

19 Feb 2016

Dear Mr Johansson

Adviser, Listings Compliance

ASX, Melbourne

Vic, 3000

Dear Mr Johansson,

Thank you for your letter of the 16th of February. Our response to your questions is provided immediately 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?

DirectMoney's operating cashflow for the March quarter 2016 is expected to be positive reflecting the recently announced transaction whereby we have sold \$5 million of loans to Macquarie Bank as of 19th of February 2016.

We note that the cash outflow of \$3,533,000 in the December quarter 2015 was attributable largely to \$3,070,000 of lending to approved loan applicants. DirectMoney's quarterly cashflows into the future will depend on further successful loan sales via one means or another and a gradual transition to profitability.

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?

DirectMoney's has raised \$5 million in February through loans sales to Macquarie Bank. DirectMoney will be working with Macquarie to securitise future loans that DirectMoney writes to approved applicants.

In addition, DirectMoney expects the DirectMoney Personal Loan Fund, a managed investment scheme offered by One Managed Investment Funds Limited, to be available to Investors from March 2016 onward and that this Fund shall be a regular buyer of DirectMoney loans.

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

Yes. DirectMoney expects to be able to continue its operations and meet its objectives. The Company has established productive loan origination channels over the past year and, as mentioned in response to Question 1, we have now established our first material loan sale transaction to Macquarie Bank. We expect this strategic agreement to play an important part in our future loan sales program.

As mentioned in the response to Question 2, we expect the DirectMoney Personal Loan Fund will be available to investors in March 2016 and will provide an attractive avenue for DirectMoney to sell its loans.

- 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?**

We confirm we are in compliance with Listing Rule 3.1.

- 5. 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.**

As at 29 January 2016 DirectMoney held ~\$1.8 million in available cash after having made loans in the month of January 2016 totalling ~ \$1.5 million. Since 29 January 2016 we have managed our discretionary costs and discretionary lending ahead of resolving the transaction mentioned in our response to Question 1.

Should you have any further questions please do not hesitate to contact me directly,

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Beaumont', with a long horizontal flourish extending to the right.

Peter Beaumont

Chief Executive Officer

DirectMoney Limited



16 February 2016

Ms. Leanne Ralph
Company Secretary
DirectMoney Limited
Suite 31, Level 8, 58 Pitt Street
Sydney NSW 2000

By email: leanne.ralph@boardworx.net.au

Dear Leanne,

DirectMoney 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 December 2015 lodged with ASX Market Announcements Platform and released on 29 January 2016 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$3,533,000; and
- cash at the end of the quarter of \$3,314,000.

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 09.30am Australian Eastern Daylight Time on Friday, 19 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 john.johansson@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.

John Johansson

Adviser, Listings Compliance (Melbourne)