

21 November 2016

John Johansson
Adviser, Listings (Melbourne)
ASX Compliance Pty Ltd
Level 4, North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

By email only:
john.johansson@asx.com.au

Dear Mr Johansson

Greenearth Energy Limited (the “Company”): Appendix 4C Query

We refer to your letter dated 17 November 2016, and respond as follows:

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

The Company is an operating business that generates cash inflows each quarter, including receipts from customers. The summary of anticipated cash outflows, required by the Appendix 4C, does not fully reflect the anticipated net cash flows for the following quarter as it excludes cash inflows.

Due to the Company’s operating nature, cash inflows include receipts from customers as well other items such as grants and rebates.

The Company's business is currently in the growth phase, regularly adding new customers and increasing revenue. The Company may experience negative operating cash flows in future as it continues to invest in further business growth both locally and internationally.

2. *Has GER 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 does not currently have specific plans to raise further capital to fund its operations. However, as part of the ongoing management of the business, the Directors regularly monitor the Company’s cash position and consider any funding initiatives from time to time as required.

The Company currently expects to fund the current quarter’s operating cash requirements from cash receipts and cash reserves.

As noted in the response to item 1, the Company's business is currently in a period of growth, both organically and inorganically. It is investing in business growth, as reflected in its cash flows, and the potential future returns on this investment in growth may also contribute to funding business operations in future.

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

The Company expects to be able to continue its operations and to meet its business objectives, based on its expected future cash flows. As outlined in the Company’s most recent financial report, its expected future cash flows are based on certain assumptions in relation to the short term development

of the business, including the expected future revenue and profitability of Vivid Industrial (a company within the consolidated group), and are based on currently available information including management assessments of probable future orders and other information.

4. *Please confirm that GER 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.*

Confirmed.

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

Confirmed.

6. *Please also provide any other information that GER considers may be relevant to ASX forming an opinion on whether GER is in compliance with Listing Rule 12.2*

Not applicable.

Yours sincerely



Samuel Marks
Managing Director



17 November 2016

Mr Robert Smith
CFO and Company Secretary
Greenearth Energy Limited
Level 14, 500 Collins Street
Melbourne VIC 3000

By email: robert.smith@greenearthenergy.com.au

Dear Mr Smith

Greenearth Energy Limited ("GER"): Appendix 4C Query

I refer to GER's Appendix 4C quarterly report for the period ended September 2016 lodged with ASX Market Announcements Platform and released on 27 October 2016 (the "Appendix 4C").

ASX notes that GER has reported:

- negative net operating cash flows for the quarter of \$1,577k;
- cash at the end of the quarter of \$2,531k; and
- estimated cash outflows for the next quarter of \$3,844k.

It is possible to conclude, based on the information in the Appendix 4C, that if GER were to continue to expend cash at the rate indicated by the Appendix 4C, GER may not have sufficient cash to continue funding its operations. In view of that, ASX asks GER 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 GER expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has GER 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 GER expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that GER 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 GER'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 GER with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that GER considers may be relevant to ASX forming an opinion on whether GER 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 09.30am AEDT on 21 November. If we do not have your response by then, ASX will have no choice but to consider suspending trading in GER'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, GER'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 john.johansson@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 GER'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 GER'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 GER'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]

John Johansson

Advisor

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