

22 May 2018

Ms Madeleine Green
Advisor
ASX Listing Compliance (Perth)
By Email: tradinghalsperth@asx.com.au

Dear Ms Green

HOLISTA COLLTECH LIMITED (THE COMPANY): APPENDIX 4C QUERY

We refer to your letter dated 17 May 2018 requesting further information with regards to the Company's Appendix 4C quarterly report for the period ended 31 March 2018 with ASX Market Announcements Platform and released on 19 April 2018.

We will respond separately to each of the questions raised in your letter which have been reproduced below in bold.

1. Does the Company 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. However, the Company advises that cash flows are improving as the result of lower demand from subsidiary companies for financial support, continuing strong sales in local health products, and growing demand for high margin collagen products. The Company's products of food ingredients and collagen have enjoyed an increasing sales profile with no additional costs other than direct inputs with robust margins. The Company has also moved from research mode into wholesale sales mode for the first time since quotation. This has led to the following:

- Operating expenditure is directly proportional to sales and product delivering high margins and will grow as the business grows therefore creating positive and sustainable cash flows.
- Corporate overheads are lower as a proportion of sales.
- US subsidiary products will be sold on Amazon Canada in June which will drive sales with no additional cost.
- The Company has an order confirmed with Behn Meyer of Thailand worth AU\$350,000 to be delivered during the balance of calendar year 2018.

2. Has the Company 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?

- A capital raising is proposed to be announced this quarter to raise up to approximately \$4million.
- A loan agreement is in the process of being entered into with Dr Rajen M who is loaning up to AU\$500,000 to the Company to provide short term funding until the capital raising completes.
- A R & D tax incentive estimated to be AU\$94,000 will be due by July 2018.

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

The Company has taken / intends to take the steps as detailed in 2 above to enable it to continue its operations and to meet its business objectives.

4. **Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.**

We confirm that the Company is in compliance with Listing Rule 3.1. The Company is not aware of any other information that has not already been released to the market.

5. **Please confirm that the Company'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 the Company with delegated authority from the board to respond to ASX on disclosure matters.**

The Company's responses to your questions above have been reviewed and authorised for release by the Company's Board of Directors.

Yours sincerely



Brett Fraser
Joint Company Secretary

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17 May 2018

Jay Stephenson & Mr Brett Fraser
Joint Company Secretary
Holista Colltech Limited
283 Rokeby Road
SUBIACO WA 6008

By email: jay@wolfstargroup.com.au and brett.fraser@wolfstargroup.com.au

Dear Mr Stephenson & Mr Fraser

Holista Colltech Limited (the “Company”): Appendix 4C Query

I refer to the Company’s Appendix 4C quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform and released on 19 April 2018 (the “Appendix 4C”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$378,000;
- cash at the end of the quarter of \$92,000; and
- estimated cash outflows for the next quarter of \$2,499,000.

Notwithstanding the Company’s revenue for the quarter, it is possible to conclude, based on the information in the Appendix 4C, that if the Company were to continue to expend cash at the rate indicated by the Appendix 4C, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company 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 Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that the Company 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.
5. Please confirm that the Company’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 the Company with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (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).

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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 5:30pm AWST on Tuesday, 22 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company'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 Company'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 tradinghaltspert@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.

In responding to this letter, you should have regard to the Company'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 the Company'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 the Company'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 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.

Kind regards

[Sent electronically without signature]

Madeleine Green
Adviser, Listings Compliance (Perth)