

ASX RELEASE

COMPLETION OF PLACEMENT AND ISSUE OF SECURITIES

PERTH, 19 December 2017, Flamingo AI Limited (“Flamingo AI” or “the Company”) (ASX: FGO) advises that the Placement announced on 13 December 2017 has completed.

The Company has received \$10,000,000 (before costs) from the Placement and today has allotted and issued a total of 161,290,323 shares under the Company’s Listing Rule 7.1 placement capacity and Listing Rule 7.1A placement capacity.

In accordance with ASX Listing Rules 7.1A.4(b) and 3.10.5A the Company makes the following disclosures in respect of the Placement:

- (a) The dilutive effect of the Placement on existing shareholders is as follows:

Number of shares on issue prior to the Placement: 912,175,970

	Shares	% of Post Placement Capital
Placement issue under Listing Rule 7.1	120,967,742	11.27%
Placement issue under Listing Rule 7.1A	40,322,581	3.76%
Total dilution as a result of the Placement	161,290,323	15.03%

Number of shares on issue following the Placement: 1,073,466,293

Details of the approximate percentage of the issued capital following the completion of the Placement held by pre-Placement shareholders and new shareholders are as follows. Please note this information relates specifically in relation to the portion of shares issued under Listing Rule 7.1A (40,322,581 shares):

	% of Post Placement Capital
Pre-placement security holders who did not participate	84.97%
Pre-placement security holders who did participate	0%
Participants in the placement who were not previously security holders	3.76%

- (b) The Company issued shares as a placement to sophisticated and professional investors as this was considered to be the most expedient mechanism for raising funds in a timely manner and for lower costs. The Company is grateful for the support of its long-term shareholders.
- (c) No underwriting agreements were entered into with respect to the Placement.
- (d) Commission payable was 3% of all funds raised under the Placement and 2% of all funds received and arranged by the Lead Manager or other brokers under the Placement, with no broker options or equity.

The Company has also issued 5,000,000 options exercisable at \$0.05 per option expiring 18/12/2019 to Ironside Capital Pty Ltd (or its nominees) in satisfaction of obligations under the mandate.

An Appendix 3B follows this announcement.



[ENDS]

For further information, investor or media enquiries, please contact:

Email: investor@flamingo.io

ABOUT Flamingo AI

Flamingo AI (ASX: FGO) is an Australian listed company based in Sydney and New York. In the Machine Learning sector, Flamingo is a SaaS company, providing Cognitive Virtual Assistant (AI) platforms designed for enterprises selling and servicing complex products online. Flamingo's Virtual Assistants are ROSIE & MAGGIE. Flamingo is one of IT Analyst Gartner's 'Cool Vendors' and clients include large financial services firms. www.flamingo.ai

Flamingo - Social Media Policy

Flamingo is committed to communicating with the investment community through all available channels. Whilst ASX remains the prime channel for all material announcements and news, investors and other interested parties are encouraged to follow Flamingo on Twitter - [@FlamingoAI](https://twitter.com/FlamingoAI)

Company Investor Newsletter

The Company encourages investors to subscribe to the Flamingo investor community newsletter at <https://flamingo.ai/investor-portal/>

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Flamingo AI Limited

ABN

99 000 031 292

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | a) Ordinary Shares
b) Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 161,290,323
b) 5,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a) Fully paid ordinary shares
b) Unlisted options with exercise price of 5 cents, expiration date of 18/12/2019 |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>a) Yes</p> <p>b) No, but upon conversion into ordinary shares, yes.</p>
5	Issue price or consideration	<p>a) 6.2c per share</p> <p>b) nil cash consideration</p>
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>a) Placement to raise \$10 million (before costs), and cleansing offer under prospectus dated 18 December 2017</p> <p>b) Issued under prospectus dated 18 December 2017 in satisfaction of obligations under mandate to Ironside Capital Pty Ltd</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	22 November 2017
6c	Number of +securities issued without security holder approval under rule 7.1	<p>120,967,742 Shares</p> <p>5,000,000 Options</p>
6d	Number of +securities issued with security holder approval under rule 7.1A	40,322,581 Shares

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil						
6f	Number of +securities issued under an exception in rule 7.2	Nil						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes Issue Date: 19/12/2017 15 Day VWAP to 18/12/2017 = \$0.0704 25% discount of 15 Day VWAP = \$0.0528 Source: Miraql						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable						
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Capacity under LR 7.1 is 10,858,653 Capacity under LR 7.1A is 50,895,016						
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	19/12/2017						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>821,857,648</td><td>Fully paid ordinary shares</td></tr><tr><td>45,451,015</td><td>Quoted options expiring 24 May 2018, exercise price \$0.06 each.</td></tr></table>	Number	+Class	821,857,648	Fully paid ordinary shares	45,451,015	Quoted options expiring 24 May 2018, exercise price \$0.06 each.
Number	+Class							
821,857,648	Fully paid ordinary shares							
45,451,015	Quoted options expiring 24 May 2018, exercise price \$0.06 each.							

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	Number	+Class
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)
	211,608,645	fully paid ordinary shares, escrowed until 17 November 2018
	40,000,000	fully paid ordinary shares, escrowed until 5 February 2018
	25,000,000	options expiring 4/11/2019, exercise price \$0.02 each, escrowed until 5 February 2018
	50,000,000	options expiring 3/02/2019, exercise price \$0.03 each, escrowed until 5 February 2018
	221,056	options expiring 5/02/2018, exercise price \$3.00 each
	67,692	options expiring 5/02/2018, exercise price \$6.00 each
	4,922,948	options expiring 3/11/21, exercise price \$0.029 each
	5,000,000	options expiring 18/12/19, exercise price \$0.05 each
	9,999,999	Class A performance rights, escrowed until 5 February 2018
	9,999,999	Class B performance rights, escrowed until 5 February 2018
	10,000,002	Class C performance rights, escrowed until 5 February 2018
	64,146,096	Class B performance shares, escrowed until 17 November 2018

+ See chapter 19 for defined terms.

	64,146,096	Class C performance shares, escrowed until 17 November 2018
	29,146,311	Class B performance shares
	29,146,311	Class C performance shares
	3,000,000	Class E performance rights
	3,000,000	Class F performance rights
	9,000,000	Class G performance rights
		All performance rights and performance shares convert on a 1:1 basis. See prospectuses lodged 13 September 2016 and 8 December 2015 and Notices of AGM dated 28 October 2016 and 19 October 2017 for full terms.
	5,715,363	Employee and consultant options issued under incentive scheme with various expiry dates and exercise prices

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the ⁺ securities will be offered | |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | |
| 15 | ⁺ Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | <p>Names of countries in which the entity has security holders who will not be sent new offer documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	+Issue date	

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1 (a) only

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

39 ⁺Class of ⁺securities for which quotation is sought

+ See chapter 19 for defined terms.

40	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)</p>					
42	<p>Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> <tr> <td style="height: 100px;"></td> <td></td> </tr> </table>	Number	⁺ Class		
Number	⁺ Class					

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Zane Lewis
 (Company secretary)

Date: 19 December 2017

Print name: Zane Lewis

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	595,440,046
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	27,955,995 (issued 3/4/17; shareholder approved 10/5/17) 59,544,005 (issued 3/4/17; shareholder approved 10/5/17) 940,540 (issued 3/4/17; shareholder approved 10/5/17) 3,401,965 (issued 24/5/17; LR 7.2 exception 1) 59,342,383 (issued 26/9/17; shareholder approved 22/11/17) 68,728,255 (issued 26/9/17; shareholder approved 22/11/17) 96,292,459 (issued 3/11/17; LR 7.2 exception 4) 530,324 (issued 23/11/17; LR 7.2 exception 4)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	912,175,972

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	136,826,395
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	120,967,742 shares (issued 19/12/17) 5,000,000 unquoted options (issued 19/12/17)
“C”	125,967,742
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	136,826,395
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	125,967,742
Total [“A” x 0.15] – “C”	10,858,653 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

⁺ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	912,175,972
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	91,217,597
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	40,322,581 shares (issued 19/12/17)
“E”	40,322,581
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	91,217,597
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	40,322,581

⁺ See chapter 19 for defined terms.

Total ["A" x 0.10] – "E"	50,895,016
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