Vortex Pipes Limited
ABN 80 096 870 978

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18 February 2014

Mr Adam Russo
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 8 Exchange Plaza,
2 The Esplanade
Perth WA 6000

Dear Mr Russo,

RESPONSE TO QUERY

I refer to your letter dated 14 February 2014 regarding the Company's Appendix 4C for the period ended 31 December 2013 and respond to your questions as follows:

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?**

   No. The Company has taken decisions to limit significant expenditures. Among these initiatives includes a 50% reduction in the payment of directors' and corporate administration fees in order to conserve funds until decisions on fundraising options, which are currently being considered, can be finalised. The Company believes that given these factors it will have sufficient cash to fund its activities going forward.

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?**

   The Company does not expect to experience a negative operating cash flow similar to that reported in the Appendix 4C for the current quarter.

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?**

   The Company has reduced all directors' fees and corporate administration fees by 50% until further funds are raised. If necessary, the Company will suspend other significant expenditures in order to conserve funds. The Company is currently examining fundraising options.

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

   The Company confirms that it is in compliance with the listing rules and in particular Listing Rule 3.1.

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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.

The Company can confirm that it is in compliance with Listing Rule 12.2 and has sufficient assets to cover its liabilities and meet its ongoing commitments.

For further information contact:

Brett Matich or James Robinson
Directors, Vortex Pipes Limited
Tel: (+61 8) 6489 1600
www.vortexpipes.com

About Vortex Pipes: *Vortex Pipes is an Australian ASX-listed company (ASX: VTX) targeting the global demand for trenchless rehabilitation of vital pipe infrastructure in the water, oil and gas industries, through its world first 'ShieldLiner' proprietary technology.*

The ShieldLiner Technology is a world first, proprietary trenchless pipe rehabilitation technology, developed in-house, which restores the structural integrity and functionality of damaged or ageing pipelines.

The unique, international award-winning design is the world's first true 'pipe rehabilitation' trenchless system as it rehabilitates the original pipe and applies a new thin liner to it for additional properties. It utilises pressure to impregnate structural resins through the new thin liner and the existing damaged pipe line, without any excavation required. The finished 'rehabilitated pipe' by the ShieldLiner system is ideal for pressure pipelines in water, oil and gas industries.

Forward Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward looking statements are not historical facts but rather are based on Vortex's current expectations, estimates and projections about the industry in which Vortex operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavour of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Vortex, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Vortex cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Vortex only as of the date of this release. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. Vortex will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

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14 February 2014

Ms Loren Jones
Company Secretary
Vortex Pipes Limited

By email: loren@cicerocorporate.com.au

Dear Loren

Vortex Pipes Limited ("Company")

I refer to the Company's Quarterly Report in the form of an Appendix 4C for the period ended 31 December 2013, released to ASX Limited ("ASX") on 31 January 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of $0
2. Net negative operating cash flows for the quarter of $183,000.
3. Cash at end of quarter of $179,000.

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 on facsimile number +61 8 9221 2020 or email adam.russo@asx.com.au. 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 3.00 pm WST on 19 February 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 let me know.

Yours sincerely,

[sent electronically without signature]

Adam Russo
Adviser, Listings Compliance (Perth)