Kollakorn Corporation Limited
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ASX Announcement – Kollakorn Corporation Limited (ASX: KKL)

Quarter ending 31 December 2020

Activity Report Accompanying Appendix 4C

The Directors of Kollakorn Corporation Limited (**ASX: KKL**) ("the Company") are pleased to present the Quarterly Activity Report for the period ending 31 December 2020.

The highlights are:

- Revenue of $11509 being small RFID Tag sales;
- The Group made a loss after tax for the quarter of $245,370;
- Total liabilities of $6,502,632 relate largely to the increased level of creditors associated with our R&D efforts on CertainID and Waste Conversion. The conditions applicable to these expenses is that, payment of them is subject to the successful financial close of both the CertainID and Waste Conversion projects to which the expense directly applies. These expenses have been recorded as non-current liabilities that are only payable when the Company successfully achieves the financial close of the respective projects, therefore maximising benefit to shareholders. Thus, the loss is attributable to invoices accrued that are only payable on successful implementation of our projects.

COVID-19 continues to impact the business, as outlined in previous reports. Our Tag business continues to be impacted with our Malaysian Project continuing to experience delays. During the period further trials of our tags were performed and our project partner received formal supplier accreditation. This should enable a full operational pilot once the COVID-19 situation is more settled in Malaysia. We also remained active in managing our relationships during the shutdowns in the relevant countries in which we have opportunities. We also had small sales with an existing customer in the United States.

As previously reported, the ASX in February 2020 identified a prior share issues in 2017 where a cleansing notice had not been issued that would have permitted immediate trading. Upon examination, it was evident that share trades within 12 months of the issue of 'uncleansed' shares did occur. The Company promptly disclosed this issue to the market and confirmed its intention to take any necessary corrective steps. The corrective steps included an application to the Supreme Court of NSW to seek declaratory relief and ancillary orders relating to prior trading in certain shares, so that any on-sales prior to the issue of a Cleansing Prospectus would be validated and not attract any civil liability. This application was successful and on 30 October 2020 the Court granted the validating orders sought by the Company.

During the quarter there was continued strategic development activity regarding Waste Conversion as we plan the commencement of our Waste Conversion Pre FEED activities once Kollakorn shares are again tradeable. No R&D activity was undertaken this quarter, rather the Company has put its efforts into preparatory work to enable trading of our shares, which will then enable the commencement of the Pre FEED activity.

In regard to Listing Rule 4.7, our Cash Flow continues to be carefully managed and as previously stated, our investment in R&D funding for Waste Conversion has enabled us to continue operating with the Board confident that our investments will result in a successful commencement of Waste Conversion projects and tag projects.

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In regard to payments to related parties, with the continued impact of COVID-19, the Chief Executive Officer and the Directors continued to have salaries and director fees accrued with no payments being made. This is a continuation of the arrangements for salaries and directors fees to be accounted for as non-current liabilities, as explained in the 2020 Annual Report.

Our Financial statements have been prepared on the going concern basis, which contemplates the Group's ability to pay its debts as and when they become due and payable. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which are:

- the continued support of the Group's creditors;
- the ability of the Company to source sufficient capital and other funding to settle the Group's outstanding current liabilities;
- the Group's ability to generate continuing revenue streams from the RFID technology and its other businesses; and
- the Group's ability to generate continuing revenue streams from waste conversion.

The directors are of the opinion that there are reasonable grounds to believe the Group will be able to continue as a going concern after consideration of these factors.