

Market Announcement

13 August 2019

Attached for the information of the market is ASX's query letter to Zyber Holdings Ltd (ASX:ZYB) dated 9 August 2019 and ZYB's response dated 12 August 2019.

ASX's enquiries into the matters dealt with in that correspondence are ongoing.



Executive Chairman
George Hatzipapas

Non-Executive Director
John Tomaras

Company Secretary
Henry Kinstlinger

12 August 2019

Penelope Reid
Adviser, Listings Compliance (Perth)

ListingsCompliancePerth@asx.com.au

Dear Penelope

With respect to ASX Query Letter dated 9 August 2019, the Company responds seriatim as follows:

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

The Company will continue to have negative cash flows until such time as income surpasses expenses.

- 2. Has ZYB 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?**

The Company is embarking on a capital raise from parties exempt under section 708 of the Corporations Act. To this end, the Company's Executive Chairman is conducting a series of presentations through the course of this week, supported by the "August 2019 Presentation" lodged with ASX on Friday 9 August 2019.

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

Yes. The Company has engaged competent specialists to develop the "Zyber Secure File Share" application as described in the "August 2019 Presentation".

- 4. Please provide details of the Legal Settlement.**

Parties agreed on 9 May to settle the proceedings by Zyber paying \$36,000 to Geoff Gander and for the proceedings to be dismissed with no order as to costs. This amount was paid, and the proceedings were dismissed with no order as to costs.

- 5. Please provide a copy of the Legal Settlement document(s) (not for release to market).**

Provided under separate cover.

- 6. Please explain the rationale for the loan to Mr Hatzipapas referred to in paragraph C above (the 'Loan').**

The loan was provided by the Company as an alternate to a cash payment of significant outstanding fees (\$150,000 per annum) to the borrower.

- 7. Please outline the factors that that ZYB took into account when deciding whether the arm's length exception in section 210 of the Corporations Act applied to the Loan, specifically referencing ASIC Regulatory Guide 76: Related Party Transactions ('RG 46') including paragraph 76.70 therein.**

The Company did not specifically apply paragraph 76.70 of ASIC Regulatory Guide 76, as it considered the circumstances sufficient to warrant the grant of the loan.

8. Please provide a copy of the following (not for release to market):

8.1. the loan agreement or document(s);

Attached.

8.2. the minutes of the ZYB board meeting(s) approving the Loan;

Attached.

8.3. a copy of any advice ZYB received regarding the Loan being in compliance with section 210 of the Corporations Act.

An eminent legal practitioner is a director of the Company. No independent advice was sought.

9. Please confirm that ZYB 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.

Other than the "August 2019 Presentation", the Company is complying with Listing Rule 3.1.

10. Please confirm that ZYB'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 ZYB with delegated authority from the board to respond to ASX on disclosure matters.

The above responses have been so provided.

Please also provide any other information that ZYB considers may be relevant to ASX forming an opinion on whether ZYB 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.

The Company is managing its cash flow in a manner that enables it to meet its business objectives.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "George Hatzipapas".

George Hatzipapas
Executive Chairman



9 August 2019

Reference: ODIN05141

Mr Henry Kinstlinger
Company Secretary
Zyber Holdings Limited
17 Lacey Street
PERTH WA 6000

By email: henryk@dmaltd.com.au

Dear Mr Kinstlinger

Zyber Holdings Ltd ('ZYB'): Query Letter

ASX refers to ZYB'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 ZYB has reported:

- negative net operating cash flows for the quarter of \$235,000;
- cash at the end of the quarter of \$33,000; and
- estimated cash outflows for the next quarter of \$60,000.

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

ASX also notes that ZYB's Appendix 4C:

- A. included, in the cash flows from operating activities against item 1.8 'Other', an outflow of \$36,000 for a legal settlement (the 'Legal Settlement');
- B. disclosed that ZYB had \$818,000 in cash at the end of the previous quarter (31 March 2019); and
- C. disclosed that during the quarter:

'...a loan of \$550,000 was offered to director George Hatzipapas under the provisions of Section 210 of the Corporations Act 2001.

The loan is repayable no later than 31 December 2019 and accrues interest of 3% fixed for the term of the loan. The loan is secured through a PPSR charge over securities to a value of \$630,000.'

Questions and Request for Information

In view of the above, ASX asks ZYB to respond separately to each of the following questions and requests for information in a format suitable for release to the market under Listing Rule 18.7A:

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

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3. Does ZYB expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
 4. Please provide details of the Legal Settlement.
 5. Please provide a copy of the Legal Settlement document(s) (not for release to market).
 6. Please explain the rationale for the loan to Mr Hatzipapas referred to in paragraph C above (the 'Loan').
 7. Please outline the factors that that ZYB took into account when deciding whether the arm's length exception in section 210 of the Corporations Act applied to the Loan, specifically referencing ASIC Regulatory Guide 76: Related Party Transactions ('RG 46') including paragraph 76.70 therein.
 8. Please provide a copy of the following (not for release to market):
 - 8.1 the loan agreement or document(s);
 - 8.2 the minutes of the ZYB board meeting(s) approving the Loan;
 - 8.3 a copy of any advice ZYB received regarding the Loan being in compliance with section 210 of the Corporations Act .
 9. Please confirm that ZYB 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.
 10. Please confirm that ZYB'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 ZYB with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that ZYB considers may be relevant to ASX forming an opinion on whether ZYB 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 **7:30 AM AWST on Tuesday, 13 August 2019**.

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 ZYB'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 ZYB'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.

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)