

6 May 2016

ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Attn: Ms Stephanie Yong

by email: stephanie.yong@asx.com.au

Dear Ms Yong

ASX APPENDIX 4C QUERY

We acknowledge receipt of ASX's letter dated 4 May 2016 regarding the Company's quarterly report for the period ended 31 March 2016 lodged with ASX and released on 2 May 2016 (the **Appendix 4C**).

In response to each of your questions, we advise as follows:

1. The Company expects to have negative operating cash flows for the time being due to the current stage of development of its businesses. The Company is aggressively growing the size, scale and market presence of the businesses and the level of operating expenditure is reflective of the ongoing investment being made. The business has stable fixed operational costs which do not materially increase with the scale of the existing businesses. Payments to asset owners are variable in nature and increase as a direct result of increased sales. But ultimately, as revenues grow, the negative operating cash flows are expected to reduce.

As outlined in the ASX release dated 18 April and in the 'December Quarterly Report and Business Update' that accompanied the Appendix 4C the Company is pursuing a large number of corporate opportunities, predominantly in the DriveMyCar business. Whilst these opportunities are taking longer to conclude than the Directors (and shareholders) would like, the Directors can confirm that there are a significant number of opportunities, that they are progressing well and the conclusion of arrangements will contribute significant value to the Group. Unfortunately, the Company cannot control the speed at which other large organisations can complete these deals. The deals announced in ASX releases dated 4 February, 4 April and 18 April are a small number of deals when compared to the pipeline of deals being worked on, and are considered to be some of the smaller and easier deals to complete. Obviously there can be no certainty that all the deals being worked on by the Company will be concluded, but the Directors are encouraged by the range and size of opportunities that are becoming available to the Company.

These opportunities are expected to provide a very strong base for the business to grow revenues and to reduce the cash outflows. As more of these deals are completed, the Directors expect that with more asset listings and more rentals being completed, the business will significantly increase its revenues and move to positive cash generation.

2. As ASX has identified, the Company announced on 4 May 2016 a placement to raise \$99,000 (**Placement**) and a commitment from Mr Domenic Carosa, a non-executive director, to invest a further \$200,000 in Collaborate on the same terms as the Placement.

In addition to the \$200,000 commitment from Mr Carosa, the Company will also seek approval of shareholders to complete the \$50,000 placement to Mr Carosa, a director of the Company as announced in December 2015. The \$99,000 placement is not subject to shareholder approval.

The Company has completed raisings in excess of \$1.5 million over the past 12 months and therefore the directors consider it reasonable that the Company will be able to raise further funding as and when required.

In the 'December Quarterly Report and Business Update' that accompanied the Appendix 4C the Company also provided an update on the Australian Government R&D tax incentive for the year ending 30 June 2015. The Company's tax return has been processed and the Company is due a rebate of approximately \$192,000 which is expected to be received in May 2016.

In the ASX release dated 4 May 2016 the Company also advised the market that Collaborate is in advanced discussions with an international institutional investor to provide access to longer term funding for growth. Terms of the agreement proposed to give effect to the fundraising are subject to regulatory review and approval. Details of the material terms of the funding will be provided to the market if a binding agreement can be entered into with the investor.

Furthermore, the Company has also recently been approached by several investors interested in making investments in the Company.

As outlined in recent ASX releases, the Directors are very conscious of the cash flow requirements of the Company but also seek to ensure that funding is accessed at appropriate valuations so as to preserve value and limit dilution for all shareholders. As a result, the Company has not sought to raise excessive funds at the current subdued share price.

3. The Company expects to be able to continue its operations and meet its business objectives.

Cash at the end of the March 2016 quarter was \$204,000 but for clarity and as noted above, the Company has subsequently secured \$99,000 via placement and expects to receive:

- + an R&D tax rebate of approximately \$192,000 in the month of May 2016; and
- + a total of \$250,000 from a non-executive director of the Company (subject to shareholder approval).

As outlined in question 2 (above) Collaborate is also in advanced stages of negotiation in relation to a longer term funding mechanism, the conclusion of which is subject to regulatory review.

Furthermore and as highlighted in the 'March 2016 Quarterly Report and Business Update' that accompanied the Appendix 4C, the net operating cash outflows for the quarter was \$525,000, and included a larger proportion of payments to vehicle owners and other cost of sale items due to strong sales posted in the December 2015 and March 2016 quarters. Furthermore, the net operating cash outflows in the quarter included the payment of interest

of approximately \$26,000 associated with the repayment of borrowings. The Company now has no debt and there will be no corresponding interest payments in subsequent quarters.

As outlined in ASX releases dated 4 February and 18 April 2016, the DriveMyCar business has gained momentum in bookings and revenues but also in developing relationships to expand vehicle supply and demand opportunities. As Collaborate focuses on opportunities to build the corporate supply of vehicles, the Directors expect the Company to experience net operating cash outflows for a period before those opportunities translate to top line growth. However, the Directors are confident that those opportunities will provide the Company with capacity to capitalise on corporate and government propositions.

The MyCaravan business has delivered increased revenue with minimal resources being allocated to it whilst the Rentoid business is pursuing opportunities to expand the current proposition to deliver sustainable value to the group. The Directors are very encouraged by the traction being made by Collaborate's peer-to-peer businesses and are confident of the ongoing growth opportunities for the Company.

Furthermore, as outlined in response to question 2 (above) the Directors consider it reasonable that Collaborate will be able to raise additional capital for the Company as and when required.

The Directors are very pleased with the progress being made by the business and are excited by the opportunities available to the group.

4. The Company confirms that, to its best knowledge and belief, it is in compliance with ASX Listing Rules and in particular, 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.

Yours sincerely

COLLABORATE CORPORATION LIMITED



Karen Logan
Company Secretary



4 May 2016

Karen Logan
Themis Corporate
Level 1, Office F
1139 Hay Street
West Perth WA 6005

By email

Dear Ms Logan,

Collaborate Corporation Limited (the “Entity”): ASX Appendix 4C Query

I refer to the Entity’s quarterly report in the form of Appendix 4C for the period ended 31 March 2016 lodged with ASX Market Announcements Platform and released on Monday, 2 May 2016 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$525,000; and
- cash at the end of the quarter of \$204,000.

ASX also notes the Entity’s announcement dated 4 May 2016 in relation to its placement to raise \$99,000 and the commitment from one of its directors to invest \$200,000 in the Entity, on the same terms as the placement (the “Announcement”).

It is possible to conclude on the basis of the information provided in the Appendix 4C and the Announcement 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 5.00pm AEST on Friday, 6 May 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 or by facsimile to (02) 9241 7620. 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]

Stephanie Yong
Senior Adviser, Listings Compliance (Sydney)