



8 May 2014

Lux Wigneswaran  
Senior Advisor, Listings Compliance (Sydney)  
ASX Compliance Pty Limited  
PO Box H224  
Australia Square NSW 1215

Dear Ms Wigneswaran

**RE: JATENERGY LIMITED - RESPONSE TO APPENDIX 4C FOR THE PERIOD ENDING 31 MARCH 2014**

We refer to your letter of 5 May 2014 and respond as follows:

*Q1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

**Answer:** It may be possible to reach such a conclusion, however, it does not recognise the activities of the Group and actual or potential income sources nor capital raising ability.

It should be noted that the Group has cash balance of \$396,000 which is significantly higher than the March Quarter negative net operating cash flow or the average quarterly negative operating cash flow for the nine (9) months to date. The directors do not expect to incur expenditure in the current quarter which is higher than the March Quarter or the average of the nine (9) months to date. The directors expect that even if they receive no income or undertake any capital raising they will still have a positive cash balance as at the end of June 2014.

The Group may in the coming quarter receive income from:

- Receipts from the sale of coal from its properties in Indonesia;
- Receipts from the sale of Jatropa;
- Proceeds from the sale of its coal properties in Indonesia; and
- Sale of Coal Plus technology licences.

The directors continue to actively pursue these incoming generating activities, however, coal sales have been limited due to weather conditions and low coal prices. The directors have minimised costs as a result.

The directors of the Company have initiated cost reductions/savings since May 2012. They continue to be cost conscious.

The Company has shown in the past the capacity to attract new investors and have been support by its existing shareholders in past capital raising activities.

*Q2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

Answer: The Company expects that it will continue to have negative net operating cash flows in future quarters. Please refer to Question 1 for details regarding the steps the Company has taken to ensure that it has sufficient funds in order to continue its operations. It should be noted that the Company expects expenditure in the June Quarter to be in line with expenditure for the March Quarter or average expenditure for the nine (9) months to date and the Company forecasts to have a positive cash balance at the end of the June Quarter.

*Q3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Answer: Please refer to responses to Questions 1 and 2 above. The directors continue to review its expenditure and commitments and cash requirements.

*Q4. Can the Company confirm that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1?*

Answer: The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

*Q5. Please comment on the Company's compliance with Listing Rule 12.2, with reference to the matters discussed in the note to the rule.*

Answer: The Company confirms that it complies with Listing Rule 12.2 and furthermore:

- Is confident of raising further equity to continue its operations and activities;
- Is confident that it will be able to dispose of some of its coal activities in Indonesia as previously announced; and
- Is confident it will receive income from coal and Jatropha sales and/or sale of Coal Plus technology licences.

Yours faithfully

A handwritten signature in black ink, appearing to be "T. Crimmins", written over a horizontal line.

Tony Crimmins  
Executive Chairman



ASX Compliance Pty Limited  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

[www.asx.com.au](http://www.asx.com.au)

5 May 2014

Mr Graeme Hogan  
Company Secretary  
Jatenergy Limited  
Suite 8, Level 6  
55 Miller Street  
Pymont NSW 2009

By Email

Dear Graeme,

**Jatenergy Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2014 released to ASX Limited ("ASX") on 23 April 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$13,000.
2. Negative net operating cash flows for the quarter of \$226,000.
3. Cash at end of quarter of \$396,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1?

5. Please comment on the Company's compliance with Listing Rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: Listing Rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under Listing Rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30am AEST on Thursday, 8 May 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

*[Sent electronically without signature]*

Lux Wigneswaran  
**Senior Adviser, Listings Compliance (Sydney)**