

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

**Quarter ending 30 September 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 30 September 2020.

The highlights are:

- Revenue of \$244,827 being Government R&D rebates on expenditure incurred in the prior year;
- The Group made a profit after tax for the quarter of \$27,016;
- Total liabilities of \$6,354,097 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.

As stated in previous announcements, COVID-19 continues to impact all businesses. Our Tag business has been severely impacted with our Malaysian Project significantly delayed. Whilst halted in previous quarters, activity did progress sporadically in the current quarter with successful testing of our Tags in live road situations. We remain confident that our project partner will receive formal supplier accreditation which would then allow a full operational pilot. We remained active in managing our relationships during the shutdowns in the relevant countries in which we have opportunities, and both Myanmar and New Brunswick have indicated to the company that they will resume project development activities once restrictions are further lifted in their respective countries.

The Company commenced actions necessary to rectify the matter of shares that were issued between December 2016 and November 2017 without the appropriate disclosure documents. A cleansing prospectus has been prepared for lodgement, at which time the Company will file an application with the Federal Court of Australia seeking declaratory relief and ancillary orders relating to prior trading in the shares, so that on sales prior to the issue of the cleansing prospectus will be validated and will not attract any civil liability. The Company understands that there are reasonable prospects that the validating orders will be made. The Company will update the market with any developments including the hearing date following the filing of the Federal Court application. While previous expectations were for this to occur in September, the Company expects a delay into October.

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 once again tradeable. Whilst no direct R&D activity was undertaken this quarter, the Company continues to explore all avenues to support commencing this activity and hope to have preliminary announcements on our first steps available to the market in the next few months. The Company also continued to pursue development of CertainID, where we are continuing to discuss opportunities for collaboration and also exploring additional avenues for funding to further develop our technology.

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. In September the Company received a rebate under the R&D Incentive of \$244,827

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 recent 2020 Preliminary 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.

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*This Announcement is authorised by David Matthews, Chief Executive Officer.*

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