



8 November 2018

Attention: Kate Kidson  
Principal Adviser, Listing Compliance  
Level 4, North Tower,  
525 Collins Street,  
Melbourne VIC 3000

(By email - [kate.kidson@asx.com.au](mailto:kate.kidson@asx.com.au))

### **Response to ASX Appendix 4C Query Letter**

Auctus Alternative Investments Limited (ASX: AVC, 'Company') provides this response in reference to the ASX's letter dated 2 November 2018 regarding the Company's September 2018 Appendix 4C quarterly report.

In response to the questions detailed in the ASX's letter the Company provides the following responses:

1. Yes, the Company does expect to continue to have negative operating cash flows.
2. Yes, the Company proposes to complete further capital raisings to fund its operations. As evidenced during the September 2018 quarter, the Company has raised a total of approximately \$1.48 million with an additional \$250,000 raised subsequent to 30 September 2018, as announced to ASX on 24 October 2018.

The Company also notes that it has been in discussion with a number of parties who have expressed interest in an equity investment in the Company. These discussions are progressing and further details will be announced once confirmed. The Company recently obtained shareholder approval to complete a capital raising of up to 75 million shares for a period of 3 months to 22 January 2019. If this approval is not utilised, the Company also has the capacity to issue up to 32 million shares, in accordance with its placement capacity under ASX Listing Rule 7.1.

3. Yes, the Company does expect to be able to continue its operations and meet its business objectives on the basis that it expects to be able to raise further capital as described in item 2 above.

It is noted that the estimated cash outflows noted in the Company's September 2018 Appendix 4C do not take into consideration revenue and cash inflows which will be generated from the Company's operations through its subsidiaries. The majority of the revenue and cash inflows will be generated through the Company's subsidiary Gophr Limited, located in the UK.



4. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. These responses to the ASX's questions have been authorised by the full Board of the Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Justin', written over a horizontal line.

Justin Mouchacca  
Company Secretary

2 November 2018

**Mr Justin Mouchacca**

Company Secretary  
Auctus Alternative Investments Limited

By email only

Dear Mr Mouchacca

**Auctus Alternative Investments Limited (the “Entity”): Appendix 4C Query**

I refer to the Entity’s Appendix 4C quarterly report for the period ended 30 September 2018, lodged with ASX Market Announcements Platform and released on 31 October 2018 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of (\$944,000);
- cash at the end of the quarter of \$436,000; and
- estimated cash outflows for the next quarter of \$1,700,000.

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

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity 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).

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## 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 9.30 am AEDT on 8 November 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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 [tradinghaltsmelbourne@asx.com.au](mailto:tradinghaltsmelbourne@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 the Entity'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 the Entity'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 the Entity'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.



Regards

*[Sent electronically without signature]*

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**Kate Kidson**

Principal Adviser, Listings Compliance (Melbourne)