

24 February 2017

Anjuli Sinniah
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: anjuli.sinniah@asx.com.au

Dear Anjuli

Response to ASX Appendix 4C Query

We refer to your letter dated 21 February 2017 regarding the Company's Appendix 4C for the quarter ended 31 December 2016 and respond to your questions as follows:

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

The negative operating cash flow for the quarter was exacerbated by scaling up in activities in the US and UK markets, as well as developments of new apps and products. The Company has been very successful in securing quality and potentially high-value partners in the US however that has not translated into significant recurring revenues. The Company initiated a strategic review towards the end of the last quarter to identify how to best monetise the value created in the market in a cost-effective manner. The strategic review is close to completion.

In recognition of the unexpected low revenue results, the Board of Directors conducted an analysis of all costs and implemented a cost reduction programme in order to reduce expenditure on non-critical areas of the business. Where possible expenses were trimmed or eliminated, including external advisers, full-time employees, Directors, and other service providers associated with the US and UK markets.

As part of the cost reduction initiatives, the Directors have agreed to defer payment of their fees during the March quarter 2017. To further preserve cash, deferred Director's fees may be settled by the issue of securities at some future point in time, subject to shareholder approval.

These measures have already resulted in significant savings and, combined with the strategic review currently underway, are designed to aggressively focus the resources of the Company on driving profit.

Activistic expects to experience negative operating cash flows for the time being. However, the Company is confident that the Plus Connect acquisition has the potential to generate substantial revenue streams and bring the company to a cash flow positive scenario in the near future. The Plus Connect business model is based on high retention and significant user spend, generating substantial and recurring revenues at solid margins.

- 2. Has ACU 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?**

Based on existing cash reserves and cashflow projections the Company has considered a range of funding options. There is significant interest from existing and new investors to fund the Company's growth and the Board is currently evaluating the most appropriate form of funding.

The Company believes the proposed acquisition of Plus Connect will deliver outstanding value to shareholders in the medium term and, for this reason, funding decisions will be aimed at prioritising existing shareholders where possible and avoiding unnecessary dilution.

The Company believes it will be successful in raising cash to fund its operations.

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

The Company has managed to reduce its expenses significantly as part of the cost reduction programme adopted by the Board. This ensures the Company operates in a systematic and cost-effective manner.

The proposed acquisition of Plus Connect has the potential to generate substantial revenue streams in the near future.

Based on the above and on recent funding related discussions held with external parties, the Company expects to be able to continue its operations and to meet its objectives.

- 4. Please confirm that ACU 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.**

The Company confirms that it is in compliance with Listing Rule 3.1 and is not aware of any information that should be released to the market.

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

The Company confirms that the responses above have been authorised and approved in accordance with its published continuous disclosure policy.

Yours sincerely



Ramon Soares
Company Secretary
ACTIVISTIC LIMITED



21 February 2017

Ramon Soares
Suite 5, 71-73 South Perth Esplanade
SOUTH PERTH WA 6151

By email: rls@activisticgroup.com

Dear Mr Soares

Activistic Limited ("ACU"): Appendix 4C Query

I refer to ACU's Appendix 4C quarterly report for the period ended 31 December 2016 lodged with ASX Market Announcements Platform and released on 31 January 2017 (the "Appendix 4C").

ASX notes that ACU has reported:

- negative net operating cash flows for the quarter of \$1,391,000;
- cash at the end of the quarter of \$1,125,000; and
- estimated cash outflows for the next quarter of \$1,010,000.

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

Please also provide any other information that ACU considers may be relevant to ASX forming an opinion on whether ACU 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 10am AWST on Friday 24 February 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in ACU'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, ACU'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 anjuli.sinniah@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 ACU'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 ACU'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 ACU'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]

Anjuli Sinniah

Adviser, Listings Compliance (Perth)