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## **FIRST GROWTH FUNDS LIMITED**

ACN 006 648 835

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**TIME:** 11.00 am (EDST)

**DATE:** Wednesday, 28 February 2018

**PLACE:** Level 6  
412 Collins Street  
Melbourne Vic 3000

Notice is given that an Extraordinary General Meeting of Shareholders of First Growth Funds Limited (“**FGF**” or the “**Company**”) will be held on **Wednesday 28 February 2018 at 11.00 am (EDST) Level 6, 412 Collins Street, Melbourne, Victoria**. The Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) the persons eligible to vote at the Extraordinary General Meeting are those who are registered shareholders of the Company as at 7pm (EDST time) on **Monday 26 February 2018**.

Terms and abbreviations used in this Notice are defined in the Glossary to the Explanatory Memorandum.

## ORDINARY BUSINESS

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### **RESOLUTION 1: APPROVAL TO ISSUE OPTIONS AND MILESTONE SHARES TO MR ANOOSH MANZOORI**

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To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**, with or without amendment:

*“That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 10,000,000 Options exercisable at \$0.03 and expiring 2 years after issue and up to 60,000,000 Milestone Shares to Mr Anoosh Manzoori (or his nominee) on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) Mr Manzoori; and
- (b) any associate of Mr Manzoori.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In accordance with Chapter 2E of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of:

- (a) Mr Manzoori; and
- (b) any associate of Mr Manzoori.

However, this does not prevent the casting of a vote on this Resolution if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to in subparagraphs (a) or (b) directly above.

In accordance with section 250BD of the Corporations Act, a vote on Resolution1 must not be cast by:

- (a) any member of Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such a member,

who is appointed as a Shareholder’s proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity.

**RESOLUTION 2: APPROVAL TO ISSUE BCG PLACEMENT SHARES, BCG PLACEMENT OPTIONS AND UNDERWRITING FEE SHARES**

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To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**, with or without amendment:

*"That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the Company be authorised to issue 114,711,813 BCG Placement Shares, 114,711,813 Placement Options (exercisable at \$0.03 each and expiring 2 years after issue) and 21,309,841 Underwriting Fee Shares to Blockchain Global Limited ACN 601 628 497 (BCG) on the terms set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) BCG; and
- (b) any associate of BCG.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**RESOLUTION 3: APPROVAL TO ISSUE BCG MILESTONE SHARES**

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To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**, with or without amendment:

*"That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the Company be authorised to issue up to 60,000,000 BCG Milestone Shares to BCG (or its nominee) on the terms set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) BCG; and
- (b) any associate of BCG.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**RESOLUTION 4: APPROVAL TO ISSUE OTHER PLACEMENT SHARES AND OTHER PLACEMENT OPTIONS**

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To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**, with or without amendment:

*" That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the Company be authorised to issue 167,546,094 Other Placement Shares and 167,546,094 Other Placement Options (exercisable at \$0.03 each and expiring 2 years after issue) to unrelated sophisticated and professional investors on the terms set out in the Explanatory Memorandum "*

**Voting Exclusion Statement:** In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) any person who may participate in the proposed issue of the Other Placement Shares and Other Placement Options and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) any associate of such a person

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## **PROXIES**

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Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

## **GENERAL BUSINESS**

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To consider any other business as may be lawfully put forward in accordance with the Constitution.

### **By order of the board**

Julie Edwards

Company Secretary  
25 January 2018

## NOTES:

### Explanatory Memorandum

The Notice of Extraordinary General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

### Eligibility to vote

In accordance with the Corporations Act and the Company's Constitution, a person's entitlement to vote at the Extraordinary General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) as at 7pm (EDST) on Monday 26 February 2018.

### Proxy votes

A Shareholder entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in their place.

Where more than one (1) proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a Shareholder.

A form of proxy must be signed by the Shareholder or the Shareholder's attorney.

Proxies must reach the Company at least forty eight (48) hours before the meeting at which the person named in the Proxy Form proposes to vote (i.e. not later than 11:00am (EDST) on Monday 26 February 2018).

The address for lodgment of proxies is:

#### Delivery Address:

Computershare Investor  
Services  
452 Johnson Street  
Abbotsford VIC 3067

#### Postal Address:

Computershare Investor Services  
452 Johnson Street  
Abbotsford VIC 3067

#### Fax Number:

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473  
2555

### Power of Attorney

If a proxy is signed by a Shareholder's attorney, the Shareholder's attorney confirms that he has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received at least forty eight (48) hours before the meeting.

### Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

### Enquiries

Shareholders are invited to contact the Company Secretary, Julie Edwards on (03) 9642 0655 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY MEMORANDUM

### FIRST GROWTH FUNDS LIMITED

#### INTRODUCTION

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This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Company's Notice of Extraordinary General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of Meeting, for the Company's Extraordinary General Meeting to be held at **Level 6, 412 Collins Street, Melbourne, Victoria** on **Wednesday 28 February 2018** (EDST) at 11.00 am.

Terms used in this Explanatory Memorandum are defined in the Glossary at page 17 of this Explanatory Memorandum.

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#### ORDINARY BUSINESS

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#### RESOLUTION 1: APPROVAL TO ISSUE OPTIONS AND MILESTONE SHARES TO MR ANOOSH MANZOORI

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##### 1. Introduction

As announced by the Company in December 2017, the Company has appointed Mr Anoosh Manzoori as an executive Director of the Company.

Mr Manzoori has been actively involved in the emerging blockchain and cryptocurrency market where he has advised one of the largest BitCoin mining companies in Australia and is also a strategic advisor to a Melbourne based blockchain software company. He is also an active investor in the sector.

Mr Manzoori brings to the Board and the Company a wealth of experience in technology and investment advisory. He is the CEO of Shape Capital Pty Ltd, an advisory and venture investment firm, and an Expert Network Member, supporting local innovative companies under the Department of Industry, Innovation and Science program. His experience includes capital raising and M&A across a number of industries with a particular focus on the technology sector. Mr Manzoori is also a Non-Executive Director of CCP Technologies Limited (ASX: CT1).

Mr Manzoori was previously the founder and CEO of one of Australia's largest cloud hosting companies reaching over 75,000 customers before selling the company to MYOB Limited in 2008.

Given Mr Manzoori's skills and the expertise that he will bring to the board and the Company, the Company proposes to incentivise and remunerate him through the issue to him (or his nominee), subject to all necessary shareholder or regulatory approvals being obtained, of 10,000,000 Options (**Manzoori Options**) and, if certain targets are achieved by Mr Manzoori, 60,000,000 Milestone Shares (**Manzoori Milestone Shares**),.

The Manzoori Options will have an exercise price of \$0.03, will expire 2 years from the date of their issue and will otherwise be issued on the terms set out in Annexure A to this Explanatory Memorandum.

Subject to receipt of all necessary shareholder approvals and any necessary ASX waivers being obtained and the achievement of certain milestones (**Manzoori Milestones**) and Mr Manzoori remaining as a director at the time of achieving those milestones, Mr Manzoori (or his nominee) will be issued Shares in the following manner:

<b>Timeframe</b>	<b>Shares</b>	<b>Milestone</b>
0-12 months from appointment	15,000,000	Set up an advisory business unit ( <b>ABU</b> ) within the Company to assist the Company with initial coin offerings ( <b>ICOs</b> ) and crypto-currency offerings. This will be satisfied once the applicable business plan and policies for the ABU have been prepared and approved by the board.  AND  Secure a minimum of 2 strategic partners for the Company that are approved by the board, who will either participate in Company ICOs and/or can provide distribution and access to ICO and crypto-currency investors during an ICO.
	15,000,000	First \$2,000,000 consideration from the ABU or any ICO activity received by the Company ( <b>Tranche A</b> ). Consideration includes the cumulative of cash, shares and crypto-currency.
12-24 months from appointment	15,000,000	Second tranche of \$2,000,000 consideration ( <b>Tranche B</b> ) (being a combined total of \$4,000,000 with Tranche A) from the ABU or any ICO activity received by the Company. Consideration includes the cumulative of cash, shares and crypto-currency.
	15,000,000	Third tranche of \$2,000,000 consideration (being a combined total of \$6,000,000 with Tranche A and Tranche B) from the ABU or any ICO activity received by the Company. Consideration includes the cumulative of cash, shares and crypto-currency.

## 2. Related Party

Under the Listing Rules, a 'related party' has the meaning given under the Corporations Act.

Under the Corporations Act, a 'related party' of a public company includes the directors of the public company.

As Mr Manzoori is a Director, Mr Manzoori is considered a Related Party of the Company for the purposes of Listing Rule 10.11 and the Corporations Act.

## 3. Listing Rule 10.11

### Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue Securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

As Mr Manzoori is a Director of the Company, he is considered a Related Party of the Company.

If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1 and the issue of the Manzoori Options and the Manzoori Milestone Shares will not count towards the Company's 15% capacity under Listing Rule 7.1, assuming Resolution 1 is approved.

### Listing Rule 10.13

Listing Rule 10.13 sets out the requirements for a notice of meeting to approve the issue of shares under Listing Rule 10.11.

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders in respect of Resolution 1:

<b>Related Party</b>	<p>Mr Anoosh Manzoori or his nominee.</p> <p>Mr Anoosh Manzoori is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Manzoori and parties associated with him hold no Shares in the Company.</p>
<b>Maximum Number of Securities to be issued</b>	Up to 10,000,000 Manzoori Options and up to 60,000,000 Manzoori Milestone Shares.
<b>Date the Company may issue the securities</b>	<p>The Company will issue the Manzoori Options within one month of approval of Resolution 1</p> <p>As the Manzoori Milestones may be satisfied up to 24 months after Mr Manzoori's appointment as a Director, it is possible that the Manzoori Milestone Shares may be issued later than one month after the Meeting. As such, the Company will make an application to ASX for a waiver of Listing Rule 10.13.3 extending the period in which the Company may issue the Manzoori Milestone Shares from the usual one month period following the Meeting to a period ending on 14 January 2020. In the event that this waiver is granted, the Company may issue the Manzoori Milestone Shares in reliance on this waiver without seeking further shareholder approval. In the event this waiver is not approved, the Company will not be able to issue the Manzoori Milestone Shares more than one month after this Meeting unless further shareholder approval is obtained.</p>
<b>Issue price of the shares and options</b>	<p>The Manzoori Options will be issued for nil cash consideration, will have an exercise price of \$0.03, will expire 2 years from the date of their issue and will otherwise be issued on the terms set out in Annexure A to this Explanatory Memorandum.</p> <p>The Manzoori Milestone Shares will be issued for nil cash consideration, as they will be issued on the achievement of the Milestones.</p> <p>Each Manzoori Milestone Share will rank, on and from issue, in all respects pari passu with the then existing Shares.</p>
<b>Intended use of funds</b>	No funds will be raised by the issue of the Manzoori Options or the Manzoori Milestone Shares. Any funds raised from the exercise of the Manzoori Options will be used for general working capital and investment opportunities.

#### 4. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes a public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed Resolution 1, if passed, will confer Financial Benefits, namely, the issue of the Manzoori Options and the Manzoori Milestone Shares, on Mr Manzoori who as noted above is a Related Party of the Company. Accordingly, the Company seeks to obtain Shareholder approval in respect of Mr Manzoori in accordance with the requirements of Chapter 2E of the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

(a) **The Related Party to whom Resolution 1 would permit the financial benefit to be given (section 219(1)(a))**

Mr Anoosh Manzoori, a Director of the Company (or his nominee).

(b) **The nature of the Financial Benefit (section 219(1)(b))**

The nature of the proposed Financial Benefit is the issue of the Manzoori Options and the Manzoori Milestone Shares.

The Manzoori Options and the Manzoori Milestone Shares are to be granted in order to provide appropriate incentive driven remuneration to secure Mr Manzoori as an executive Director of the Company.

At the time of agreement of the terms of Mr Manzoori's appointment (20 December 2017) the closing price of the Shares was \$0.017. The exercise price of the Manzoori Options (\$0.03) then represented almost double that closing price. Since the announcement of the Placement the share price has risen significantly. Mr Manzoori was instrumental in securing the Placement, demonstrating his value to the Company.

The board considered the number of Manzoori Options (10,000,000) to be appropriate in all circumstances, particularly where this represented only 1.1% of the current issued Shares and at the time of agreeing to issue the Manzoori Options, the exercise price was almost double that of the most recent closing price.

The board considered the number of Manzoori Milestone Shares (60,000,000) to be appropriate in all circumstances, particularly where the Manzoori Milestone Shares are split into four groups of 15,000,000 Shares and having regard to the Manzoori Milestones that must be met before each group of Manzoori Milestone Shares are issued. In addition the total number of Manzoori Milestone Shares represented 6.75% of the current issued Shares.

Refer also to section 1 above and 4(c) below for the reason for giving the benefit and the basis for which it is given.

(c) **Directors' Recommendation (section 219(1)(c))**

Each of the Directors (excluding Mr Manzoori) recommends that Shareholders vote in favour of Resolution 1. Their reasons for doing so include the following:

- (1) the agreement of the Company to issue the Manzoori Options assisted the Company in securing the services of an experienced and skilled executive director on appropriate incentive terms as an alternative to needing to offer a higher level of fixed cash remuneration in order to secure the services of Mr Manzoori;
- (2) the total remuneration package of cash, Manzoori Options and the Manzoori Milestone Shares was determined to be appropriate for the engagement of Mr Manzoori as an executive director of the Company, who was intended to be instrumental in moving the Company forward and developing the Company's exposure to blockchain technology, assets and businesses which Mr Manzoori is experienced in. Mr Manzoori's value to the Company has already been evidenced with his instrumental role in securing the Placement;
- (3) it is considered that the potential increase of value in the Manzoori Options and the Manzoori Milestone Shares is dependent upon a concomitant increase in the value of the Company and its Shares generally;
- (4) the ability to issue Mr Manzoori with the Manzoori Options and the Manzoori Milestone Shares enables the Company to incentivise him in a manner which preserves the Company's cash resources.

As the Manzoori Options and the Manzoori Milestone Shares will (if approved) be issued to Mr Manzoori (or his nominee), he makes no recommendations in respect of Resolution 1.

(d) **Directors' Interest and other remuneration (section 219(1)(d))**

The Directors (excluding Mr Manzoori) do not have a material personal interest in the outcome of Resolution 1, save for any interest they may have solely in their capacity as Shareholders which interest they hold in common with the other Shareholders.

Mr Manzoori is to be issued the Manzoori Options and the Manzoori Milestone Shares, if they are approved. As at the date of this Notice, Mr Manzoori and his associates have no relevant interest in Shares. Mr Manzoori will receive in addition to the Manzoori Options and Manzoori Milestone Shares contemplated under this Notice, an annual director's fee of \$90,000, to be paid monthly.

No other Director has any interest in the outcome of Resolution 1 or any other relevant agreement.

(e) **Valuation of Manzoori Options and Manzoori Milestone Shares**

Manzoori Options

The Manzoori Options are not currently quoted on the ASX and as such have no market value. The Manzoori Options each grant the holder a right to receive one ordinary Share in the Company upon exercise of one Manzoori Option and payment of the exercise price of the Manzoori Options (\$0.03). Accordingly, the Manzoori Options may have a present value at the date of their grant.

The Manzoori Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Manzoori Options during the exercise period of the Manzoori Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- (1) the period outstanding before the expiry date of the options;
- (2) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (3) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- (4) the value of the shares into which the options may be converted; and
- (5) whether the options are listed (i.e. readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula and the Binomial Model option valuation formula).

The Company has undertaken a valuation of the Options the subject of Resolution 1 for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 1 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share, both at the time of issue and the date of issue of the Notice, the exercise price, the time to expiry, the risk free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black Scholes Model was:

- (1) a Share price of:
  - (A) \$0.016 (being the closing price of the Company's Shares on 19 December 2017, the day prior to the terms of the Options being agreed and announced); and
  - (B) \$0.025 (being the closing price of the Company's Shares on 22 January 2018, being shortly prior to the finalisation of the Notice);
- (2) exercise price: \$0.03;
- (3) expiry date of 2 years after issue date;

- (4) a volatility measure of 110%;
- (5) a risk-free interest rate of 3%; and
- (6) a dividend yield of 0%.

Based on the valuation of the Manzoori Options, the Company believes that the value per Manzoori Option:

- (1) as at 19 December 2017 (the day prior to the terms of the Options being agreed and announced) is \$0.007, meaning the 10,000,000 Manzoori Options have a combined value of \$70,000; and
- (2) as at 22 January 2018 (being shortly prior to the finalisation of the Notice) is \$0.0134, meaning the 10,000,000 Manzoori Options have a combined value of \$134,000.

#### Manzoori Milestone Shares

Shares in the same class as the Manzoori Milestone Shares are currently quoted on the ASX and as such will have a tradeable market value.

Information regarding the indicative market value of the Manzoori Milestone Shares the subject of Resolution 1 are set out in the table below based on the following:

- (1) the ASX Market Price of Shares on 19 December 2017, being the date of announcement to the terms of appointment of Mr Manzoori as an executive Director (\$0.016);
- (2) the ASX Market Price of Shares on 22 January 2018 (\$0.025) and
- (3) the VWAP of the Company's Shares for the 15 trading days between 29 Dec 2017 and 22 January 2018 (\$0.0363).

No. of Manzoori Milestone Shares	Value based on closing price on 19 December 2017 (\$0.016)	Value based on closing price on 22 January 2018 (\$0.025)	Value based on 15 trading day VWAP (\$0.0363)	Issue Price (\$nil)
60,000,000	\$960,000	\$1,500,000	\$2,178,000	\$0

The impact on Mr Manzoori's overall remuneration package (if Shareholder approval is obtained for Resolution 1) is as follows:

Director	Director's fees per annum	Manzoori Milestone Shares <sup>1</sup>	Manzoori Options <sup>2</sup>	Overall remuneration package <sup>3</sup>
Mr Manzoori	\$90,000	\$2,178,000	\$134,000	\$2,402,000

1. This assumes the value of the Manzoori Milestone Shares is calculated using the 15 day VWAP between 29 December 2017 and 22 January 2018 and all Manzoori Milestone Shares are issued.

2. This assumes the value of the Manzoori Options is calculated using the closing share price as at 22 January 2018. If the value of the Manzoori Options is calculated using the closing share price as at 19 December 2017, the value of the Manzoori Options is \$70,000.

3. This assumes that all Manzoori Milestone Shares are issued and that Shareholder approval and relevant ASX waivers are obtained to issue the Manzoori Milestone Shares and the Manzoori Options. If the value of the Manzoori Options is calculated using the closing share price as at 19 December 2017, the value of the overall remuneration package is \$2,338,000.

(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

There is no other information known to the Company or any of its Directors relevant to Resolution 1 save and except as follows:

(1) Market Price movements

The valuation of the Manzoori Milestone Shares noted above is based on a market price of the Shares.

There is a possibility that the market price of the Shares on the date of issue of the Manzoori Milestone Shares will be different to the price noted above and that the market price of the Shares will change up to the date of the Meeting. The effect on the valuation for the Manzoori Milestone Shares, of movements in the market price of the Shares is set out below:

<b>Market Price</b>	<b>Valuation total - assumes 60,000,000 Manzoori Milestone Shares issued</b>
\$0.01	\$600,000.00
\$0.02	\$1,200,000.00
\$0.04	\$2,400,000.00
\$0.08	\$4,800,000.00

(2) Trading history

As at 22 January 2018 the closing price of the Shares on the ASX was \$0.025.

Set out below is the trading history of the Shares over the past 12 months.

	Market Price 22 January 2018	Closing price during prior 6 months	Closing Price during prior 12 months
High	\$0.03	\$0.043	\$0.043
Low	\$0.024	\$0.004	\$0.004

(3) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Manzoori Milestone Shares is the dilutionary impact on the issued share capital of the Company. The issue of the Manzoori Options will not have a dilutionary impact on the Company, however, if any of these Options are exercised, there will be a dilutionary impact on the Company. To the extent that the dilutionary impact caused by the issue of the Manzoori Milestone Shares or the exercise of the Manzoori Options will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of an experienced and skilled director on appropriate incentive terms.

It is also considered that the potential increase of value in the Manzoori Options and the Manzoori Milestone Shares is dependent upon a concomitant increase in the value of the Company and its Shares generally.

(4) Taxation Consequences

No stamp duty will be payable in respect of the granting of the Manzoori Options or the Manzoori Milestone Shares. No GST will be payable by the Company in respect of the granting of the Manzoori Options or the Manzoori Milestone Shares.

(5) Dilutionary Effect

The effect that the issue of the Manzoori Milestone Shares and the Manzoori Options will have on the issued Shares of the Company is set out in Annexure B.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 1.

(g) **Voting exclusion statement**

A voting exclusion statement is set out in Resolution 1 in the Notice of Meeting.

**Director's Recommendation**

Each of the non-interested Directors (being Geoff Barnes, Athan Lekkas and Michael Clarke) recommend that Shareholders vote in favour of Resolution 1.

As Mr Manzoori has an interest in Resolution 1, he makes no recommendation with respect to Resolution 1.

**OVERVIEW OF THE PLACEMENT (RESOLUTIONS 2 - 4)**

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As announced by the Company on 2 January 2018, the Company entered into conditional placement agreements with Blockchain Global Limited (**BCG**) and other unrelated sophisticated or professional investors to issue 282,257,907 Shares at \$0.012237 each with a 1:1 attaching Option exercisable at \$0.03 expiring two years after issue (**Placement**). On completion, the Placement will raise approximately \$3,453,990 to provide the Company with working capital and for funding to facilitate acquisitions of, or investments in, blockchain technology, assets or businesses.

A summary of the terms of the Placement is set out below.

**1. Placement terms**

The Company has agreed to issue 282,257,907 shares at \$0.012237 each (**Placement Shares**). The Placement Shares will be ordinary Shares and will rank pari passu with all existing Shares on issue. In addition, the Company has agreed to offer to investors in the Placement Shares a 1:1 attaching Option exercisable at \$0.03 within 2 years of issue (**Placement Options**). Full terms of the Placement Options are set out in Annexure A. A total of 282,257,907 Placement Options are to be issued.

The Placement Shares and Placement Options are not being issued in reliance on FGF's existing capacity under Listing Rules 7.1 or 7.1A or under an exception in Listing Rule 7.2, rather they will be issued subject to and in reliance on Shareholder approval, being sought under Resolutions 2 and 4.

**2. Conditions to completion of Placement**

Completion of the issue of the Placement Shares and Placement Options is conditional upon the following conditions precedent being satisfied or waived:

- (a) The Company obtaining the approval of its shareholders in general meeting to the issue of the Placement Shares, the Placement Options and the BCG Milestone Shares in accordance with Listing Rules 7.1 and 7.3 (the **Approval**) and all other required regulatory or ASX approvals being obtained on or before 28 February 2018 (the **Approval Date**);
- (b) The Company lodging a disclosure document with ASIC in respect of the issue of the Placement Shares and the Placement Options (**Prospectus**) on or before the Approval Date;
- (c) Each investor being satisfied (acting reasonably) with its due diligence investigations on the Company on or before 25 January 2018;
- (d) BCG entering a voluntary escrow deed in the form provided by the Company, on or before 25 January 2018 (**Escrow Deed**),

(each a **Condition Precedent**).

The Conditions Precedent in (a), (b) and (d) above are for the benefit of the Company and each investor and may only be waived by agreement in writing by them. The Condition Precedent in (c) above is for the benefit of each investor and may only be waived by an investor in writing. The parties must use their best endeavours to ensure the satisfaction of each of the Conditions Precedent. Each of the Conditions Precedent must be satisfied or waived by the dates set out for each respective Condition Precedent and if they are not, the relevant placement agreement may be terminated by either party giving written notice to the other, so long as the party giving the notice is not in default in the performance of its obligations to use their best endeavours to ensure the satisfaction of each of the Conditions Precedent.

### 3. Share allocation

The Placement Shares and Placement Options (282,257,907 each) will be issued to unrelated sophisticated and professional investors, led by BCG. The Placement Shares will represent approximately 24.12% of the issued share capital of the Company on issue, with BCG holding approximately 9.80% of issued Shares on completion of the Placement (assuming no further shares are issued in the Company other than as contemplated by the Placement).

In the interests of ease of administration, the Company seeks shareholder approval for the issue of Placement Shares and Placement Options in two separate resolutions: one resolution for the issue to BCG of 114,711,813 Placement Shares (**BCG Placement Shares**) and 114,711,813 Placement Options (**BCG Placement Options**) (Resolution 2), and the other for the issue to the other, non-BCG, investors of 167,546,094 Placement Shares (**Other Placement Shares**) and 167,546,094 Placement Options (**Other Placement Options**) (Resolution 4).

The allocation of Placement Shares and Placement Options is as follows:

<b>Recipient</b>	<b>Placement Shares</b>	<b>Placement Options</b>
BCG	114,711,813 (BCG Placement Shares)	114,711,813 (BCG Placement Options)
All non-BCG investors party to the Placement	167,546,094 (Other Placement Shares)	167,546,094 (Other Placement Options)

The BCG Placement Shares issued will be subject to voluntary escrow for 12 months. The Other Placement Shares will not be subject to escrow.

The Company will lodge a prospectus to enable the Placement Shares to be freely traded (subject to the Escrow Deed in respect of BCG) and to offer the Placement Options and therefore allow any shares issued on exercise of the Placement Options to be freely traded, on or before 28 February 2018.

The following is the proposed timetable in this regard:

<b>Activity</b>	<b>Completion Date</b>
Completion of due diligence	25 January 2018
Final date for lodgement of Prospectus	28 February 2018
Shareholders Meeting	28 February 2018
Funds due to FGF	3 Business Days after satisfaction or waiver of Conditions Precedent
Expected allotment of Placement Shares and Placement Options	4 Business Days after satisfaction or waiver of Conditions Precedent
Expected ASX quotation of Placement Shares	6 Business Days after satisfaction or waiver of Conditions Precedent

### 4. Underwriting of Series B and Series C Options

The Company currently has on issue 249,716,800 Series B listed Options exercisable at \$0.02 and expiring on 17 February 2018 and 161,747,397 Series C listed Options exercisable at \$0.02 and expiring on 20 February 2018. BCG has agreed to underwrite the exercise of 50% of the Series B and Series C Options on issue as at 31 December 2017 (being a total of 217,307,099 options) (**Underwritten Options**) on the following conditions:

- (a) BCG's obligation to subscribe for shares on exercise of the Underwritten Options is subject to all Conditions Precedent to the Placement either being satisfied or waived;
- (b) the number of Underwritten Options will be capped so as to ensure that neither BCG nor any other person will be in breach of Chapter 6 of the Corporations Act upon issue of shares on exercise of the Underwritten Options and the issue of the Placement Shares or that the issue of shares on exercise of the Underwritten Options and the issue of the Placement Shares otherwise requires Shareholder approval under Item 7 of Section 611 of the Corporations Act. As such, the actual number of Underwritten Options may be less than 50% of those Series B and Series C options currently on issue.

- (c) BCG must subscribe for any of the Series B Underwritten Options which are not validly exercised by midnight (Sydney time) on 17 February 2018 in immediately available funds on or before 9 business days after 17 February 2018, so that the shares on exercise of the Series B Underwritten Options may be issued within 10 business days after 17 February 2018 in accordance with Exception 12 of Listing Rule 7.2;
- (d) BCG must subscribe for any of the Series C Underwritten Options which are not validly exercised by midnight (Sydney time) on 20 February 2018 in immediately available funds on or before 9 business days after 20 February 2018, so that the shares on exercise of the Series C Underwritten Options may be issued within 10 business days after 20 February 2018 in accordance with Exception 12 of Listing Rule 7.2;
- (e) a fee of 6% will be payable to BCG based on the total exercise price of the number of Underwritten Options on issue as at 31 December 2017 (equal to \$260,768.52) (**Underwriting Fee**). Subject to shareholder approval, which is being sought under Resolution 3, the underwriting fee will be payable in Shares at an issue price of \$0.012237, being a total of 21,309,841 Shares (**Underwriting Fee Shares**). If such approval is not obtained by 28 February 2018, the underwriting fee will be payable in cash; and
- (f) if:
  - (1) the All Ordinaries Index is, at any time for two consecutive Business Days after 25 January 2018 and prior to 1 March 2018 (being 9 business days after the expiry date of the Series B options), more than 10% below the level of that Index at the close of ASX trading on 25 January 2018; or
  - (2) initial coin offerings or cryptocurrencies are prohibited in Australia after 25 January 2018 and prior to 1 March 2018,

BCG may terminate its obligation to underwrite the exercise of the Underwritten Options at any time prior to 1 March 2018 by notice in writing to the Company.

If all of the Series B and Series C options are exercised this will raise an additional \$8.6million for the Company. If only the underwritten Series B and Series C options are subscribed for pursuant to the underwriting arrangements, this will raise up to \$4.3million.

## 5. BCG Milestone Shares and Board nominee

Under the terms of the Placement with BCG and subject to the receipt of all necessary shareholder and regulatory approvals, the Company has agreed to issue to BCG up to 60,000,000 milestone Shares, in the event that the Company's share price trades over a certain values within 12 months of the completion of the Placement. The issue of the BCG Milestone Shares is the subject of Resolution 3.

Subject to BCG maintaining a shareholding in the Company of at least 5%, it may nominate one person to be appointed as a non-executive director of the Company on completion of the Placement. In addition, if Milestone 3 (described below in Resolution 3 of this Explanatory Memorandum) is satisfied, BCG will have the right to appoint one additional director.

## **RESOLUTION 2: APPROVAL TO ISSUE BCG PLACEMENT SHARES, BCG PLACEMENT OPTIONS AND UNDERWRITING FEE SHARES**

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Resolution 2 seeks the approval of Shareholders for the issue by the Company to BCG of 114,711,813 Placement Shares at an issue price of \$0.012237 per Share, 114,711,813 BCG Placement Options, and 21,309,841 Underwriting Fee Shares.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

Shareholder approval is sought under Resolution 2 for all purposes including ASX Listing Rule 7.1 to preserve the Company's placement capacity pursuant to Listing Rule 7.1. By passing Resolution 2, the Company will be permitted to issue the BCG Placement Shares, the BCG Placement Options and the Underwriting Fee Shares during the 3 months after the Meeting and the issue of those securities will not count towards the Company's capacity under Listing Rule 7.1 or 7.1A. If Resolution 2 is not passed, the Company will not be permitted to issue the BCG Placement Shares, the BCG Placement Options or the Underwriting Fee Shares.

For the purposes of Listing Rule 7.3 and for all other purposes the following information is provided to Shareholders:

<b>Maximum Number of securities to be issued</b>	The number of BCG Placement Shares which may be issued is 114,711,813. The number of BCG Placement Options which may be issued is 114,711,813. The number of Underwriting Fee Shares which may be issued is 21,309,841.
<b>Date by which the Company will issue the securities</b>	The BCG Placement Shares and the BCG Placement Options will be issued 4 Business Days after the satisfaction or waiver of the Conditions Precedent to the Placement and in any event within 3 months of the date of the Meeting. The Underwriting Fee Shares will be issued within three months after the date of the Meeting.
<b>Issue price of the securities</b>	The BCG Placement Shares will be issued at an issue price of \$0.012237 per share. The BCG Placement Options and the Underwriting Fee Shares will be issued for nil cash consideration.
<b>Recipients of the securities</b>	The BCG Placement Shares, the BCG Placement Options and the Underwriting Fee Shares will be issued to BCG or its nominee.
<b>Terms of the securities to be issued</b>	Each BCG Placement Share and Underwriting Fee Share will rank, on and from issue, in all respects pari passu with the then existing Shares. The BCG Placement Options will be issued on the terms as set out in Annexure A of this Explanatory Memorandum.
<b>Intended use of funds</b>	The funds raised from the issue of the BCG Placement Shares will be used to provide the Company with working capital and for funding to facilitate acquisitions or, or investments in, blockchain technology, assets and businesses.

#### Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

#### **RESOLUTION 3: APPROVAL TO ISSUE BCG MILESTONE SHARES**

Under the terms of the Placement and subject to the receipt of all necessary shareholder and regulatory approvals, the Company has agreed to issue to BCG certain milestone shares, in the event that the Company's share price trades over a certain values within 12 months of the completion of the Placement. These values are:

<b>Timeframe</b>	<b>Shares</b>	<b>Target value (BCG Milestones)</b>
0-24 months from completion of the Placement	20,000,000	FGF's share price trading over 3c for 20 consecutive business days <b>(BCG Milestone 1)</b>
	20,000,000	FGF's share price trading over 4c for 20 consecutive business days <b>(BCG Milestone 2)</b>
	20,000,000	FGF's share price trading over 5c for 20 consecutive business days <b>(BCG Milestone 3)</b>

Resolution 3 seeks the approval of Shareholders for the issue by the Company to BCG of up to 60,000,000 BCG Milestone Shares.

As with Resolution 2, Shareholder approval is sought under Resolution 3 for all purposes including ASX Listing Rule 7.1 to preserve the Company's placement capacity pursuant to Listing Rule 7.1. By passing Resolution 3, the Company will be permitted to issue the BCG Milestone Shares during the 3 months after the Meeting (or such later date as permitted by the ASX) and the issue of those securities will not count towards the Company's capacity under Listing Rule 7.1 or 7.1A.

For the purposes of Listing Rule 7.3 and for all other purposes the following information is provided to Shareholders:

<b>Maximum Number of securities to be issued</b>	The number of BCG Milestone Shares which may be issued is up to 60,000,000, subject to the achievement of the BCG Milestones set out above.
<b>Date by which the Company will issue the securities</b>	As the BCG Milestones may be met up to 24 months after completion of the Placement, the Company will make an application to ASX for a waiver of Listing Rule 7.3.2 extending the period in which the Company may issue the BCG Milestone Shares from the usual three

	month period following the Meeting to a period ending 25 months after the completion of the Placement. In the event that this waiver is granted, the Company may issue the BCG Milestone Shares in reliance on this waiver without seeking further Shareholder approval. In the event this waiver is not approved, the Company will not be able to issue the BCG Milestone Shares more than three months after this Meeting unless further Shareholder approval is obtained.
<b>Issue price of the securities</b>	The BCG Milestone Shares will be for nil cash consideration.
<b>Recipients of the securities</b>	The BCG Milestone Shares will be issued to BCG or its nominee.
<b>Terms of the securities to be issued</b>	Each BCG Milestone Share will rank, on and from issue, in all respects pari passu with the then existing Shares.
<b>Intended use of funds</b>	There will be no funds raised by the issue of the BCG Milestone Shares.

### Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

### **RESOLUTION 4: APPROVAL TO ISSUE OTHER PLACEMENT SHARES AND OTHER PLACEMENT OPTIONS**

Resolution 4 seeks the approval of Shareholders for the issue by the Company of 167,546,094 Other Placement Shares at an issue price of \$0.012237 per share to non-BCG investors, along with 167,546,094 Other Placement Options.

As with Resolutions 2 and 3, Shareholder approval is sought under Resolution 4 for all purposes including ASX Listing Rule 7.1 to preserve the Company's placement capacity pursuant to Listing Rule 7.1. By passing Resolution 4, the Company will be permitted to issue the Other Placement Shares and the Other Placement Options during the 3 months after the Meeting and the issue of those securities will not count towards the Company's capacity under Listing Rule 7.1 or 7.1A. If Resolution 4 is not passed, the Company will not be permitted to issue the Other Placement Shares and the Other Placement Options.

For the purposes of Listing Rule 7.3 and for all other purposes the following information is provided to Shareholders:

<b>Maximum Number of securities to be issued</b>	The number of Other Placement Shares which may be issued is 167,546,094. The number of Other Placement Options which may be issued is 167,546,094.
<b>Date by which the Company will issue the securities</b>	The Other Placement Shares and the Other Placement Options will be issued 4 Business Days after the satisfaction or waiver of the Conditions Precedent to the Placement and in any event within 3 months of the date of the Meeting.
<b>Issue price of the securities</b>	The Other Placement Shares will be issued at issue price of \$0.012237 per share. The Other Placement Options will be issued for nil cash consideration.
<b>Recipients of the securities</b>	The Other Placement Shares and the Other Placement Options will be issued to unrelated sophisticated or professional investors party to the Placement other than BCG, or their nominees.
<b>Terms of the securities to be issued</b>	Each Other Placement Share will rank, on and from issue, in all respects pari passu with the then existing Shares. The Other Placement Options will be issued on the terms as set out in Annexure A of this Explanatory Memorandum.
<b>Intended use of funds</b>	The funds raised from the issue of the Other Placement Shares will be used to provide the Company with working capital and for funding to facilitate acquisitions or, or investments in, blockchain technology, assets and businesses. There will be no funds raised by the issue of the Other Placement Options.

### Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

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## GLOSSARY

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**\$** means Australian dollars.

**ABU** means advisory business unit.

**All Ordinaries Index** means the All Ordinaries Index (for share prices) published by Standard & Poor's in respect of the financial market of ASX;

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**BCG** means Blockchain Global Limited ACN 601 628 497.

**BCG Milestone Shares** means up to 60,000,000 Shares on the terms set out in the Explanatory Memorandum in respect of Resolution 3 to be issued to BCG.

**BCG Placement Options** means 114,711,813 Placement Options to be issued to BCG, the subject of Resolution 2.

**BCG Placement Shares** means 114,711,813 Placement Shares to be issued to BCG, the subject of Resolution 2.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the person appointed to chair the Meeting.

**Closely Related Party** or **CRP** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party.

**Company** or **FGF** means First Growth Funds Limited (ABN 34 006 648 835).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**Extraordinary General Meeting** or **Meeting** means the meeting convened by the Notice.

**Financial Benefit** has the meaning given to that term in the Corporations Act.

**ICO** means initial coin offering.

**Key Management Personnel** or **KMP** has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity'.

**Manzoori Milestones** means the milestones that need to be achieved before the Manzoori Milestone Shares may be issued, as set out in the Explanatory Memorandum in respect of Resolution 1.

**Manzoori Milestone Shares** means up to 60,000,000 Shares on the terms set out in the Explanatory Memorandum in respect of Resolution 1, which may be issued to Anoosh Manzoori (or his nominees).

**Manzoori Options** means 10,000,000 Options on the terms set out in Annexure A to be issued to Anoosh Manzoori (or his nominees).

**Notice** or **Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of Extraordinary General Meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option which entitles the holder to subscribe for one Share.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

**Other Placement Options** means 167,546,094 Placement Options to be issued to investors other than BCG, the subject of Resolution 4.

**Other Placement Shares** means 167,546,094 Placement Shares to be issued to investors other than BCG, the subject of Resolution 4.

**Placement** means the issue of 282,257,907 Shares at \$0.012237 each with a 1:1 attaching Option exercisable at \$0.03 expiring two years after issue to BCG and other unrelated sophisticated or professional investors to raise approximately \$3,453,990 as announced by the Company to the market on 2 January 2018.

**Placement Options** means 282,257,907 Options exercisable at \$0.03 each within 2 years of issue and otherwise on the terms set out in Annexure A, being made up of the BCG Placement Options and the Other Placement Options.

**Placement Shares** means 282,257,907 Shares at an issue price of \$0.012237 each, being made up of the BCG Placement Shares and the Other Placement Shares.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Related Party** has the meaning given to that term in the Corporations Act.

**Rule** means a rule of the Constitution.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Underwriting Fee Shares** means 21,309,841 Shares to be issued to BCG with a deemed issue price of \$0.012237 each in lieu of cash payment of the Underwriting Fee to BCG.

**Underwriting Fee** means a fee of 6% payable to BCG based on the total exercise price of the number of Underwritten Options (equal to \$260,768.52).

**Underwritten Options** means 50% of the Series B listed Options and Series C listed Options on issue as at 31 December 2017 (being a total of 217,307,099 Options).

## Annexure A - Terms and Conditions of Manzoori Options and Placement Options

- (a) The Options shall be issued for no cash consideration;
- (a) The exercise price of each Option is \$0.03 (Exercise Price);
- (b) The Options will expire on the date that is 2 years after issue (Expiry Date) unless earlier exercised;
- (c) The Options are transferrable;
- (d) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods;
- (e) The number of Options that may be exercised at one time must be not less than 1000, unless the Option holder holds less than 1000 options in which case all options must be exercised at one time;
- (f) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares within 10 business days of valid exercise and payment;
- (g) Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (h) Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
- (i) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (1) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- (j) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O_n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- $O_n$  = the new exercise price of the Option;
- $O$  = the old exercise price of the Option;
- $E$  = the number of underlying securities into which one Option is exercisable;
- $P$  = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- $S$  = the subscription price for a security under the pro rata issue;
- $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

$N =$  the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (k) If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
- (l) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, unless all necessary waivers of the ASX Listing Rules are obtained, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
- (m) The Company shall not apply for listing of the Options on the ASX; and
- (n) The Company shall apply for listing on the ASX of the resultant shares of the Company issued upon exercise of any Option.

#### Annexure B - Dilutionary effect of the issue of the Manzoori Milestone Shares and the Manzoori Options

Holder	Current		Following issue of Manzoori Milestone Shares		Following issue of Manzoori Milestone Shares and exercise of Manzoori Options	
	Securities directly held	% directly held	Securities directly held	% directly held	Securities directly held	% directly held
<b>Current Shareholders<sup>1,2</sup></b>	887 928 612	100%	887 928 612	93.67%	887 928 612	92.69%
<b>Anoosh Manzoori<sup>3</sup></b>	0	0%	60,000,000	6.49%	70,000,000	7.49%
<b>Total ordinary shares</b>	887 928 612	100.00%	947,928,612	100.00%	957,928,612	100.00%

1. Excluding Shares held by Anoosh Manzoori.
2. Assumes that no Shares are issued other than as contemplated by Resolution 1, including that no Shares are issued on exercise of existing Options or pursuant to securities proposed to be issued under Resolutions 2, 3 and 4.
3. The number of Shares assumes the maximum number of Manzoori Milestone Shares are issued and that all Manzoori Options are exercised.



First Growth Funds

LIMITED

ABN 34 006 648 835

FGF

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

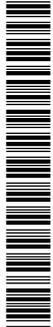
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



Proxy Form

XX

For your vote to be effective it must be received by 11.00 am (EDST) Monday, 26 February 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**www.investorcentre.com**

- Review your securityholding
- Update your securityholding

Your secure access information is:

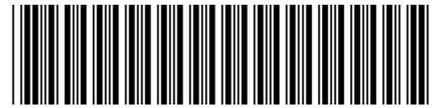
SRN/HIN: I9999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of First Growth Funds Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of First Growth Funds Limited to be held at Level 6, 412 Collins Street, Melbourne, Vic 3000 on Wednesday, 28 February 2018 at 11.00 am (EDST) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval to Issue Options and Milestone Shares to Mr Anoosh Manzoori	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue BCG Placement Shares, BCG Placement Options and Underwriting Fee Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Issue BCG Milestone Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue other Placement Shares and other Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /