

**Commentary for the quarter ending 30 September 2017**

Activistic Limited (“Activistic” or the “Company”) is pleased to comment on its key activities and achievements during the September quarter.

**Sports Products**

Sports Lottery Australia, Plus Connect’s subsidiary, signed agreements with South Melbourne FC and Brumbies Rugby, for the development of fan engagement and fundraising products.

These agreements follow the expansion into the AFL and Football codes previously announced by the Company.

Magpie Millions continues to perform strongly, and the Company is of the view that other products with the same characteristics will experience similar results.

**Charity Products**

The Company continues to promote the Weather Lottery in partnership with a number of charities.

Furthermore, the Company has designed a number of other betting and fundraising products to complement this segment. These are currently under development and will be launched and announced to the market in due course.

**Compliance – Northern Territory**

During the quarter, Plus Connect (NT) Pty Ltd received several significant approvals from the Northern Territory Government including:

- Approval for the use of the Pseudo Random Number Generator (PRNG) and associated procedures and controls to support the conduct of approved betting events that underpin our product suite;
- Technical and regulatory signoff for the operation of the company’s upgraded Charity, Sports and Brumbies Millions websites.

**Annual Information Security Audit**

Plus Connect is required, as a condition of its Northern Territory licence, to use a pre-approved Accredited Testing Firm to facilitate an annual audit against sections of ISO/IEC 27001: 2013, Annex A Controls. The 2017 Audit was conducted by Gaming Laboratories Australia which found an adequate level of security was being achieved by Plus Connect (NT) and as such, no non-conformances were identified during the audit.

**Re-compliance and funding**

The Company continues to progress with its re-compliance activities. A number of submissions to the ASX were completed by the Company and its legal advisors. Investors will be informed of the outcome of these submissions in due course.

The company is at an advanced stage of negotiations for a number of strategic partnership agreements to support an expansion of our product range and markets. Whilst offering value to the company in their own right, the relationships also reflect the company’s risk mitigation against potential regulatory changes.

The Company is currently in discussions with a number of parties who have shown interest in investing in Activistic. Funding decisions will be thoroughly considered by the Board and will aim to avoid unnecessary dilution whilst allowing the Company to deliver on its business plan and enhance shareholder value.

Appendix 4C

**Quarterly report for entities subject to Listing Rule 4.7B**

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Activistic Limited

**ABN**

27 007 701 715

**Quarter ended ("current quarter")**

30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	28	28
1.2 Payments for		
(a) research and development	(35)	(35)
(b) operating costs	(183)	(183)
(c) advertising and marketing	(91)	(91)
(d) leased assets	-	-
(e) staff costs	(279)	(279)
(f) administration and corporate costs	(327)	(327)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (lottery winnings paid)	(4)	(4)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(913)</b>	<b>(913)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(48)	(48)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(48)</b>	<b>(48)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	(700)	(700)
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(27)	(27)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>673</b>	<b>673</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	606	606
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(913)	(913)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(48)	(48)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	673	673
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>318</b>	<b>318</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	318	296
5.2 Call deposits	-	310
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>318</b>	<b>606</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
(71)

6.1 consists of Director's Fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Note)	2,200	2,200
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Convertible note facility 1:

- Amount: \$2,000,000;
- Interest rate: 8% per annum accrued daily and payable quarterly in arrears;
- Conversion: 30% discount to VWAP for the preceding 20 trading days and a floor price of \$0.05 per Share. Subject to Shareholder approval.

Convertible note facility 2:

- Amount: \$200,000;
- Interest rate: 8% per annum accrued daily and payable quarterly in arrears;
- Conversion: 20% discount to the issue price of Shares issued pursuant to the Capital Raising. Subject to Shareholder approval.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(40)
9.2 Product manufacturing and operating costs	(110)
9.3 Advertising and marketing	(60)
9.4 Leased assets	-
9.5 Staff costs	(250)
9.6 Administration and corporate costs	(245)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(705)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 31 October 2017

Print name: Ramon Soares

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.