

Appendix 4C and Ongoing Funding Provisions

The Board of Plus Connect Limited (ASX: PC1) (“Plus Connect” or the “Company”), wishes to provide shareholders with the following information regarding the ongoing funding of the Company.

Review of Activities

Over the last 4 or 5 months, the Board has had ongoing discussions with a number of parties who have expressed an interest in both investing in both Plus Connect Holdings Pty Limited (PCH), the Company that holds the betting licences, and in the listed but suspended parent, PC1.

Regrettably, none of these discussions have been consummated despite the Board having agreed terms and issued term sheets.

The Board continues to engage with proponents of new projects and we are optimistic that once the sale of PCH has concluded, we will be able to present to the shareholders an opportunity to restructure PC1 and apply for re-listing.

Expenses

Over the September quarter, the Company’s expenses rose predominantly as a result of negotiations with a number of potential business acquisitions, legal fees pertaining to re-compliance, and negotiations with respect to the Share Sale Agreement for the sale of PCH.

Post the 15th November 2018 and subject to the sale of PCH being ratified, these expenses, in particular our legal expenses, will be nominal.

Moving Forward

Assuming the sale of the PCH business is approved by shareholders at the AGM on the 15th November 2018, the Board will engage with all stakeholders and parties interested in restructuring the business in order to seek to re-list the shares of PC1 as soon as possible.

The Board will, in the meantime, put the Company on “care and maintenance” and reduce cash burn to as close to nil as possible. To this end, the Directors will not be drawing any Director’s fees and these will be accrued until a re-listing of the Company is achieved.

– ENDS –

For more information, contact:

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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

Plus Connect Limited

ABN

27 007 701 715

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	23
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	-	-
(c) advertising and marketing	(26)	(26)
(d) leased assets	-	-
(e) staff costs	(100)	(100)
(f) administration and corporate costs	(294)	(294)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(50)	(50)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (lottery winnings paid)	-	-
1.9 Net cash from / (used in) operating activities	(445)	(445)

2. Cash flows from investing activities		
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	781	781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(445)	(445)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	336	336

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	336	781
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	336	781

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
(29)
-

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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200	-
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Note)	2,400	2,400
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.

Convertible note facility 3:

- 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.

Loan facility 1:

- Amount: \$200,000
- Interest rate: Nil
- Term: Funding has been provided to the Company for that period required to ratify the Share Sale Agreement at the AGM to be held on the 15th November 2018. The loan is unsecured and repayment will take the form of the transfer of the Company's security deposit with the Northern Territory Racing Commission once the sale of Plus Connect Holdings Pty Ltd & controlled entities is ratified.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(59)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(35)
9.6 Administration and corporate costs	(228)
9.7 Other (convertible note interest)	(48)
9.8 Total estimated cash outflows	(370)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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 director)

Date: 31 October 2018

Print name: Paul Crossin

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.