



LINIUS TECHNOLOGIES LIMITED

ACN 149 796 332

11 August 2019

Ms Isabelle Andrews
Senior Adviser, Listings Compliance
Australian Securities Exchange
Level 40, Central Park, 152-158 St George's Terrace
PERTH WA 6000

By email: Isabelle.Andrews@asx.com.au

Dear Ms Andrews

LINIUS TECHNOLOGIES LIMITED APPENDIX 4C NOTICE QUERY

We refer to your letter dated 7 August 2019 concerning the Appendix 4C quarterly report lodged by Linius Technologies Limited (ASX:LNU) (**Company**) with ASX Limited on 31 July 2019 for the September 2019 quarter and respond to each of your questions as follows:

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

Yes, we expect to have negative cashflows for the time being.

The Company is focussed on commercialisation. We have announced two deals and are focussed on closing more in the near future. The scale of these deals will determine our future profitability and any future capital raising requirements.

Furthermore the Company has taken measures to reduce operating expenditure during the June quarter by approximately \$500,000 per quarter, the effect of which will be seen in the December 2019 quarter.

2. Has LNU taken any steps, or does it propose to take any steps, to raise further cash to funds its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company actively monitors operational cash needs and the quantum, source and timing of future funding, if required, including the receipt of capital from options vesting in the coming quarters and also alternatives for a capital raising exercise in the current or subsequent quarter as necessary.

The Company has a successful track record of raising capital since its relisting in 2015. The board of directors of the Company (**Board**) is confident it will be able to secure sufficient funding for the Company's operations. The Company is well supported by its core investor base and brokers, believing in the significant potential for the business.



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

Yes – based on the above, the Company fully expects to be able to continue its operations and meet its business objectives.

4. Please confirm that LNU is complying 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 compliant with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition.

5. Please confirm that LNU's responses to the questions above have been authorised and approved in accordance with the published continuous disclosure policy or otherwise by its board or an officer of LNU with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the questions above have been approved by the Board.

Yours faithfully

A handwritten signature in black ink, appearing to be "Giuseppe Rinarelli".

Giuseppe Rinarelli
Company Secretary



7 August 2019

Reference: ODIN05052

Mr Giuseppe Rinarelli
Company Secretary
Linus Technologies Limited
Suite 0313, Level 3 299 Toorak Road
South Yarra VIC 3141

By email: jrinarelli@linus.com

Dear Mr Rinarelli

Linus Technologies Limited ('LNU'): Appendix 4C Query

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

ASX notes that LNU has reported:

- negative net operating cash flows for the quarter of \$2,665,000;
- cash at the end of the quarter of \$2,298,000; and
- estimated cash outflows for the next quarter of \$2,393,000.

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

Request for Information

In view of that, ASX asks LNU 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 LNU expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LNU 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 LNU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LNU 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 LNU'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 LNU with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that LNU considers may be relevant to ASX forming an opinion on whether LNU 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 **09:00 AM AWST Monday, 12 August 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in LNU'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, LNU'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 LNU'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 LNU'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 LNU'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

Isabelle Andrews

Senior Adviser, Listings Compliance (Perth)