



12 May 2018

Ms Lisa Banh
ASX Compliance Pty limited
20 Bridge Street
Sydney NSW 2000
Australia

Dear Lisa

Re: Your Query Letter dated 10 May 2018

In response to the questions that you posed the directors of the Company we answer as follows:

1. *Does KKL expect that it will continue to have negative operating cash flows for the time being and if not, why not?*

The Company may well continue to have negative **operating** cash flows for a period of time. The Company is an IP company and is therefore project driven. The directors have for some years been developing projects that use the Company's IP and are continuing to do so.

Kollakorn has ensured its financial viability through raising cash using capital and debt instruments and royalty revenue and will, if necessary, continue to do so until one of the projects become revenue producing. Various projects continue to progress and the directors expect revenue (other than royalty revenue) to commence shortly;

2. *Has KKL taken any steps, or does it propose to take 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?*

Since the Company's incorporation more than 20 years ago, it has been the practice of the various boards of the Company to raise cash for the Company's ongoing operations by the issue of shares, options, convertible notes and general operations. This is the practice of the current directors of the Company who intend to continue to do this until one of the projects becomes revenue producing.

The directors are assessing potential ways of raising cash and are currently in a number of discussions with various parties.

While there is no guarantee of success, the directors would look to the Company's 20-year track record of success in this type of activity.

3. *Does KKL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Please refer to the answer to 2 above.

4. *Please confirm that KKL is in compliance with Listing Rule 3.1 and that there is no information that should be given to the ASX about its financial condition in accordance with that Rule, that has not already released to the market?*

The directors confirm that the Company is in compliance with Listing Rule 3.1. The directors are very conscious of their obligations to the Company in this respect, and of their obligations under the ASX Rules and the requirements of the Corporations Act. The directors continuously review their obligations in respect to keeping the market informed about activities that may affect the share price of the Company.

5. *Please confirm that KKL'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 KKL with delegated authority from the board to respond to ASX on disclosure matters.*

The directors confirm the Company'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 the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely

David Matthews

A handwritten signature in black ink, appearing to read 'D Matthews', with a long horizontal flourish extending to the right.

Chief Executive Officer



10 May 2018

Mr Tom Bloomfield
General Manager
Corporate Secretarial Services
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

By email: tom.bloomfield@boardroomlimited.com.au

Dear Mr Bloomfield,

Kollakorn Corporation Limited (“KKL”): Appendix 4C Query

I refer to KKL’s Appendix 4C quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform and released on 1 May 2018 (the “Appendix 4C”).

ASX notes that KKL has reported:

- negative net operating cash flows for the quarter of \$102,248;
- cash at the end of the quarter of \$36,486; and
- estimated cash outflows for the next quarter of \$919,144.

It is possible to conclude, based on the information in the Appendix 4C, that if KKL were to continue to expend cash at the rate indicated by the Appendix 4C, KKL may not have sufficient cash to continue funding its operations. In view of that, ASX asks KKL to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does KKL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has KKL 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 KKL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that KKL 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.
5. Please confirm that KKL’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 KKL with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that KKL considers may be relevant to ASX forming an opinion on whether KKL is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

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 9.30am AEDT on Monday, 14 May 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in KKL’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, KKL’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 at lisa.banh@asx.com.au. 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.

In responding to this letter, you should have regard to KKL’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that KKL’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 KKL’s securities under Listing Rule 17.1.

If you wish to request 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 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.

Kind regards

[Sent electronically without signature]

Lisa Banh

Senior Adviser, Listings Compliance

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