

5 November 2014

Andrew Weaver  
Adviser, Listings (Sydney)  
20 Bridge Street  
Sydney NSW 2000

By email only:

Dear Andrew

**Entellect Limited (the Company)**

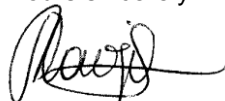
We refer to your letter to the Company dated 3 November 2014 regarding the Company's Appendix 4C for the quarter ended 30 September 2014.

We respond to each of your queries as follows (adopting your numbering):

1. **(Cash to fund future activities)** The Board is aware that the Company's cash reserves are limited relative to the Company's current operating expenses. The Company continues to take steps to improve its cash flow position by streamlining corporate costs, raising further equity capital, and applying for Government grants for its research and development activities. In particular, the Company expects a cash reimbursement of \$315,000 from the Australian Taxation Office as part of the Government's Research and Development Tax Incentive Program. The reimbursement relates to Entellect's activities conducted in the 2014 financial year and the cash refund is imminent.
2. **(Negative operating cash flows)** In the absence of extraordinary items, the Board expects the Company to report an improved but still negative cash flow for the current quarter. The Board continues to explore capital raising opportunities and continues to receive expressions of financial support from several sophisticated and professional investors. In addition, the Company has 340,100,000 options currently on issue; in the event that these options are exercised, the Company could expect to receive up to \$480,200 in payment of the exercise price for the conversion of those options.
3. **(Ability to meet business objectives)** The Company continues to execute its business plan in relation to the KNeoWORLD Games Portal and the Board believes it can secure sufficient funding to continue its KNeoWORLD sales initiative to the PTA nationally which is now expected to generate revenue at an increasing rate.
4. **(Compliance with Listing Rules)** The Board confirms that the Company is in compliance with the Listing Rules, particularly Listing Rule 3.1. The Board further confirms that any determinations made by the Board in relation to further capital raising will be immediately notified to the ASX.
5. **(Compliance with Listing Rule 12.2)** The Board confirms that the Company is in compliance with Listing Rule 12.2, and refers once more to the response given in relation to the questions above.

We trust this information addresses your concerns.

Yours sincerely



Sophie Karzis  
Company Secretary





3 November 2014

Sophie Karzis  
Company Secretary  
Entellect Limited  
Level 1, 61 Spring Street  
Melbourne  
Victoria 3000

Dear Sophie

#### APPENDIX 4C QUERY

I refer to Entellect Limited's (the "Company") Quarterly Report in the form of Appendix 4C for the period ended 30 September 2014, released to ASX Limited ("ASX") on 31 October 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$0.
2. Negative net operating cash flows for the quarter of \$198,000.
3. Cash at end of quarter of \$110,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### Listing rule 3.1

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than close of business **5 p.m. A.E.D.T. on Wednesday, 5 November 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact.

Yours sincerely,



Andrew Weaver  
**Senior Adviser Listings Compliance (Sydney)**