

MSM CORPORATION INTERNATIONAL LTD
ACN 002 529 160

CLEANSING PROSPECTUS

For an offer of up to 50,000 Shares at an issue price of \$0.01 per Share and 50,000 Options (exercisable at \$0.10 each on or before 7 November 2019) at an issue price of \$0.004 per Option, together to raise up to \$700 (before expenses) (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Securities issued by the Company prior to the Closing Date.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**

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1. CORPORATE DIRECTORY

Directors

Mr Adam Wellisch
Non-Executive Chairman

Mr Chris Jones
Non-Executive Director

Mr Mark Clements
Non-Executive Director

Company Secretary

Mr Mark Clements

ASX Code

MSM

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

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Share Registry*

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NEDLANDS WA 6009

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Auditors*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

2.1 Indicative Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	20 June 2019
Opening Date	20 June 2019
Closing Date*	5.00pm (WST) 21 June 2019
Expected date for quotation of Securities issued under the Offer on ASX*	24 June 2019

*The Directors reserve the right to extend the Closing Date at any time after the Opening Date without notice. As such, the date the Securities are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 20 June 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

2.4 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

2.5 Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Disclaimer

No person is authorised to give information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. You should rely only on information in this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

2.8 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.msmci.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person

may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

3. DETAILS OF THE OFFER

3.1 The Offer

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for up to 50,000 Shares at an issue price of \$0.01 per Share, and 50,000 Options (exercisable at \$0.10 each on or before 7 November 2019) at an issue price of \$0.004 per Option, together to raise up to \$700 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Securities offered under this Prospectus will rank equally with the existing Shares and Listed Options on issue. A summary of the material rights and liabilities attaching to the Securities offered is set out in Section 5.

3.2 Minimum subscription

There is no minimum subscription to the Offer.

3.3 Oversubscriptions

No oversubscriptions will be accepted by the Company under the Offer.

3.4 Objective

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Securities issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus). Accordingly, the Company is seeking to raise only a nominal amount under this Prospectus as the purpose of this Prospectus is not to raise capital.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.5 Applications

Applications for Securities under the Offer must only be made by investors at the direction of the Company and using the Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have

declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for Shares must be made in full at the issue price of \$0.01 per Share. Payment for the Listed Options must be made in full at the issue price of \$0.004 per Listed Option.

Completed Application Forms and accompanying cheques, made payable to "**MSM CORPORATION INTERNATIONAL LTD**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

3.6 Not underwritten

The Offer is not underwritten.

3.7 ASX listing

Application for Official Quotation by ASX of the Securities offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If the Securities are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.8 Issue

The issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date. Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of all the Securities. The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

The Company's decision on the number of Securities to be allocated to an Applicant will be final.

3.9 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

3.10 Applicants outside Australia

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Securities on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.11 Enquiries

Any questions concerning the Offer should be directed to Mr Mark Clements, Company Secretary, on +61 3 9013 7466.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Securities issued by the Company prior to the Closing Date, (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$700 (before expenses) may be raised. All of the funds raised (if any) from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.8 for further details relating to the estimated expenses of the Offer.

4.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares	Number
Shares on issue as at the date of this Prospectus	628,885,633
Shares offered pursuant to the Offer	50,000
Total Shares on issue on completion of the Offer	628,935,633

Options	Number
Options on issue as at the date of this Prospectus	
Quoted Options exercisable at \$0.10 each on or before 7 November 2019	137,237,197
Unquoted Options exercisable at \$0.043 each on or before 2 May 2028 ¹	1,500,000
Unquoted Options exercisable at \$0.15 each on or before 18 March 2020	900,000
Unquoted Options exercisable at \$0.40 each on or before 19 September 2019	3,500,000
Unquoted Options exercisable at \$0.45 each on or before 19 September 2019	3,500,000
Unquoted Options exercisable at \$0.55 each on or before 19 September 2019	1,500,000
Unquoted Options exercisable at \$0.125 each on or before 18 March 2020	1,000,002
Total Options on issue as at the date of this Prospectus	149,137,199
Options offered pursuant to the Offer	50,000
Total Options on issue on completion of the Offer	149,187,199

Notes:

1. These Options are subject to vesting conditions.

Performance Shares¹	Number
Performance Shares on issue as at the date of this Prospectus	
Class B Performance Shares ¹	50,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	50,000,000

Notes:

- Each Class B Performance Share will convert into one Share if the Company achieves \$15,000,000 in EBITDA or the Megastar platform achieves a number of unique registered users of at least 2,000,000 as determined by Google Analytics.

Performance Rights	Number
Performance Rights on issue as at the date of this Prospectus:	
Class C Performance Rights	7,800,000
Class D Performance Rights	2,500,000
Class F Performance Rights	5,000,000
Class G Performance Rights	4,000,000
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	19,300,000

4.3 Financial effect of the Offer

After paying for the expenses of the Offer of approximately \$7,500, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$700) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$700 less expenses of the Offer of \$7,500.

4.4 Pro-forma balance sheet

The reviewed balance sheet as at 31 December 2018 and the unaudited pro-forma balance sheet as at 31 December 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

CONSOLIDATED BALANCE SHEET		
As at 31 December 2018		
	31-Dec-18 \$	31-Dec-18 Pro Forma \$
Cash and cash equivalents ¹	1,143,018	468,953
Other assets ²	1,501,994	2,186,732
Total Current Assets	2,645,012	2,655,684
Non-Current Assets		
Other assets	-	-
Financial assets	-	-
Total Non-Current Assets	-	-
TOTAL ASSETS	2,645,012	2,655,684
LIABILITIES		
Current Liabilities		
Trade and other payables ³	1,126,254	614,803
Borrowings ⁴	822,026	1,353,600
Total Current Liabilities	1,948,280	1,968,403
TOTAL LIABILITIES	1,948,280	1,968,403
NET ASSETS	696,732	687,281
EQUITY		
Issued capital ⁵	35,841,094	36,063,450
Reserves	6,437,496	6,437,496
Retained earnings ⁵	(41,581,858)	(41,813,665)
TOTAL EQUITY	696,732	687,281

Notes:

1. Net movement includes payments to creditors and second instalment of US\$500,000 paid for subscription of the loan notes in Riva Technology and Entertainment Limited (RTE) (refer to the Company's ASX announcement of 10 January 2019 for further details).
2. US\$1,500,000 in loan notes held in RTE (refer to the Company's ASX announcement dated 26 November 2018 for further details).
3. Creditors of the Company's US subsidiary MSM Music Inc. written down to US\$110,000 (refer to the Company's ASX announcements dated 26 November 2018 and 1 May 2019 for further details). Movement reflects second instalment of US\$500,000 paid for subscription of the loan notes in RTE (refer to the Company's ASX announcement of 10 January 2019 for further details).
4. Includes balance of \$550,000 (less costs) raised by the issue of Convertible Notes in the Company (refer to the Company's ASX announcement of 20 June 2019 for further details).
5. Issue of shares in lieu of cash to creditors approved by shareholders at the AGM held 26 April 2019.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 Options

The terms of the Options offered under the Offer are set out below.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary Share.

(b) **Exercise Price and Expiry Date**

The Options are exercisable at \$0.10 each at any time up to 5.00pm (WST) on 7 November 2019 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.

(c) **Exercise**

The Options are exercisable by delivering to the registered office of the Company a notice in writing (**Notice of Exercise**) stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.

(d) **Timing of issue of Shares upon exercise**

After an Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the subscription monies due:

- (i) issue the Shares;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX by no later than 5 Business Days after the date of exercise of the Option;

(e) **Ranking of Shares**

Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.

(f) **Transferability**

Subject to the Corporations Act, Constitution and the Listing Rules, the Options are transferable.

(g) **Quotation of Options**

The Company will apply to ASX for quotation of the Options.

(h) **Quotation of Shares on exercise**

The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.

(i) **Participation rights**

The Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

(j) **Reorganisation**

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which the Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(k) **Amendments**

There will be no change to the exercise price of the Options in the event the Company makes a pro rata rights issue of Securities.

(l) **Adjustments**

Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(m) **Governing law**

These terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the key specific risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Risks specific to the Company's existing and planned operations

(a) **Investment risk**

As announced on 26 November 2018, the Company has subscribed for secured, first ranking, interest free loan notes in Riva Technology and Entertainment Limited (**RTE**) for US\$1,500,000. The loan notes are to be repaid by 31 December 2019. There can be no assurance as to the performance of RTE. If RTE does not generate revenues from its business, there is a risk that the loan notes will not be repaid on time (if at all) which would have a material adverse effect on the Company's financial position. There is therefore a risk that the loan notes subscribed for will fall in value and provide no return to the Company. The Company has sought to mitigate this risk by ensuring that the loan notes are secured against the assets of RTE but there can be no guarantee that enforcing this security in the event the loan notes are not repaid will ensure the Company suffers no loss.

(b) **Going concern**

As announced on 1 May 2019, the Company's reviewed financial report for the half year ended 31 December 2018 included the following statement.

"For the half-year ended 31 December 2018 the Group incurred a net loss of \$72,897 after crediting an amount of \$1,382,678 in relation to the de-recognition of the Company's US subsidiary, MSM Music Inc.'s, trade creditors following the execution of an Assignment for the Benefit of Creditors (ABC) agreement on 7 December 2018, and a further non-cash reversal of \$433,220 relating to previously recognised share based payment expenses (31 December 2017:

\$13,674,134), incurred net cash outflows from operating activities of \$1,886,473 (31 December 2017: \$11,856,090), held cash at bank of \$1,143,018 (30 June 2018: \$303,875), trade and other payables of \$1,126,254 (30 June 2018: \$3,043,959) and borrowings of \$822,026 (30 June 2018: \$303,650).

As at the date of this report, the Group held cash at bank of \$74,637 and had trade and other payables of \$586,517. Of this amount, trade and other payables totalling \$210,778 to non-related entities which are not expected to be converted into equity in the Company are overdue.

In addition, \$890,000 (before costs) in borrowings are to be settled in equity instruments of the Company, following shareholder approval obtained at the Company's 2018 Annual General Meeting held on 26 April 2019.

The Group has also invested US \$1,500,000 (AUD \$2,133,230) in an interest free, secured promissory note ('promissory note') issued by RIVA Technology and Entertainment Limited ('RTE') payable on 31 December 2019. RTE is a subsidiary of The Riva Group. RTE is a start-up entity and was founded in December 2016. RTE is in the process, through the collaboration of Firefly Games of launching Dreamworks: Universe of Legends, which is expected to be the first of numerous games launched.

The Group has no full time employees, currently has no customers or any ability to generate revenue other from potential revenue from its arrangements with The Riva Group and associated company, RTE.

The ability for the Group to continue as a going concern is dependent on cash inflows generated from its strategic investment arrangement with The Riva Group and associated companies, specifically the repayment of the US\$1,500,000 (AUD \$2,133,230) promissory note due from RTE, successful fund raising under the executed mandate agreement with Emerald Capital Australia Pty Ltd (ECA) of the remaining \$570,000 (before costs), of which \$550,000 (before costs) remains outstanding at the date of this report, the continued support from related parties, to continue its operational activities during the next 12 months and the settlement of select liabilities through shares.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business."

Notwithstanding the 'going concern' note included in the half year financial report, the Directors believe that the Company will have sufficient funds to adequately meet the Company's short-term commitments and working capital requirements as a result of the capital raising referred to in paragraph (c) below. As announced on 20 June 2019, the Company has now completed the balance of this capital raising of \$570,000 and has confirmed that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. However, it is highly likely that further

funding will be required to meet the medium term working operating costs of the Company.

(c) **Additional requirements for capital**

Additional funding will be required to effectively implement the business and operations of the Company, as well as its plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities.

Additional funding may also be required to meet any unanticipated liabilities or expenses, which the Company may incur.

As announced on 26 November 2018, the Company engaged Emerald Capital Australia Pty Limited to act as Lead Manager for a capital raising of \$1,440,000 via the issue of convertible notes in the Company (conversion at \$0.008 per Share or such other conversion price as is agreed by MSM) on a best endeavours basis. As announced on 20 June 2019, the Company has completed this capital raising.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its activities and potential development programs. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

The Company may enter into additional interim loan arrangements on similar terms to provide working capital funding. The Company will provide updates on any such loan arrangements in accordance with its disclosure obligations.

(d) **ABC Process**

As announced on 22 February 2019, the Company's US subsidiary, MSM Music Inc. (**MSM-US**) entered into an Assignment for the Benefit of Creditors (**ABC**) process to manage the outstanding creditors of MSM-US (which included the Company). As part of this process, the Company entered into an Asset Purchase Agreement with the assignee of MSM-US to acquire all of the assets and intellectual property held by MSM-US associated with its online entertainment platform for a cash purchase price of US\$110,000. While the Company and MSM-US engaged US based legal and other advisers in respect of the ABC process and such parties advised the Company that the ABC process was a generally accepted insolvency process in California (the State of incorporation of MSM-US), neither the Company nor MSM-US can guarantee that no creditor of MSM-US will challenge the ABC process (and the Asset Purchase Agreement) in general or seek to make further claims against MSM-US and attempt to include the Company in such claims. Any such challenge to the ABC process or any such claim (if successful) could have a material adverse effect on the Company.

(e) **Financial risk management**

The Company's financial management team provides services to the business, coordinates access to domestic financial markets, monitors and

manages the financial risks relating to the operations of the Company and identifies any exposures by degree and magnitude of risks. These risks include credit risk, liquidity and cash flow interest rate risk and currency risk. The Company actively pursues avenues to minimise the effect of these risks.

(f) **Foreign currency risk**

The Company undertakes certain transaction denominated in United States dollars and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Company's exposure to currency risk at 30 June 2018 was \$752,206 (2017: \$604,402) on investments and trade payables denominated in United States dollars. The effect of future movements in the exchange rate for United States dollars on the Company's financial position and results of its activities is likely to be negligible.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue, profit and earning. The Company could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the relevant foreign currency and will have to monitor this risk on an ongoing basis.

(g) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed periodically. The Company does not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and borrowings is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(h) **Interest rate risk**

The Company is exposed to interest rate risk as it holds cash deposits at floating interest rates. The risk is that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities

(i) **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(j) **Failure to attract, retain and engage consumers**

The revenue streams for the Company depend on the Company's ability to attract, retain and engage consumers to the Company's product offerings. There is a risk that the Company may be unable to attract, retain and engage sufficient consumers for the potential revenue streams to materialise or be sufficient for the continued operation of the business.

(k) **Maintenance of key, influential business partner relationships**

The Company relies on relationships with key, influential business partners (including but not limited to RTE, The Riva Group and Software Developers Inc.) to enable it to operate and maintain the Megastar platform and also licence it for use across other sectors and genres of the global mobile competition framework. Refer to the Company's announcements of 26 November 2018, 10 January 2019, 1 April 2019 and 7 May 2019 for further details.

The Company intends to leverage the Riva Group's network and capabilities to expand the Megastar Platform to include Esports and Mobile Gaming talent competitions. The Company is currently negotiating a separate license agreement with the Riva Group for Esports and Mobile Games.

As part of a far reaching overall operational review process, Software Developers Inc (SDI), a Silicon Valley based company specialising in app and online development and engineering projects, were appointed to perform an independent review of the Company's ongoing IP management and prompt a move toward a more flexible, low-cost, outsourced model to allow the Company to scale up when needed to execute and adapt quickly, while minimising costs.

The Company will also rely on these and other business partner relationships as part of its expansion plans.

In the event that any of these relationships are terminated, the Company would seek to replace them with alternate business partners, however such alternates may not be readily available, or available on reasonable terms, and this could impact the Company's financial position and expansion strategy.

(l) **New market risk**

The Company is seeking to expand its business into additional jurisdictions and types of contests, as well as products complementary to the Company's existing business.

There can be no certainty that the Company's product offerings will meet the needs or demands of these new markets. New markets usually cost substantially more to penetrate than a known market and may also result in a diversion of the attention and time of management. Accordingly, such efforts may have a materially adverse effect on the value and prospects of the Company.

(m) **Reliance on key personnel**

The success of the Company business depends on the ability of the Company's key employees, directors and consultants to develop the

business and manage operations, and on their ability to attract and retain key product development, technical, engineering, business development and marketing staff, as well as key providers such as talent managers and judges for the contests.

The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff can be intense, and no assurance can be provided that the Company will be able to attract or retain key personnel in the future. A shortage of qualified staff could also cause wage inflation, which may impact on the Company's profitability.

(n) **Regulatory risks**

The environment in which the Company's business operates is subject to complex and evolving policies, laws and regulations regarding privacy, data protection, defamation, obscene material, content regulation, intellectual property, competition, distribution of electronic contracts and other communications, protection of minors, consumer protection, taxation, online payment services and advertising and marketing standards.

Foreign data protection, privacy, and other laws and regulations in other jurisdictions are often more restrictive than those in Australia. In some cases, laws or regulations in one country may be inconsistent with, or contrary to, those of another country.

The media and technology industries in the United States, Great Britain, Australia, Canada, New Zealand, India and South Africa and other places around the world within which the Company's product offering may extend to have the potential to become subject to even higher levels of regulation by government. It is likely applicable laws and regulations will continue to change in an effort to keep up with the rapidly evolving industry. Due to their evolving nature, many of these laws and regulations are subject to uncertain interpretation. It is difficult to predict how existing and new laws and regulations will be applied to the Company or its business. It is possible that they may be interpreted and applied in a manner that is inconsistent with current practices or detrimental to the Company.

Existing and new laws and regulations applicable to the media and technology industry can be costly to comply with, delay or impede the development of new products and services, require changes to business practices, result in negative publicity, lead to declines in user growth or engagement, require significant time and attention of management and technical personnel and subject the Company to inquiries or investigations, claims or other remedies, including monetary penalties, or otherwise harm the Company's business.

The Company has considered the key laws and regulations in the United States, Great Britain, Australia, Canada, New Zealand, India and South Africa which are likely to apply to the Company's business and is not aware of any potential issues.

Any expansion of the Company's business into other jurisdictions will be subject to the Company being able to operate the business within the jurisdiction's legal and regulatory framework.

(o) **Risk of third party competitors**

The industry in which the Company is involved is subject to increasing global competition which is fast-paced and fast-changing. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Company's business. For instance, new technologies and products could overtake the innovativeness of the Company's product offerings. In that case, the Company's revenues and profitability could be adversely affected.

The cost and time for a competitor to develop a competing product offering to that offered by the Company may not be significant (particularly for a larger competitor with access to funding and resources). This may result in a heightened risk of competition to the Company. If a person or entity successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of the Company.

(p) **Technology and development risks**

The current and planned product offerings of the Company are subject to a number of technological and development risks which may result in unforeseen and unavoidable delays in ongoing developments, updates to the existing product offerings and future products. These risks include, amongst other things, overestimating the ease at which the technology can be developed for the products, issues in developing the code, availability of appropriately skilled third parties, and unforeseen bugs and errors.

While the development of the technology per se is not considered to be particularly difficult or unique, the risk lies in developing a quality product. In order for the Company's business plan to succeed, the Company must offer quality products. Products which may be functional, but of a low quality, are unlikely to result in the consumer retention and engagement required for the Company's business plan to succeed.

(q) **Reliance on core information technology and other systems**

The operation of the Company's products are dependent upon the performance, reliability and availability of its information technology and security systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The Company's disaster recovery plans may not cover loss or damage that is suffered as a result of such a system failure.

Any damage to, or failure of, the key systems of the Company's products may affect the Company's ability to operate its business. Such disruptions

have the potential to reduce the Company's ability to generate revenue, impact consumer service levels and damage the brand of the Company.

The media and technology industry is also subject to rapid and significant changes in technology and the impact of these changes on the Company cannot be predicted. The costs associated with implementing emerging and future technology changes may be significant.

(r) Reliance on third party platforms

The Company utilises third party hardware ('smartphones'), software ('mobile operating systems') and distribution ('app stores') platforms for commercialisation of its products. If access to these third party platforms were terminated or reduced, the Company's operations and business would be adversely affected.

The business model of the Company is dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which the Company's products may not function as intended, which could impact on the profitability of the Company.

(s) Licensing risk

The Company may enter into licensing arrangements in the future. Under any such licence agreements, the relevant Company entity and the counterparty may have a number of performance obligations including to use reasonable efforts at all times to market, promote, distribute and support the launch and operation of relevant product offering. Maintenance of such agreements will be dependent upon compliance with such terms. There is a risk that the Company or the counterparty may not comply with the terms of the licence agreements and that the licence agreements are terminated which could have a significant negative impact on the Company and an adverse impact of the financial position of the Company. Where the counterparty fails to comply with any licence agreements, the Company may then need to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(t) Outsourcing to third parties

The Company is required to outsource key components of the development of its products to third party consultants and experts and organisations. There is no guarantee that such consultants and experts or organisations will be available as required or will meet expectations.

(u) Reputational risks

The Company operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled consumers about the Company and its key management personnel and other persons involved in the Company or its products, such as celebrity judges, may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by such consumers can lead to additional regulatory scrutiny and a consequential increase compliance burden in

responding to regulatory inquiries. This could negatively impact on the Company's profitability.

(v) **Security breaches and hacker attacks**

A malicious attack on the Company's products, systems, processes or people from external or internal sources could put the integrity and privacy of consumers' data and business systems used by the Company at risk.

The impact of loss or leakage of consumer or business data could include costs for rebates, potential service disruption, litigation and brand damage, resulting in reduced or failing revenues.

The Company will continue to follow best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise risks.

(w) **Increased investment in product development and support**

There is a risk that maintaining and upgrading the Company's product offering as required on an ongoing basis as well as new product development may lead to a higher than anticipated investment spend on information technology development.

(x) **Legacy mining interest**

The Company continues to hold a minority interest in the Skardon Kaolin Project in Cape York Peninsula, Queensland (Skardon Project). As previously disclosed, it is the Company's intention to dispose of its interest in the Skardon Project. There is a risk that the Company will not be able to dispose of this interest on favourable terms. There is also a risk that the Company may incur liabilities in respect of the interest.

6.3 Intellectual property risks

(a) **Intellectual property rights**

As summarised in Section 6.2(d) above, MSM-US Music Inc. entered into an ABC process to manage its outstanding creditors. As part of this process, the Company entered into an Asset Purchase Agreement with the assignee of MSM-US to acquire all of the assets and intellectual property (summarised below) held by MSM-US associated with the online entertainment platform developed by MSM-US.

MSM-US has lodged a non-provisional patent application under the Patent Cooperation Treaty (PCT) having a priority date of 2 October 2016. Currently there are approximately 152 countries/regions contracted under the PCT, including Australia and the United States, for which protection can be sought. One or more "national phase entry" patent application are then to be filed in desired regions/countries within at least thirty (30) months or thirty-one (31) months in some jurisdictions from the priority date.

Furthermore, MSM-US has lodged two additional provisional applications in the United States to protect its intellectual property interests in the United States while also securing foreign priority for its patent rights. The United States provisional application process provides MSM-US with

foreign priority for subsequent patent applications filed in countries that are signatories to the Paris Convention which recognise patent priority in each of those signatory countries. The provisional patent applications in the United States creates a priority date that can be used to establish priority in any Paris Convention country. The two US provisional patent applications have been converted into US non-provisional patent application. Prior to the foreign filing deadline and in the coming months, MSM-US plans to file each of the two non-provisional patent applications under the PCT that claim priority to its United States provisional patent application filings.

The prospect of attaining patent protection for products such as those to be used in the business of the Company is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the Company's ability to obtain patents for its products.

MSM Holdings Pte. Ltd., a wholly owned subsidiary of the Company, has lodged applications for registration of trademarks for "Megastar Millionaire", "Megastar", "Megastar Live", "MSM", and the "M" logo in with the United States Patent and Trademark Office. These applications were also lodged in foreign jurisdictions pursuant to the international Madrid-Protocol.

In the United States, "Megastar Millionaire" is a fully registered trademark, "Megastar" and the "M" logo have each been reviewed by the Examiner and published for opposition, and a notice of allowance has been issued for "MSM". So long as no outside party opposes "Megastar" or the "M" logo within the statutory opposition period, each will proceed to registration. The Company believes it is unlikely to face opposition.

In Australia, "Megastar Millionaire" has been accepted by the Australian Trademark Office, and has been published for opposition. So long as no outside party opposes the "Megastar Millionaire", it will proceed to registration. The Company believes it unlikely to face opposition. The "MSM" mark is a fully registered trademark, and all other listed marks are pending under the Madrid Protocol.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement or to establish validity of its rights. Any litigation, whether or not successful, could result in significant expense to the Company and cause a distraction to management.

Any expansion of the Company's product offering into other jurisdictions will be subject to the Company being able to secure sufficient intellectual property protection.

(b) Infringement of third party intellectual property or restraints of trade

Third parties may from time to time accuse the Company or its personnel or contractors of infringing that third party's intellectual property rights, or commence legal action against the Company for intellectual property infringement and related claims.

Similarly, third parties may from time to time accuse the Company or its personnel or contractors of contravening restraint of trade or non-compete contractual obligations or commence legal action against the Company for claims of such nature.

If a third party makes such an accusation or commences such a legal action, the Company may incur significant costs in defending such accusation or action, whether or not it ultimately prevails. Costs that the Company may incur in defending such third party accusations or actions would also include diversion of management's and technical personnel's time and potential reputational damage.

In addition, parties who commence legal proceedings against the Company or its personnel or contractors may be able to obtain injunctive or other equitable relief that could prevent the Company from using its developed products. In the event of a successful claim for infringement against the Company, it may be required to pay damages and obtain one or more licenses or consents from the prevailing third party. If it is not able to obtain these licenses or consents at a reasonable cost, or at all, it could encounter a loss of substantial resources while it attempts to rebrand or adjust its product offering.

Defence of any lawsuit or failure to obtain any of these licenses or consents could prevent the Company from using its products and could cause it to incur substantial expenditure.

Although the Company has taken steps to protect and confirm its interest in the required intellectual property rights and does not consider that any of its personnel or contractors are subject to relevant restraint of trade or non-compete restrictions, there is always a risk of third parties alleging that such rights or restrictions have been infringed.

In particular, the Company notes that it is aware of the existence of registered trademarks which may be considered similar to those trademarks used by the Company. If all or some of the Company's trademark applications are not granted, the Company may consider "rebranding" the business to, amongst other things, reduce the risk of a claim of trademark infringement.

6.4 General Risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) General economic outlook.
- (ii) Introduction of tax reform or other new legislation.

- (iii) Interest rates and inflation rates.
- (iv) Changes in investor sentiment toward particular market sectors.
- (v) The demand for, and supply of, capital.

(c) **Terrorism or other hostilities**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology shares in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(d) **Agents and contractors**

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(e) **Force majeure**

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(f) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with the Company's operations is not always available and where available the costs can be prohibitive.

6.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the

Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
20/06/19	Appendix 4C
20/06/19	Appendix 3B
20/06/19	Successful Completion of Capital Raise
08/05/19	Reinstatement Upon Completion of Capital Raise
07/05/19	Change of Director's Interest Notices
07/05/19	Riva Partnership Update
01/05/19	Half Year Report and Accounts
01/05/19	Appendix 4D
30/04/19	Appendix 4C – quarterly
26/04/19	Appendix 3B
26/04/19	Results of Meeting
24/04/19	Extension to Suspension
17/04/19	Extension to Suspension
11/04/19	Annual General Meeting – Change of Venue
11/04/19	Extension to Suspension
08/04/19	Extension to Suspension
03/04/19	Extension to Suspension
01/04/19	Market Update
22/03/19	Notice of Annual General Meeting/Proxy Form

22/03/19	Extension to Suspension
22/03/19	Appendix 4C - quarterly
22/03/19	Expiry of Performance Rights
22/03/19	Change of Director's Interest Notices
22/03/19	Appendix 4C - quarterly
22/03/19	Appendix 4G and Corporate Governance Statement
22/03/19	Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.msmci.com.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The Company has been suspended from trading since 21 September 2018. The highest, lowest and last market closing prices of the Shares on ASX during the three months immediately preceding that date and the most recent dates of those sales were:

	(\$)	Date
Highest	\$0.019	2 July 2018
Lowest	\$0.007	6 September 2018
Last	\$0.009	21 September 2018

7.4 Substantial Shareholders

Based on publicly available information as at the date of this Prospectus, no person has a relevant interest in 5% or more of the Shares on issue.

7.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security Holdings

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options ¹	Performance Shares ²	Performance Rights
Adam Wellisch ³	10,827,338	4,742,802	6,474,819	1,200,000 ⁴
Chris Jones ⁸	514,155	312,500	-	-
Mark Clements	11,256,115	225,000	3,904,076	1,200,000 ⁶

Notes:

- Quoted Options exercisable at \$0.10 each on or before 7 November 2019.
- Class B Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2020.
- Mr Wellisch's interests are held indirectly by the Welson Family A/C, of which Adam Wellisch is a beneficiary.
- Comprised of 1,200,000 Class C Performance Rights subject to vesting conditions to be satisfied on or before 29 December 2021.
- Securities are held by Balion Pty Ltd as trustee for the Clements Family Trust of which Mr Clements is a director and beneficiary and Beretta Nickel Pty Ltd of which Mr Clements is a sole director and shareholder.
- Comprised of 1,200,000 Class C Performance Rights subject to vesting conditions to be satisfied on or before 29 December 2021.
- Mr Chris Jones' interests are held indirectly by Mongoose Capital Pty Ltd, of which Mr Jones is the sole director.

No Director or any of their associates intend to participate in the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive Directors for the past financial year and the proposed remuneration for current financial year and the financial year ending 30 June 2020.

	Proposed Remuneration for the year ending 30 June 2020	Proposed Remuneration for the year ending 30 June 2019	Remuneration for the year ended 30 June 2018 ⁷
Adam Wellisch	\$36,000	\$36,000	\$222,000
Chris Jones	\$36,000	\$21,000 ¹	Nil ¹
Mark Clements	\$36,000	\$36,000	\$108,000

Notes:

1 Chris Jones was appointed as a Director on 20 November 2018.

7.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$7,500 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on + 61 3 9015 4036 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'A Wellisch', followed by a horizontal line.

**Mr Adam Wellisch
Non-Executive Chairman
For and on behalf of
MSM CORPORATION INTERNATIONAL LTD**

9. **GLOSSARY**

\$ means an Australian dollar.

Applicant means an investor that applies for Securities under the Offer using an Application Form pursuant to this Prospectus.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Section 2.1 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means MSM Corporation International Ltd (ACN 002 529 160).

Constitution means the constitution of the Company.

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

Directors means the directors of the Company at the date of this Prospectus.

Group means the Company and its subsidiaries.

Listed Option means an Option with an exercise price of \$0.10 each and an expiry date of 7 November 2019 (ASX:MSMOA).

Offer means the offer of Securities referred to in Section 3.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means the opening date of the Offer as set out in the indicative timetable in the Section 2.1.

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share.

Performance Share means a security convertible into a Share, subject to the satisfaction or waiver of certain performance conditions and to the terms and conditions attaching to that performance share.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Security means a Share or a Listed Option as the context requires.

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

Shareholder means a holder of Shares.

WST means western standard time as observed in Perth, Western Australia.