2015 the Company accepted an unsolicited investment of \$200,000 and in August 2015 Collaborate Corporation completed a \$500,000 placement to two existing shareholders.

In the 'September 2015 Quarterly Report and Business Update' that accompanied the Appendix 4C the Company also advised that it expects to receive an R&D tax rebate of approximately \$170,000. This is expected to be received in the December 2015 quarter.

The directors are very conscious of the cash flow requirements of the Company but also seek to ensure that capital is raised at appropriate valuations so as to maximise the value and benefit for all shareholders. The directors are extremely encouraged by the progress being made by the businesses and are confident of the ongoing growth opportunities of the Company.

3. The Company expects to be able to continue its operations and meet its business objectives.

Cash at the end of the September 2015 quarter was \$820,000, of which \$150,000 has been expended as a seed capital investment into peer-to-peer fintech start-up, FundX. But as noted above, the Company expects to receive an R&D tax rebate of approximately \$170,000 in the December 2015 quarter.

The DriveMyCar business has been experiencing strong growth in bookings and revenues as outlined in the 'September 2015 Quarterly Report and Business Update' which announced 31% growth for the September Quarter when compared to the June Quarter.

Furthermore and as highlighted in the 'September 2015 Quarterly Report and Business Update' that accompanied the Appendix 4C, the net operating cash outflows for the quarter was \$506,000, and included a range of once-off or abnormal costs. Of the cash outflows in the September Quarter approximately \$73,000 of payments in the quarter related to FY15 audit costs (which covered the more complex Marketboomer business and divestment) and other non-recurring costs relating to the disposal of the Marketboomer business, staff bonuses, market research, business development and strategy planning that will not be incurred to this level in the near future.

Further, the Company incurred cash outflows of approximately \$75,000 which related to older liabilities associated with Marketboomer, market research, business development and strategy planning which will continue through to the December Quarter, however will not occur in the March 2016 Quarter.

The Company also reported a significant reduction in operating costs as a result of the Marketboomer divestment.

As outlined in response to question 2 (above) the directors consider it reasonable that the Company will be able to raise additional capital for the business as and when required.

4. The Company confirms that, to its best knowledge and belief, it is in compliance with ASX Listing Rules and in particular, 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.

Yours sincerely

COLLABORATE CORPORATION LTD



Karen Logan
Company Secretary



5 November 2015

Karen Logan
Themis Corporate
Level 1, Office F
1139 Hay Street
West Perth WA 6005

By email

Dear Ms Logan,

Collaborate Corporation Limited (the “Entity”): ASX Appendix 4C Query

I refer to the Entity’s quarterly report in the form of Appendix 4C for the period ended 30 September 2015 lodged with ASX Market Announcements Platform and released on Friday, 30 October 2015 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$506,000; and
- cash at the end of the quarter of \$820,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

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. Can the Entity confirm that it 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?



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.

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 5.00pm AEDT on Tuesday, 10 November 2015. 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 or by facsimile to (02) 9241 7620. 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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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*.

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 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 may 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.

Yours sincerely,

[sent electronically without signature]

Stephanie Yong
Senior Adviser, Listings Compliance (Sydney)