



Maria Clemente
Adviser, Listings Compliance (Sydney)
ASX Compliance

By email: listingscompliancesydney@asx.com.au

4 February 2020

Dear Maria,

Re: R3D Global Limited (R3D) – Appendix 4C Query

R3D Global Limited (**R3D** or the **Company**) refers to your letter dated 31 January 2020 with respect to the Company's most recent Appendix 4C dated 29 January 2020 relating to the quarter ended 31 December 2019 (the **Q2 2020 Appendix 4C**) (the **ASX Query**).

Specifically, the ASX Query notes that the Company has disclosed negative net operating cash flows for Q2 2020 of \$160,000 against \$251,000 in cash at the end of the quarter. The ASX Query then suggests that if the Company were to continue to expend cash at the rate indicated in the Q2 2020 Appendix 4C, the Company may not have sufficient cash to continue funding its operations.

We provide the following responses to the queries set out in the ASX Query:

1. Does R3D expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

R3D's expectations, prepared for internal management purposes, project that negative net operating cash flows will continue in Q3 2020, however expects positive net operating cash flows for Q4 2020.

R3D notes that in addition to the cash receipts noted in the Q2 2020 Appendix 4C, the Company earned approximately an additional A\$35,000 in revenue during the quarter for which cash was not received.

R3D further notes that client acquisition and business development activities, particularly in the Asia Pacific region, continue to be successful. A particular example is R3D's partnership with Crossroads Investments on media intelligence and analytics platform, MIDA, which has the potential to deliver significant revenues in the coming calendar year (ASX Announcement, 31 December 2019).

As a result, estimating the Company's continued ability to fund its operations and meet its business objectives by extrapolating the Company's Q2 2020 net operating cash outflows would misrepresent the Company's financial position.



2. Has R3D 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?

At this stage, the Company does not consider a further capital raising necessary given the internal management expectations for business performance in Q3 2020 and beyond.

Should a further capital raising be deemed necessary, either to support existing business activities or to pursue further growth, the Company expects to receive strong support from both existing and new investors in the Company given recent business performance.

The Company also refers to the two convertible notes issued in March 2019 with an aggregate face value of A\$300,000, both maturing on 22 February 2020 (the **Notes**). The Notes allow the Company to repay the Notes by issuance of fully paid ordinary shares in R3D at an issue price of A\$0.05 per share. The Company expects to direct that the Notes be converted into equity on or before the maturity date.

3. Does R3D expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Referring to Company's response to Query 1 (above), R3D expects to be able to continue its operations and to meet its business objectives for the foreseeable future.

4. Please confirm that R3D is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

R3D is complying with Listing Rule 3.1 and there is no information that should be given to the ASX about its financial condition under that rule that has not already been released to the market.

5. Please confirm that R3D's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of R3D with delegated authority from the board to respond to ASX on disclosure matters.

This letter and the responses contained herein have been authorised jointly by the Chairman of the Board, Daniel Yeo, and the Chief Executive Officer, Florence Fang.

I trust that the above responses satisfy your queries. Please do not hesitate to contact me if you have any further queries.

Yours sincerely,

Henry Kinstlinger
Company Secretary



31 January 2020

Reference: 13189

Mr Henry Kinstlinger
Company Secretary
R3D Global Limited

By email: henryk@mrmrcorporate.com

Dear Mr Kinstlinger

R3D Global Limited ('R3D'): Appendix 4C Query

ASX refers to R3D's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 30 January 2020 (the 'Appendix 4C').

ASX notes that R3D has reported:

- negative net operating cash flows for the quarter of \$160,000;
- cash at the end of the quarter of \$251,000; and
- estimated cash outflows for the next quarter of \$145,000.

It is possible to conclude, based on the information in the Appendix 4C, that if R3D were to continue to expend cash at the rate indicated by the Appendix 4C, R3D may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks R3D to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does R3D expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has R3D 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 R3D expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that R3D is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that R3D's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of R3D with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that R3D considers may be relevant to ASX forming an opinion on whether R3D is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1:00 PM AEDT Tuesday, 4 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in R3D'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, R3D'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. 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 and 3.1A

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. In responding to this letter, you should have regard to R3D's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that R3D's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 R3D's securities under Listing Rule 17.1. If you wish to request 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*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Maria Clemente
Adviser, Listings Compliance (Sydney)