



FLAMINGO AI LIMITED
ACN 000 031 292

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR THE OFFER OF 10 SHARES AT AN ISSUE PRICE OF \$0.062 PER SHARE.

THIS PROSPECTUS HAS BEEN PREPARED PRIMARILY FOR THE PURPOSE OF SECTION 708A(11) OF THE CORPORATIONS ACT TO REMOVE ANY TRADING RESTRICTIONS ON SHARES ISSUED PRIOR TO THE CLOSING DATE.

THIS PROSPECTUS IS ALSO BEING ISSUED FOR THE OFFER OF 5,000,000 UNQUOTED OPTIONS TO IRONSIDE CAPITAL PTY LTD (OR ITS NOMINEES).

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 18 December 2017 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply for Official Quotation by ASX of the Shares offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company c/o Bellanhouse, Level 19, Alluvion, 58 Mounts Bay Road, Perth, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.5). The Offers are only available to those who are personally invited to accept the Offers. Applications for Securities under the Offers can only be submitted on an original Application Form which accompanies this Prospectus.

The Securities offered by this Prospectus should be considered speculative.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those 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 this Prospectus.

This Prospectus contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and are considered by the Board to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this Prospectus. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

Dr Catriona Wallace Chief Executive Officer &
Managing Director
Ms Cathie Reid Non-Executive Chair
Mr Bryn Hardcastle Non-Executive Director

Company Secretary

Mr Zane Lewis

Registered Office

C/- Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Phone: +61 8 6555 2950
Email: investor@flamingo.io
Website: flamingo.ai

ASX Codes

FGO (Shares)
FGOOA (Options)

Share Registry*

Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
PO Box 700
SUBIACO WA 6008

Solicitors

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC and ASX Opening Date of Offers	18 December 2017
Closing Date of Offers	19 December 2017
Anticipated date of Official Quotation of the Shares	20 December 2017

* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

INVESTMENT OVERVIEW

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act), and options over continuously quoted securities, 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.</p>	Section 4.4
<p>Risk factors</p> <p>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 in Section 3, including (but not limited to) in respect of:</p> <ul style="list-style-type: none">• Limited operating history: The Company's main operating subsidiary, Flamingo, has limited operating history and there is no guarantee that the Company will be able to successfully further develop or commercialise Flamingo's products, or realise significant revenues in the future.• Failure to attract, retain and engage clients: There is a risk that the Company may be unable to attract, retain and engage sufficient clients for the potential revenue streams to materialise or be sufficient for the continued operation of the Flamingo Platform.• Sales and marketing success: There is no guarantee that the Company's brand development and sales and marketing campaign for the Flamingo Platform will be successful which could have an adverse impact on its ability to generate revenue. The Company may not be able to sell products and services to clients at a rate which covers its operating and capital costs in order to achieve a commercial return.• Competition and new technologies: The Company has no influence or control over its competitors' activities and actions, which may positively or negatively affect the operating and financial performance of the Company's projects and business.• Increased investment in product development and support: There is a risk that maintaining and upgrading the Company's existing products as well as new product development may lead to a higher than anticipated investment spend on IT development.• Additional capital requirements: Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.	Section 3

Key Information	Further Information																				
<p>Cleansing Offer</p> <p>This Prospectus is for an offer of 10 Shares to selected investors at an issue price of \$0.062 each.</p> <p>Placement and conversion of performance rights</p> <p>The Company has agreed to issue approximately 161 million Shares at \$0.062 per Share to sophisticated and professional investors to raise \$10 million (before costs).</p> <p>On 3 November 2017, the Company issued 3 million Shares to security holders on conversion of Class D performance rights.</p> <p>The primary purpose of this Prospectus is to remove any trading restrictions on Shares issued under the Placement and on conversion of the Class D Performance Rights prior to the Closing Date.</p> <p>Ironside Offer</p> <p>This Prospectus is also for an offer of 5,000,000 unquoted Options to Ironside Capital Pty Ltd (or its nominees), exercisable at \$0.05 per Option on or before the date which is 2 years from the date of issue.</p>	Sections 1.1, 1.2, 1.3 and 1.4																				
<p>Effect of the Offers</p> <p>The Offers will result in the issued capital of the Company increasing by 10 Shares and 5 million unquoted Options. It is not expected that the Offers will have any effect on the control of the Company.</p> <p>After paying the expenses of the Offers of approximately \$7,500, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$0.62) will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position of reducing the cash balance by \$7,499.38, being receipt of funds of \$0.62 less expenses of the Offers of \$7,500.</p>	Sections 1.17 and 2																				
<p>Directors' interests in Securities</p> <p>The relevant interest of each of the Directors in Securities as at the date of this Prospectus is set out in the table below:</p> <table><tr><th>Director</th><th>Shares</th><th>Quoted Options</th><th>Performance Shares</th><th>Performance Rights</th></tr><tr><td>Dr Catriona Wallace</td><td>155,229,994</td><td>-</td><td>77,209,592</td><td>-</td></tr><tr><td>Cathie Reid</td><td>86,048,320</td><td>625,000</td><td>41,899,160</td><td>5,000,000</td></tr><tr><td>Bryn Hardcastle</td><td>1,500,000</td><td>-</td><td>-</td><td>15,000,000</td></tr></table> <p>Further details of the Directors' Security holdings are set out in Section 4.12.</p>	Director	Shares	Quoted Options	Performance Shares	Performance Rights	Dr Catriona Wallace	155,229,994	-	77,209,592	-	Cathie Reid	86,048,320	625,000	41,899,160	5,000,000	Bryn Hardcastle	1,500,000	-	-	15,000,000	Section 4.12
Director	Shares	Quoted Options	Performance Shares	Performance Rights																	
Dr Catriona Wallace	155,229,994	-	77,209,592	-																	
Cathie Reid	86,048,320	625,000	41,899,160	5,000,000																	
Bryn Hardcastle	1,500,000	-	-	15,000,000																	

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1. Details of the Offers

1.1 Cleansing Offer

The Company is offering, pursuant to this Prospectus, 10 Shares at an issue price of \$0.062 each (**Cleansing Offer**).

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

Shares issued under the Cleansing Offer will be issued as fully paid ordinary shares and will rank equally in all respect with the existing Shares on issue. Refer to Section 4.1 for a summary of the rights and liabilities attaching to Shares.

1.2 Ironside Offer

The Company refers to its announcements dated 27 June 2017, 20 September 2017 and 13 December 2017 in relation to the corporate mandate entered into between the Company and Ironside Capital Pty Ltd (**Ironside**) and subsequently terminated by mutual agreement. To finalise all obligations under the mandate, the Company has agreed to offer Ironside (or its nominees) 5,000,000 unquoted Options pursuant to this Prospectus (**Ironside Offer**).

The Ironside Offer will only be extended to Ironside or its nominees. Relevant Application Forms will only be provided by the Company to these parties.

Options granted under the Ironside Offer will be exercisable at \$0.05 per Option and will expire two years from the date of issue (**Ironside Options**), and will otherwise be granted on the terms and conditions set out in Section 4.2. Shares issued upon exercise of the Ironside Options will be fully paid and will rank equally with the Company's existing Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is in Section 4.1.

1.3 Placement and Conversion Shares

As announced to the ASX on 13 December 2017, the Company has agreed to issue 161,290,323 Shares (**Placement Shares**) at \$0.062 per Share to sophisticated and professional investors to raise \$10 million (before costs) (**Placement**).

The Company has appointed Bell Potter Securities Limited as Lead Manager to the Placement. A summary of the Lead Manager Mandate is set out in Section 4.3.

The Placement Shares are expected to be issued on or about 19 December 2017.

On 3 November 2017, the Company issued 3 million Shares to security holders on conversion of Class D performance rights (**Conversion Shares**).

1.4 Purpose of the Prospectus

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as

a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) 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) 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 company that are in the same class of securities as the relevant securities.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to Securities issued by the Company prior to the Closing Date, including the Placement Shares, Conversion Shares and Ironside Options, so that the participants may, if they choose to, sell those Securities within the next twelve months without the issue of a prospectus.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Cleansing Offer;
- (b) ensure that any on-sale of Ironside Options (or underlying Shares issued upon exercise of those Options) do not breach section 707(3) of the Corporations Act; and
- (c) ensure that any on-sale of Securities issued by the Company prior to the Closing Date, including the Placement Shares and the Conversion Shares, do not breach section 707(3) of the Corporations Act.

The Shares issued under the Cleansing Offer and the Ironside Options will be issued under the Company's existing placement capacity under Listing Rule 7.1.

\$0.62 will be raised under the Cleansing Offer. The total estimated expenses of the Offers of \$7,500 will be paid by the Company from its cash reserves.

1.5 Closing Date

The Closing Date for the Offers is 19 December 2017. The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.6 Minimum subscription

There is no minimum subscription for the Offers.

1.7 Application Forms

The Offers are being extended to investors who are invited by the Company to subscribe for Securities and are not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

Applications must be made using the relevant Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Securities under an Offer.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning an Application Form with the requisite Application Monies (if any), Applicants will be deemed to have represented and warranted on behalf of themselves or each person on whose account they are acting that the law in their place of residence and/or where they have been given the Prospectus, does not prohibit them from being given the Prospectus and that they:

- (a) agree to be bound by the terms of the relevant Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- (e) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (f) acknowledge that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

1.8 Issue and dispatch

Subject to the Corporations Act and the Listing Rules, the Company intends to issue the Securities under the Offers on or about 19 December 2017.

Security holder statements will be dispatched, as soon as possible after the issue of the Securities under the Offers.

1.9 Application Monies held on trust

All Application Monies received for the Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.10 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for official quotation of the Shares under the Cleansing Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus. The Company does not intend to apply for quotation of the Ironside Options.

1.11 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS, operated by ASX Settlement Pty Limited (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Security holders at the end of any calendar month during which the balance of their Security holding changes. Security holders may request a statement at any other time; however, a charge may be made for additional statements.

1.12 Residents outside Australia

This Prospectus and an accompanying Application Form do not, and are not intended to, constitute an offer of Securities 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. 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 such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.13 Risk factors

An investment in Securities of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 3.

1.14 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Security holders or potential investors. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.15 Major activities and financial information

A summary of the major activities and financial information relating to the Company can be found in the Company's Annual Financial Report for the financial year ended 30 June 2017 lodged with ASX on 27 October 2017 and the Company's Half Yearly Report to 31 December 2016 lodged with ASX on 28 February 2017.

The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Financial Report on 27 October 2017.

Copies of the Annual Financial Report and Half Yearly Report are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.16 Privacy

Applicants will be providing personal information to the Company (directly or by the Company's share registry) on the Application Form. The Company collects, holds and will use that information to assess the Acceptance, service Security holders' needs, facilitate distribution payments and corporate communications to Security holders, and carry out administration.

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

Security holders can access, correct and update the personal information the Company holds about them by contacting the Company or its share registry at the relevant contact numbers set out in this Prospectus. A fee may be charged for access. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Applicants should note that if they do not provide the information required on Application Form, the Company may not be able to accept or process their Acceptance.

1.17 Effect of the Offers on control of the Company

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offers.

1.18 Enquiries concerning Prospectus

For all enquiries concerning this Prospectus, please contact the Company Secretary on +61 8 6555 2950.

2. Effect of the Offers

2.1 Capital structure on completion of the Offers

	Shares ¹	Options ²	Performance Rights ³	Performance Shares ⁴
Balance at the date of this Prospectus	912,175,970	131,378,074	45,000,000	186,584,814
To be issued under the Placement	161,290,323	-	-	-
To be issued under the Cleansing Offer	10	-	-	-
To be issued under the Ironside Offer	-	5,000,000	-	-
Balance after the Offers⁵	1,073,466,303	136,378,074	45,000,000	186,584,814

Notes:

- Shares currently on issue include:
 - 211,608,645 Shares escrowed until 17 November 2018; and
 - 40,000,000 Shares escrowed until 5 February 2018.
- The Options currently on issue consist of:
 - 45,451,015 quoted Options exercisable at \$0.06 each and expiring 24 May 2018;
 - 25,000,000 unquoted Options exercisable at \$0.02 each and expiring 4 November 2019, escrowed until 5 February 2018;
 - 50,000,000 unquoted Options exercisable at \$0.03 each and expiring 3 February 2019, escrowed until 5 February 2018;
 - 288,748 unquoted legacy Options exercisable at between \$3.00 and \$6.00 each and expiring 5 February 2018;
 - 4,922,948 unquoted Options exercisable at \$0.029 each and expiring 3 November 2021; and
 - 5,715,363 unquoted Options issued to employees and consultants under incentive schemes with various exercise prices and expiry dates.

A further 5,000,000 unquoted Options exercisable at \$0.05 each and expiring 2 years from the date of issue will be issued under the Ironside Offer.
- Comprised of 9,999,999 Class A performance rights, 9,999,999 Class B performance rights and 10,000,002 Class C performance rights (all of which have vested but which are subject to escrow until 5 February 2018), as well as 3,000,000 Class E performance rights, 3,000,000 Class F performance rights and 9,000,000 Class G performance rights. Full terms and conditions of the performance rights are set out in the Company's prospectus lodged with ASX on 8 December 2015 and the Company's notices of annual general meeting dated 28 October 2016 and 19 October 2017.
- Comprised of 64,146,096 Class B performance shares and 64,146,096 Class C performance shares escrowed until 17 November 2018 and 29,146,311 Class B performance shares and 29,146,311 Class C performance shares not subject to escrow. Full terms and conditions of the performance shares are set out in the Company's prospectus lodged with ASX on 14 September 2016.
- Assumes no further Securities are issued or converted to Shares.

2.2 Financial effect of the Offers

After paying the expenses of the Offers of approximately \$7,500, there will be no proceeds from the Offers. The expenses of the Offers (exceeding \$0.62) will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position of reducing the cash balance by \$7499.38, being receipt of funds of \$0.62, less expenses of the Offers of \$7,500.

Please refer to Section 4.16 for further details on the estimated expenses of the Offers.

3. Risk factors

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Specific risks to the Company's business

There are a number of specific risks involved for the Company, and consequently its Security holders, including risks specific to the business and assets of Flamingo, the Company's primary operating subsidiary, which include the following non-exhaustive list.

(a) Limited operating history

Flamingo, the Company's main operating subsidiary, has limited operating history and there is uncertainty in relation to the business of Flamingo and investors should consider Flamingo's prospects (and therefore the Company's) in light of its limited financial history. In addition, there is no guarantee that the Company will be able to successfully further develop or commercialise Flamingo's products and if it is unable to do so it will not be able to realise significant revenues in the future.

(b) Failure to attract, retain and engage clients

The potential revenue streams for the Company depend on its ability to attract, retain and engage clients to the Flamingo Platform. There is a risk that the Company and Flamingo may be unable to attract, retain and engage sufficient clients for the potential revenue streams to materialise or be sufficient for the continued operation of the Flamingo Platform.

(c) Sales and marketing success

The Company intends to continue with the commercialisation of the Flamingo Platform, including brand development and sales and marketing. By its nature, there is no guarantee that the Company's brand development and sales and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty in creating market awareness of the brand. This would likely have an adverse impact on the Company's ability to generate revenue.

Even if the Company does successfully commercialise the Flamingo Platform, there is a risk the Company will not achieve a commercial return. The Company may not be able to sell products and services to clients at a rate which covers its operating and capital costs, or new technology may overtake the Company's technology.

(d) Competition and new technologies

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have 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 projects and business. For instance, new technologies could overtake the advancements made by the Flamingo Platform. In that case, the Company's revenues and profitability could be adversely affected.

The Company's competition may include businesses with much higher capitalisation and substantially greater resources. These competitors may succeed in developing products and services which are either superior or additional to the Company's, resulting in the migration of existing clients and potential clients to a competitor's business. Competitors with increased access to capital could lead to the Company's business becoming uncompetitive.

Further, the cost and time for a new competitor (including new entrants) to develop competing technology or products may not be significant, and may be substantially less than the implied market capitalisation of the Company based on the issue price of \$0.062 per Share. 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 and consequently on the value of your investment.

(e) Increased investment in product development and support

There is a risk that maintaining and upgrading the Company's existing products as well as new product development may lead to a higher than anticipated investment spend on IT development.

(f) Flamingo's intellectual property

If the Company fails to protect the intellectual property rights of Flamingo adequately, competitors may gain access which would in turn harm its business.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trade mark, copyright and trade secret protection may not be available to the Company in every country in which products may become available. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

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 the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

(g) Intellectual property infringement

Flamingo relies in part on confidentiality agreements with its employees, consultants, contractors and other third parties to protect its intellectual property. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information.

Flamingo uses a combination of open source and third party licensed software to develop its own software and platforms, and relies on its ability to protect its intellectual property rights adequately.

Failure to do so may result in competitors gaining access to its technology, which would harm the Company's business. The Company and/or Flamingo may be unable to obtain patent protection in the future. If any patents are issued in the future, they may not provide the Company or Flamingo with any competitive advantages, or may be challenged by third parties.

There is a risk that the validity, ownership or authorised use of intellectual property relevant to Flamingo's business will be successfully challenged by third parties. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.

(h) Reliance on key personnel

The emergence and development of the Flamingo Platform has been in large part due to the talent, effort, and experience of Dr Catriona Wallace, the founder of Flamingo and the Company's Chief Executive Officer and Managing Director.

There is no assurance that Dr Wallace's contract will not be terminated. In addition, there is no assurance that Dr Wallace will remain healthy and able to continue in her role. If her contract were terminated or breached, or if Dr Wallace were no longer to continue in her role, the Company would need to employ alternative staff, and the Company's operations and business would be adversely affected.

(i) Reliance on specialist staff

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.

The Company is reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of its products and business and the rate of such development. Such a shortage could also cause wage inflation which may impact on the Company's profitability.

(j) Outsourcing

The Company outsources to consultants for expert advice and contracts organisations for some IT services and there is no guarantee that such experts or organisations will be available as required or will meet expectations.

(k) Reliance on core information technology and other systems

The operation of Flamingo's business is 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 and Flamingo's disaster recovery plans may not cover loss or damage that the Company or Flamingo suffers as a result of such a system failure.

Any damage to, or failure of, Flamingo's key systems can result in disruption to Flamingo's (and therefore the Company's) ability to operate the Flamingo business. Such disruptions have the potential to reduce Flamingo's ability to generate revenue, impact customer service levels and damage Flamingo's brand. This could adversely affect Flamingo and the Company's ability to generate new business and cause the Company to suffer financial loss.

(l) Dependence on the internet

Expanding subscriptions of the Flamingo Platform and other future developed products depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool have been harmed by "viruses", "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company's products would be significantly reduced, which would harm its business.

(m) Security breaches and hacker attacks

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

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

Flamingo follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise risks.

Flamingo relies upon the availability of its website to attract new customers. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks. Unavailability of the website could lead to a loss of revenues for the Company. Further, it could hinder the Company's abilities to retain existing customers or attract new customers, which could have an adverse impact on the Company's growth.

(n) Attracting end customers websites

The Company's revenues will be affected by the ability of Flamingo's clients to attract customers to their websites which utilise the Flamingo Platform. Various factors can affect the level of web traffic arriving at those websites, including:

- (i) Marketing and promotions: If Flamingo clients' marketing and promotion efforts are not effective this may result in fewer 'conversions', meaning less revenue is generated for Flamingo.
- (ii) Brand damage: If the Company, Flamingo or Flamingo's clients suffer from reputational damage, web traffic could be affected.

(o) **Liability claims**

The Company may be exposed to liability claims if its products or services are provided in fault and/or cause harm to its customers (for example, if there was a data breach). As a result, the Company may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against the Company or a subsidiary, the Company may be fined or sanctioned and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(p) **Customer service risk**

Clients may need to engage with Flamingo's personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between a client and Flamingo. The Company needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If Flamingo loses key customer service personnel or fails to provide adequate training and resources for customer service personnel, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on Flamingo's, and therefore the Company's, revenue.

(q) **Reputational risk**

The Company operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the Company's businesses in public forums may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory enquiries. This could negatively impact upon the Company's profitability.

(r) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Flamingo's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

3.2 Market Risks

(a) Additional requirements for capital

The funds raised under the Placement are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to Flamingo) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. Further additional financing will be required if the Board determines to accelerate the development of the Company's technology.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing 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 their activities and potential research and development programmes. 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.

(b) Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its potential interests in products. This will depend on successful completion of product development activities, obtaining regulatory approval and on there being commercial demand for such products which cannot be guaranteed.

3.3 General risks

(a) Foreign exchange risks

The Company has costs and expenses in the US. Accordingly, the depreciation and/or the appreciation of the US dollar relative to the Australian dollar results in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the US dollar relative to the Australian dollar 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 US dollar, and will have to monitor this risk on an ongoing basis.

(b) 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 business activities and potential research and development programmes, as well as on their ability to fund those activities.

(c) Force majeure

The Company's projects 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.

(d) Insurance risks

The Company has insured its operations and those of Flamingo (as required) in accordance with industry practice. However, in certain circumstances, such 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 affected.

(e) Litigation risks

The Company is exposed to possible litigation risks including, but not limited to, intellectual property and patent claims. Further, the Company or Flamingo may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company and Flamingo are not currently engaged in any litigation.

(f) Dependence on outside parties

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(g) 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; and
- (vi) 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 stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to security holders arising from the transactions the subject of this Prospectus or otherwise.

3.4 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.

4. Additional information

4.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(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.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

4.2 Terms and Conditions of Ironside Options

- (a) **(Entitlement):** Each Ironside Option entitles the holder to subscribe for one Share upon exercise of the Ironside Option.
- (b) **(Exercise Price):** Subject to Section 4.2(k), the amount payable upon exercise of each Ironside Option will be \$0.05 (**Exercise Price**).
- (c) **(Expiry Date):** Each Ironside Option will expire at 5:00pm (WST) two years from the date of issue (**Expiry Date**). An Ironside Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period):** The Ironside Options are exercisable at any time after 1 January 2018 and on or prior to the Expiry Date (**Exercise Period**).
- (e) **(Notice of Exercise):** The Ironside Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Ironside Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Ironside Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (acting reasonably).
- (f) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Ironside Option being exercised in cleared funds (**Exercise Date**).
- (g) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date, the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Ironside Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Ironside Options.

If a notice delivered under Section 4.2(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 30 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such 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.

- (h) **(Shares issued on exercise):** Shares issued on exercise of the Ironside Options rank equally with the then issued shares of the Company.
- (i) **(Quotation of Shares issued on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Ironside Options.
- (j) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (k) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Ironside Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Ironside Options without exercising the Ironside Options.
- (l) **(Unquoted):** The Company will not apply for quotation of the Ironside Options on ASX.
- (m) **(Transferability):** The Ironside Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4.3 Lead Manager Mandate

On or about 12 December 2017, the Company entered into a mandate to appoint Bell Potter Securities Limited (**Lead Manager**) as lead manager for the Placement (**Lead Manager Mandate**).

In consideration for its services, the Lead Manager will receive the following fees:

- (a) **(management fee):** a management fee of 3% of the gross proceeds of all equity raised under the Placement; and
- (b) **(selling fee):** a selling fee of 2% of the gross proceeds of all equity raised under the Placement.

The Company must reimburse the Lead Manager for all reasonable out-of-pocket expenses (including GST) incurred in connection with the Placement, including but not limited to marketing and communication costs, printing, couriers, postage and distribution, roadshow expenses, accommodation, travel and legal fees. The Lead Manager will seek Company approval for any individual expense to be incurred that will exceed \$2,000, other than legal fees.

Other than due to termination by the Company for cause due to the Lead Manager's fraud, wilful misconduct, gross negligence or material breach of its obligations under the Lead Manager Mandate, where the Company terminates the Lead Manager and subsequently completes the Placement or similar equity capital raising within 6 months

from the date of termination, the Company must pay the Lead Manager for that capital raising an amount equal to the fees under the Lead Manager Mandate.

The Company agrees to inform the Lead Manager of any equity capital raisings undertaken by the Company within 12 months following expiry or termination of the Lead Manager Mandate and afford the Lead Manager the opportunity to submit a lead manager mandate.

The Lead Manager Mandate contains covenants, warranties, representations and indemnities that are customary for an agreement of this nature.

4.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.5 below). Copies of all documents announced to the ASX can be found at www.asx.com.au.

4.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers, a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2017 and the half-year ended 31 December 2016, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report and before the date of issue of this Prospectus which are as follows:

Date Lodged	Subject of Announcement
18/12/2017	Flamingo AI in Live Evaluation with Clients
13/12/2017	Flamingo AI Raises \$10M in Over-subscribed Placement
12/12/2017	Trading Halt
11/12/2017	Flamingo AI Investor Webinar December
8/12/2017	Market Update MetLife Asia

Date Lodged	Subject of Announcement
24/11/2017	Change of Company Name and ASX Code
24/11/2017	Change of Director's Interest Notice - BH
24/11/2017	Appendix 3B
24/11/2017	Change of Director's Interest Notice - CR
22/11/2017	Results of Meeting
6/11/2017	Webinar - Updated link
6/11/2017	Monthly Investor Update Webinar
3/11/2017	Change of Director's Interest Notice - BH
3/11/2017	Change of Director's Interest Notice - CW
3/11/2017	Change of Director's Interest Notice - CR
3/11/2017	Appendix 3B
3/11/2017	Nationwide Goes Live with Flamingos Virtual Assistant
1/11/2017	Trading Halt
30/10/2017	Quarterly Company Update
30/10/2017	Appendix 4C - quarterly
27/10/2017	Corporate Governance Statement
27/10/2017	Appendix 4G
27/10/2017	Annual Report to shareholders

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.17 and the consents provided by the Directors to the issue of this Prospectus.

4.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

4.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

4.8 Market price of Shares

The highest and lowest market closing sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.088 per Share on 7 November 2017

Lowest: \$0.049 per Share on 22 September 2017

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.067 per Share on 18 December 2017.

4.9 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.10 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Shares	Voting power (%)
Dr Catriona Wallace	155,229,994	17.0
Ms Cathie Reid	86,048,320	9.4

4.11 Directors' interests

Except as previously disclosed in the Company's prospectus lodged with the ASX on 14 September 2016, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

4.12 Directors' interests in Securities

The Directors have the following relevant interests in the Securities as at the date of this Prospectus:

Director	Shares	%	Quoted Options	Performance Shares	Performance Rights
Dr Catriona Wallace ¹	155,229,994	17.0	-	77,209,592	-
Cathie Reid ²	86,048,320	9.4	625,000	41,899,160	5,000,000
Bryn Hardcastle ³	1,500,000	0.2	-	-	15,000,000

Notes:

1. Dr Wallace has an interest in 38,604,796 Class B performance shares and 38,604,796 Class C performance shares. Full terms and conditions of the performance shares are set out in the Company's prospectus lodged with ASX on 14 September 2016.
2. Ms Reid has an interest in 20,949,580 Class B performance shares, 20,949,580 Class C performance shares, 1,000,000 Class E performance rights, 1,000,000 Class F performance rights and 3,000,000 Class G performance rights. Full terms and conditions of the performance shares are set out in the Company's prospectus lodged with ASX on 14 September 2016. Full terms and conditions of the performance rights are set out in the Company's notices of annual general meeting dated 28 October 2016 and 19 October 2017.
3. Mr Hardcastle has an interest in 3,333,333 Class A performance rights, 3,333,333 Class B performance rights and 3,333,334 Class C performance rights (all of which have vested), as well as 1,000,000 Class E performance rights, 1,000,000 Class F performance rights and 3,000,000 Class G performance rights. Full terms and conditions of the performance rights are set out in the Company's prospectus lodged with ASX on 8 December 2015 and the Company's notices of annual general meeting dated 28 October 2016 and 19 October 2017.

4.13 Remuneration of Directors

The Constitution provides that the non-executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal shares. The current maximum amount of remuneration that may be paid to all non-executive Directors has been set at \$500,000 per annum.

The remuneration of the executive Directors must, subject to the provisions of any contract between each of them and the Company, be fixed by the Directors.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors have received the following remuneration for the preceding two financial years:

		Salary & fees	Share based payments	Super-annuation	TOTAL
Dr Catriona Wallace ¹	2017	310,706	-	13,077	323,783
	2016	-	-	-	-
Cathie Reid ²	2017	24,000	-	-	24,000
	2016	-	-	-	-
Bryn Hardcastle ³	2017	36,000	-	-	36,000
	2016	15,000	168,667	-	183,667
Faldi Ismail ⁴	2017	36,000	-	-	36,000
	2016	15,000	168,666	-	183,666
Tom Bahen ⁵	2017	12,300	-	-	12,300
	2016	15,000	168,667	-	183,667
Nicholas Young ⁶	2017	-	-	-	-
	2016	-	-	-	-
Steven Bryson-Haynes ⁷	2017	-	-	-	-
	2016	-	-	-	-

Notes:

1. Dr Wallace was appointed as a Director on 3 November 2016.
2. Ms Reid was appointed as a Director on 3 November 2016.
3. Mr Hardcastle was appointed as a Director on 5 November 2015.
4. Mr Ismail was appointed as a Director on 28 October 2015 and resigned on 27 June 2017.
5. Mr Bahen was appointed as a Director on 5 November 2015 and resigned on 3 November 2016.
6. Mr Young was appointed as a Director on 28 October 2015 and resigned on 5 November 2015.
7. Mr Bryson-Haynes was appointed as a Director on 28 October 2015 and resigned on 5 November 2015.

4.14 Related party transactions

There are no related party transactions involved in the Offers that are not otherwise described in the Prospectus.

4.15 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offers or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offers.

Bellanhouse will be paid approximately \$5,000 (plus GST) in fees for legal services in connection with the Offers.

4.16 Expenses of Offers

Estimated expenses of the Offers	\$
ASIC lodgement fee & ASX quotation fee	2,500
Legal and preparation expenses	5,000
TOTAL	7,500

4.17 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, any 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) has not authorised or caused the issue of this Prospectus or the making of the Offers;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (c) 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.

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

5. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to be 'BH' with a long horizontal stroke extending to the right.

Bryn Hardcastle
Non-Executive Director
Flamingo AI Limited

Dated: 18 December 2017

6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid Application for Securities made pursuant to this Prospectus on an Application Form.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities made on an Application Form.

Application Form means the Application Form for the Cleansing Offer or the Ironside Offer (as relevant) provided by the Company with a copy of this Prospectus.

Application Monies means the amount of money in dollars and cents payable for Shares at the Offer price per Share pursuant to the Cleansing Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Sub-registry System.

Cleansing Offer has the meaning given in Section 1.1.

Closing Date has the meaning given in Section 1.5.

Company means Flamingo AI Limited (ACN 000 031 292).

Constitution means the constitution of the Company as at the date of this Prospectus.

Conversion Shares has the meaning given in Section 1.3.

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

Directors mean the directors of the Company as at the date of this Prospectus.

Flamingo means Flamingo Customer Experience, Inc. (a company incorporated pursuant to the laws of Delaware, USA), and its wholly owned subsidiary Flamingo Ventures Pty Limited (ACN 163 845 056).

Flamingo Platform means the online platform developed and operated by Flamingo for an 'intelligent guided selling', onboarding or retention experience between clients of Flamingo and their customers.

Ironside means Ironside Capital Pty Ltd (ACN 168 562 918).

Ironside Offer has the meaning given in Section 1.2.

Ironside Options means the unquoted Options to be issued under the Ironside Offer on the terms and conditions set out in Section 4.2.

Issuer Sponsored means Securities issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Offers means the Cleansing Offer and the Ironside Offer, as applicable.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Option means the right to acquire one Share in the capital of the Company.

Placement has the meaning given in Section 1.3.

Placement Share has the meaning given in Section 1.3.

Prospectus means this prospectus dated 18 December 2017.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options, performance rights or performance shares, issued or granted by the Company.

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

Shareholder means a holder of Shares.

WST means Western Standard Time, being the time in Perth, Western Australia.