

ASX Announcement – Kollakorn Corporation Limited (ASX: KKL)

Quarter ending 30 June 2020

Activity Report Accompanying Appendix 4C

The Directors of Kollakorn Corporation Limited (**ASX: KKL**) (“the Company”) are pleased to present the Quarterly Activity Report for the period ending 30 June 2020.

The highlights are:

- Revenue of \$30 being interest received;
- The Group made a loss after tax for the quarter of \$156,193;
- Total liabilities of \$6,672,671. largely due to the increased level of creditors associated with our R&D efforts on CertainID and Waste Conversion. The conditions applicable to these expenses is that, payment of them is subject to the successful financial close of both the CertainID and Waste Conversion projects to which the expense directly applies. These expenses have been structured as non-current liabilities that are only payable when the Company successfully achieves the financial close of the respective projects, therefore maximising benefit to shareholders. Thus, the loss is attributable to invoices accrued that are only payable on successful implementation of our projects.

COVID-19 continues to impact all businesses. The impact on Kollakorn is felt most acutely with our tag opportunities, where progress has completely halted. We have been very active in managing our relationships during the shutdowns in the relevant countries, and remain confident progress will resume once restrictions are lifted through the early part of the new financial year. The Company’s actions to have the current trading suspension lifted have continued as we have briefed our legal counsel and prepared our plans for lifting the suspension.

The Company is taking all necessary steps to rectify the breaches on an expedited basis and will commence the process in the new financial year to cleanse all shares issued under the Placements, so that subsequent trading is not subject to the secondary trading restrictions under the Act. Once the cleansing prospectus is lodged, the Company will file an application with the Federal Court of Australia seeking declaratory relief and ancillary orders relating to prior trading in the shares, so that on sales prior to the issue of the cleansing prospectus will be validated and will not attract any civil liability. The Company understands that there are reasonable prospects that the validating orders will be made. The Company will update the market with any developments including the hearing date following the filing of the Federal Court application.

During the quarter we slowed down our R&D efforts in respect to Waste Conversion, but continued unabated to plan the commencement of our Waste Conversion Pre FEED activities. As outlined previously, the Company continues to explore all avenues to support commencing this activity and hope to have preliminary announcements on our first steps available to the market in the next few months. The Company also continued to pursue development of CertainID, where we are continuing to discuss opportunities for collaboration and also exploring additional avenues for funding to further develop our technology

Our Cash Flow continues to be carefully managed and as previously stated, our investment in R&D funding for Waste Conversion has enabled us to continue operating with the Board confident that our investments will result in a successful commencement of Waste Conversion projects and tag projects.

Salaries and director fees have been accrued during the period however no payments have been made.

Our Financial statements have been prepared on the going concern basis, which contemplates the Group's ability to pay its debts as and when they become due and payable. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which are:

- the continued support of the Group's creditors;
- the ability of the Company to source sufficient capital and other funding to settle the Group's outstanding current liabilities;
- the Group's ability to generate continuing revenue streams from the RFID technology and its other businesses; and
- the Group's ability to generate continuing revenue streams from waste conversion.

The directors are of the opinion that there are reasonable grounds to believe the Group will be able to continue as a going concern after consideration of these factors.