



Cannindah Resources Limited

Ms Rupa Kapadia
Adviser, Listings Compliance
ASX Compliance Pty Ltd
By email: Rupa.Kapadia@asx.com.au

1 June 2018

Dear Ms Kapadia

Re: Cannindah Resources Limited ("CAE"): Appendix 5B Query

We refer to your letter to Cannindah Resources Limited ("the Company") of 30 May 2018, regarding the Company's Appendix 5B for the quarter ended 31 March 2018.

We respond to each of your queries as follows (adopting your numbering):

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

Due to the nature of the Company's activities as a mineral exploration business, the Board expects to continue to have negative operating cash flows for the time being. The Company does have the ability to generate revenue through its Ore Purchase Agreement with Minjar Gold Pty Ltd (as advised to the market on 21 September 2017). The sales are a by-product of its exploration activities and the funds raised are used to further exploration activities and meet working capital requirements.

2. *Has CAE 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?*

The Company advises that it has considerable security placement capacity under Listing Rules 7.1 and 7.1A. The Company has been able to raise capital in the past as required to support its activities and in this regard the Board is continuing discussions with sophisticated and professional investors. In addition, the Company also has the ability to raise additional funds to meet its needs through a variety of means including rights issues and asset sales. The Board has every expectation that sufficient funds will be raised to meet its objectives.

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

The Board expects to be able to continue its operations and to meet its business objectives. As noted in the Directors Report to the half year financial statements issued to the ASX on 16 March 2018, "The Directors ... expect that additional funds will be required for the Company to operate and conduct exploration activities over the next 12 months. It is expected that these funds will be obtained through additional capital raisings and ore sales."

4. *Please provide any other information that CAE considers may be relevant to ASX forming an opinion on whether CAE 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).*

As noted in responses 2 and 3 above the Company has the capacity and the ability to generate funds to maintain its financial condition for the purposes of listing rule 12.2.

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



Cannindah Resources
Limited

The Company is in compliance with the ASX Listing Rules, in particular listing rule 3.1 and there is no information that should be given to ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market.

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

The Company confirms that its responses to the questions above have been authorised and approved by the Board of the Company.

Yours sincerely,



Garry Gill
Company Secretary
Cannindah Resources Limited



30 May 2018

Mr Garry Gill

Company Secretary
Cannindah Resources Limited

By email: ggill@cannindah.com.au

Dear Mr Gill,

Cannindah Resources Limited ("CAE"): Appendix 5B Query

I refer to CAE's Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 27 April 2018 (the "Appendix 5B").

ASX notes that CAE has reported:

- negative net operating cash flows for the quarter of -\$304,000
- cash at the end of the quarter of \$61,000; and
- estimated cash outflows for the next quarter of \$230,000.

It is possible to conclude, based on the information in the Appendix 5B that if CAE were to continue to expend cash at the rate indicated by the Appendix 5B, CAE may not have sufficient cash to continue funding its operations. In view of that, ASX asks CAE to respond separately to each of the following questions and requests for information:

1. Does CAE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CAE 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 CAE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that CAE considers may be relevant to ASX forming an opinion on whether CAE 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).
5. Please confirm that CAE is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that CAE'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 CAE with delegated authority from the board to respond to ASX on disclosure matters.

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 AEST on Tuesday 5 June 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CAE'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, CAE'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 rupa.kapadia@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 CAE’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 CAE’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 CAE’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]

Rupa Kapadia

Adviser, Listings Compliance (Sydney)

T 02 9227 0932

E rupa.kapadia@asx.com.au