

5 February 2010

Ms. Suzanna Dabski
Adviser, Issuers (Sydney)
ASX Markets Supervision Pty Ltd
PO Box H224
AUSTRALIA SQUARE NSW 1215

By email: Suzanna.Dabski@asx.com.au

Dear Madam

Entellect Solutions Limited (the Company)

We refer to your letter to the Company dated 1 February 2010 (attached).

We respond to each of your queries as follows (adopting your numbering):

1. **(Cash to fund future activities)** The Board is aware that the Company's current cash reserves are limited relative to the Company's current operating expenses. The Board has been exploring a number of potential opportunities to ensure that the Company would have sufficient cash reserves to fund its activities in the future. The Board is currently pursuing one of these opportunities which, if consummated, would ensure that the Company received an injection of cash sufficient to fund the Company's future activities.

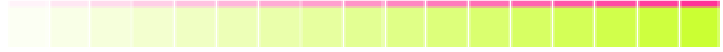
The particular opportunity that the Board is pursuing relates to a corporate transaction which involves the following elements:

- (a) raising capital via a placement through a sponsoring broker;
- (b) acquiring a global (excluding Australia and New Zealand) licence to the intellectual property rights associated with software relevant to the Company's business from one of Australia's leading IT services companies in return for the issue of shares in the Company; and
- (c) the acquisition of a privately held education software company based outside of Australia,

all of which would be subject to shareholder approval at an extraordinary general meeting convened for the purpose.

Whilst the Board is in an advanced stage of negotiations with the relevant counterparties regarding this transaction, the Board can at this time give no assurance that the transaction will be consummated in the form set out above or at all.

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2. **(Negative operating cash flows)** In the absence of extraordinary items, the Board expects the Company to report an improved but still negative operating cash flow for the current quarter similar to that reported for the quarter ended 31 December 2009. Also we refer to the response given in relation to question 1 above.
3. **(Ability to meet business objectives)** See comments in relation to question 1 above.
4. **(Compliance with Listing Rules)** The Board confirms that the Company is in compliance with the Listing Rules, particularly Listing Rule 3.1. The Board confirms further that should the corporate transaction alluded to in response to question 1 progress to a stage which would warrant disclosure under Listing Rule 3.1, it will immediately release such information to the ASX.
5. **(Compliance with Listing Rule 12.2)** The Board confirms that the Company is in compliance with Listing Rule 12.2, and refers once more to the response given in relation to question 1 above.

We trust this information answers your concerns.

Yours sincerely

David Michel
Company Secretary



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1 February 2010

Mr David Michel
Company Secretary
Entellect Solutions Limited
Level 19, Suite 2
9 Hunter Street
SYDNEY NSW 2000

By email

Dear David

Entellect Solutions Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 December 2009, released to ASX Limited ("ASX") on 29 January 2010 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$802,000.
2. Net negative operating cash flows for the quarter of \$655,000.
3. Cash at end of quarter of \$713,000.

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?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

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 rule 3.1".

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 (02) 9241 7620**. It should not be sent to the Company Announcements Office.

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 **9:30 a.m. A.E.D.T. on Monday, 8 February 2010**.

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]

Suzanna Dabski
Adviser, Issuers (Sydney)