



Clare Porta  
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Sydney NSW 2000

By email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

18 February 2019

Dear Clare,

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

R3D Global Limited (**R3D** or the **Company**) refers to your letter dated 13 February 2019 with respect to the Company's most recent Appendix 4C dated 31 January 2019 relating to the quarter ended 31 December 2018 (the **December 2018 Appendix 4C**) (the **ASX Query**).

Specifically, the ASX Query notes that the Company has disclosed negative net operating cash flows for the quarter of \$253,000 against a \$290,000 cash at the end of the quarter. The ASX Query then suggests that if the same operating cash flows were to occur in the following quarter, the Company would not have sufficient cash to support its ongoing operations.

We provide the following responses to the requests 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?

The Company expects to continue to have negative operating cash flows for the time being, however is in the process of securing new clients across a broader base which will drive revenue generation and reduce negative operating cash flows. In the quarter ended December 2018, the Company has expended significant resources pursuing an aggressive expansion strategy in the Asian markets and has engaged in discussions and negotiations at varying stages with prospective clients.

As negotiations conclude and agreements are finalised, the Company consider its obligations under Listing Rule 3.1 in determining if and when to disclose any of these agreements to the ASX or to the market. The Company advises that at this stage, no such obligation to disclose has arisen.

The Company expects that, subject to finalisation of agreements, the Company may perform services for clients either existing or prospective in quarter to end 31 March 2019 of around \$100,000 which would reflect a significant boost to the Company's business activities and reduce any cause for concern with respect to cash flows. As the Company continues to attract new clients and formalise these agreements, the Company will likely cease having negative operating cash flows and move into profitable operation.

**R3D Global | ABN: 53 111 398 040 | ASX: R3D**

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The Company further notes the seasonality of businesses of similar nature to R3D who often spend the October to December quarter seeking new clients for the new year as R3D's management has done.

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?

The Company is of the view that it is in a position to raise capital, likely by way of convertible securities, with the conversion into shares being at a premium to the current market price.

Prior to the receipt of the ASX Query, the Company had been in confidential early stage negotiations with a small group of potential investors and has received a strong indication that a capital raising in the Company would be supported. As a result of the ASX Query, the Company has paused those discussions, however does expect to complete a capital raising, likely by way of convertible note. The Company will look towards entering into more formalised discussions in the near term to facilitate this capital raising and will make relevant disclosures in accordance with the Listing Rules. The Company is of the view that there is support in the market for a capital raising of around \$300,000 should the Company proceed to seek capital.

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

The Directors of R3D expect that it will be able to continue its operations and meet its business objectives on an ongoing basis. The Directors make this statement referring to:

- The Company's expected increase in revenue as it secures new clients in the Asia Pacific region, providing a wide range of media and investor relations based services to a broader range of clients than previously; and
- The Company's ability to raise capital by way of debt or equity in order to fund immediate working capital as the Company pursues its expansion approach.

The Directors look forward to being able to advise the market of the Company's progress over the coming months as the results from the Company's expansion and push to secure new clients are more fully realised by the Company and presented in upcoming financial disclosures and other reporting.

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.

The Directors of the Company confirm that R3D has been, and continues to be, compliant with Listing Rule 3.1 and confirms that at present, there is no information that should be given to the ASX about the financial condition of the Company under that rule that has not already been released to the market. The Company takes compliance with the Listing Rules most seriously and does endeavour to report both accurately and frequently.



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 in response to the ASX queries and the responses contained herein have been both authorised by the Board of R3D and further is in compliance with the Company's continuous disclosure policy.

Please do not hesitate to contact me if you have any further queries.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Henry Kinstlinger'.

Henry Kinstlinger

**Company Secretary**

For personal use only



13 February 2019

Mr Henry Kinstlinger  
Company Secretary  
R3D Global Limited  
Level 4, Suite 402  
44 Miller Street  
North Sydney NSW 2060

By email

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 2018 lodged with the ASX Market Announcements Platform and released on 31 January 2019 (the 'Appendix 4C').

ASX notes that R3D has reported:

- negative net operating cash flows for the quarter of \$253,000; and
- cash at the end of the quarter of \$290,000.

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 **9:30 am AEDT Monday, 18 February 2019**.

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

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**Clare Porta**  
Adviser, Listings Compliance (Sydney)