



Cannindah Resources
Limited

Ms Lauren Osbich
Compliance Adviser, Listings Compliance
ASX Compliance Pty Ltd
By email: Lauren.Osbich@asx.com.au, ListingsComplianceSydney@asx.com.au

7 February 2020

Dear Ms Osbich

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

We refer to your letter to Cannindah Resources Limited ("the Company") of 4 February 2020, regarding the Company's Appendix 5B for the quarter ended 31 December 2019.

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.

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 notes its advice to the ASX of 31 January 2020 that it has agreed with its financier, Aquis Finance Pty Ltd, to immediately increase its existing loan facility limit by allowing drawdowns totalling \$500,000 to be made over the next 4 months. The Company and the financier have also agreed to extend the current loan facility to 30 June 2022.

In addition, the Company notes 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 and with the extension of the loan facility, the Board is able to continue discussions with sophisticated and professional investors. 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?*

For the reasons stated in the response to question 2 above, the Board expects to be able to continue its operations and to meet its business objectives.

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 complying 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.*



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The Company is complying 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



4 February 2020

Reference: ODIN13350

Mr Garry Gill
Company Secretary
Cannindah Resources Limited
By email: ggill@cannindah.com.au

Dear Mr Gill

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

ASX refers to CAE's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that CAE has reported:

- negative net operating cash flows for the quarter of \$56,000;
- cash at the end of the quarter of -\$1,000; and
- estimated cash outflows for the next quarter of \$120,000.

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 confirm that CAE is complying 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.
5. Please confirm that CAE's responses to the questions above have been authorised and approved under 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9 AM AEST Friday, 7 February 2020**. 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 ListingsComplianceSydney@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 and Listing Rule 3.1A

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 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*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Lauren Osbich
Compliance Adviser, Listings Compliance (Sydney)