



HILLCREST LITIGATION SERVICES LIMITED

8 February 2016

ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ATTN: Chris Bailey
Listings Compliance (Perth)

Sent via email

Dear Mr Bailey

HILLCREST LITIGATION SERVICES LIMITED (HLS or the Company)

We refer to your letter dated 4 February 2016. Our response to your questions is set out below.

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

The Company expects to have negative operating cash flows until resolution of its funded cases.

2. Has the Entity 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 does intend to raise further cash to fund its operations by way of a placement and/or a rights issue. Negotiations in this regard are advanced, but as yet incomplete. The Company will make announcements to ASX as and when required. The Company is confident that it has the ability to raise working capital as and when required.

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

Yes, on the basis outlined in the answer to Q2.

4. Can the Entity confirm that it is in compliance 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?

Yes, the Company is in compliance with Listing Rule 3.1 and there is no information that should be given to ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market.

Yours sincerely

HILLCREST LITIGATION SERVICES LIMITED

A handwritten signature in black ink, appearing to be 'JAY STEPHENSON', written in a cursive style.

JAY STEPHENSON

Director and Company Secretary



4 February 2016

Jay Stephenson
Company Secretary
Hillcrest Litigation Services Limited
C/- Wolfstar Group Pty Ltd
PO Box 52
West Perth WA 6872

By Email

Dear Mr Stephenson

Hillcrest Litigation Services Limited (the "Entity") – Appendix 4C Query

I refer to the Entity's quarterly report in the form of Appendix 4C for the period ended 31 December 2015 lodged with ASX Market Announcements Platform and released on 28 January 2016 (the "Appendix 4C").

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$94,000; and
- cash at the end of the quarter of \$21,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity 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 the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance 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?



Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm WST on Monday 8 February 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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 chris.bailey@asx.com.au or to tradinghaltspert@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

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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

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 the Entity's securities under Listing Rule 17.1.

If you wish 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*.

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

Yours sincerely,

[sent electronically without signature]

Chris Bailey
Graduate, Listings Compliance (Perth)