

SportsHero

20 May 2019

Penelope Reid
Advisor, Listings Compliance (Perth)

Dear Penelope

RESPONSE TO ASX LETTER

SportsHero Limited (the **Company** or **SHO**) refers to your letter dated 15 May 2019 and responds to your five questions as follows:

Question 1

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

Answer: Yes.

The Company does, however, refer ASX to its "Game Changer" announcement dated 25 March 2019, wherein it announced the formation of an exclusive multi stream digital partnership with the government owned and controlled Football Association of Indonesia (PSSI).

PSSI is one of the world's largest sports federations and boasts an engaged fan base of 80 million fans over 4 leagues and 128 teams.

The SportsHero powered exclusive PSSI digital white label platform will be launched in Indonesia in June 2019, with revenue generation from advertising, merchandising, brand sponsorship and competition revenue expected to commence in August and subsequently grow significantly as the 2019-2020 Indonesian football season progresses. Ticket sales and video streaming (both of which are expected to generate substantial operating revenue from their launch date) are scheduled additions to the platform within the next 12 months.

The Company also refers to its ASX announcement dated 8 March 2019, wherein it announced the securing of access to a Sports Bookmaker Licence regulated by the Northern Territory Racing Commission. The expected granting of the licence will facilitate the launch of SportsHero's pay-to-play Australian prediction platform. Pay-to-play revenue generation is expected to commence in August 2019.

Question 2

Has SHO 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?

Answer: *The Company has taken steps to fund its ongoing operations and to raise further cash to fund those operations. The Company is undertaking further equity raisings and considers it very likely that they will be successful.*

SportsHero Limited

ABN 98 123 423 987

Principal and Registered Office: 29 Brookside Place, Lota, Queensland 4179

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Question 3

Does SHO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: *The Company does expect to continue its operations and to meet its business objectives.*

The basis on which SHO expects to continue its operations and meet its business objectives is discussed in the answer to question 1 above.

With regard to the funding of its operations, the Company has met with a number of institutions who have expressed an interest in taking part in and facilitating a capital raising of a magnitude that would deliver the financial viability of the Company's future operations.

In addition, the Company has on issue 67,463,094 unlisted options, each exercisable at \$0.05 and expiring 31 August 2019, which (if exercised) could raise for the Company up to an additional \$3,373,154.

Question 4

Please confirm that SHO is in complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market?

Answer: *The Company is in compliance with Listing Rule 3.1 and 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.*

Question 5

Please confirm that AHO's response 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 SHO with delegated authority from the board to respond to ASX on disclosure matters.

Answer: *The Company's responses to the questions have been authorised and approved by an officer of SHO with delegated authority from the board to respond to ASX on disclosure matters.*

Yours faithfully

[sent electronically without signature]

Michael Higginson
Company Secretary



15 May 2019

Reference: ODIN02126

Mr Michael Higginson
Company Secretary
Sportshero Limited
116 Alastair Street
LOTA QLD 4179

By email: mike.higginson@inet.net.au

Dear Mr Higginson

Sportshero Limited ('SHO'): Appendix 4C Query

ASX refers to SHO's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that SHO has reported:

- negative net operating cash flows for the quarter of \$952,000;
- cash at the end of the quarter of \$283,000; and
- estimated cash outflows for the next quarter of \$960,000.

It is possible to conclude, based on the information in the Appendix 4C, that if SHO were to continue to expend cash at the rate indicated by the Appendix 4C, SHO may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks SHO to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does SHO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SHO 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 SHO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SHO is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that SHO'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 SHO with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that SHO considers may be relevant to ASX forming an opinion on whether SHO is complying with Listing Rule 12.2 that 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3 PM AWST Monday, 20 May 2019** .

If we do not have your response by then, ASX will have no choice but to consider suspending trading in SHO'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, SHO'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 ListingsCompliancePerth@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 and 3.1A

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 SHO'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 SHO'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 SHO'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 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*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Penelope Reid
Adviser, Listings Compliance (Perth)