

Dear Ms. Allinson,

Asset Resolution Limited (the “Company” or “ASS”)

Continuous Disclosure Query – Director’s Loan

The National Stock Exchange of Australia (“NSX”) refers to the 2017 Annual Report¹ the Company lodged on 11 August 2017. NSX seeks clarification regarding certain transactions detailed in the 2017 Annual Report and further expanded on in the 2018 Annual Report².

Specifically, in Note 10 of the 2017 Annual Report, the Company has disclosed that a secured loan of \$3,250,000 was provided to John Sergeant, a director of the Company appointed in September 2015. The Exchange has assessed the following information in relation to this transaction:

	2017	2018
Amount of the loan	\$3,250,000	\$2,750,000
Total assets	\$10,431,696	\$9,692,866
Loan as proportion of total assets (%)	31.2%	28.4%
Net assets	\$10,286,249	\$9,537,184
Loan as proportion of net assets (%)	31.6%	28.8%
Interest generated from the loan	\$30,185	\$93,514
Total interest income	\$208,702	\$179,532
Interest generated from the loan as proportion of total interest income (%)	14.5%	52.1%

On 28 February 2018, the Company made an announcement³ in relation to the resignation of John Sergeant.

We note that the principal activity of the Company, as described in its Information Memorandum⁴ (IM) lodged on 24 November 2016, is ‘*holding, improving and realising various distressed assets*’. Given the size and significance of the loan in relation to the Company’s assets and the potential impact the loan might have on the Company’s assets and revenue positions, please can you advise whether and how the making of the loan is consistent with the Company’s principal activity.

Your response should be provided no later than 4pm AEST on 24 October 2018. Your response will be released to the market along with this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Yours sincerely,

Ingrid Wei

Market Surveillance Analyst

¹ <https://www.nsx.com.au/ftp/news/021733646.PDF>

² <https://www.nsx.com.au/ftp/news/021735669.PDF>

³ <https://www.nsx.com.au/ftp/news/021734765.PDF>

⁴ <https://www.nsx.com.au/ftp/news/021732257.PDF>

Asset Resolution Limited
Attn: Ms. Victoria Allinson
Company Secretary
Suite 816 Aurora House
147 Pirie Street
Adelaide - SA Australia 5000

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