

BIR Financial Limited

PROSPECTUS

For an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs) (**General Offer**).

The General Offer is fully underwritten by Transocean Securities Pty Ltd (AFSL: 230161).

This Prospectus also contains an offer of 15,789,474 Shares to the shareholder (or his nominees) of Pulse Markets Pty Ltd (ACN 081 505 268) in consideration for the acquisition of all of the shares in Pulse Markets Pty Ltd (**Vendor Offer**).

In addition to the purpose of raising funds under the Offers, this Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

Completion of each of the Offers is conditional upon (amongst other things) satisfaction of certain conditions. Further details of the conditions to the Offers are set out in Section 5.4. All Shares offered under this Prospectus are described and offered on a post Consolidation basis.

LEAD MANAGER AND UNDERWRITER:
Transocean Securities Pty Ltd (ABN 25 009 230 120)
Australian Financial Services Licence: 230161

Important Information

This Prospectus provides important information to assist prospective investors in deciding whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.

ASX and ASIC do not take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

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

Contents

1.	IMPORTANT INFORMATION	1
2.	CHAIRMAN'S LETTER	5
3.	HIGHLIGHTS	7
4.	INVESTMENT OVERVIEW	10
5.	DETAILS OF OFFERS	23
6.	OVERVIEW OF THE COMPANY AND THE ACQUISITION OF PULSE MARKETS PTY LTD	31
7.	BUSINESS OVERVIEW	33
8.	INDUSTRY OVERVIEW	44
9.	RISKS	50
10.	BOARD, MANAGEMENT AND INTERESTS	61
11.	FINANCIAL INFORMATION	66
12.	INVESTIGATING ACCOUNTANT'S REPORT	83
13.	MATERIAL CONTRACTS	89
14.	ADDITIONAL INFORMATION	97
15.	DIRECTORY	103
16.	DIRECTORS' AUTHORISATION	104
17.	DEFINITIONS	105
	APPENDIX A – CORPORATE GOVERNANCE STATEMENT	108

1. IMPORTANT INFORMATION

THIS PROSPECTUS IS AN IMPORTANT DOCUMENT WHICH SHOULD BE READ IN ITS ENTIRETY BEFORE ANY INVESTMENT DECISION. YOU SHOULD OBTAIN INDEPENDENT ADVICE IF YOU HAVE QUESTIONS ABOUT THE MATTERS CONTAINED IN THIS PROSPECTUS.

This Prospectus is issued by Birrabong Corporation Limited ACN 074 009 091 (**Company**) which will be renamed "BIR Financial Limited" upon, and subject to, completion of the Acquisition.

This Prospectus is dated 5 April 2018 and was lodged with ASIC on that date (**Prospectus**). Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to this Prospectus to be admitted for quotation on ASX.

Expiry

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

Offers

This Prospectus comprises details of an offer by the Company for the issue of 25,000,000 New Shares at \$0.20 each to raise \$5,000,000 (**General Offer**), and an offer of 15,789,474 Consideration Shares to the Vendor in consideration for the Acquisition (**Vendor Offer**).

No offer where Offers would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. No action has been taken to register or qualify the Shares or the Offers, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

Electronic Prospectus

The Prospectus will be made generally available in electronic form by being posted through the Company's website at www.birfinancial.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) during the Offer Period by contacting the Share Registry on 1300 992 916. The Offers constituted by this Prospectus in electronic form are only available to persons receiving an electronic version of this entire Prospectus and Application Form within Australia.

How to apply for Shares

Applications for Shares will only be accepted on the Application Form attached to or accompanying this Prospectus or in its paper copy form from www.birfinancial.com.au, or through online application. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Applications must be for a minimum of 10,000 Shares at the issue price of \$0.20 per Share. Applications for more than 10,000 Shares must be in multiples of 2,500 Shares.

Notice to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety, along with each of the documents incorporated by reference, so you can make an informed assessment of the rights and liabilities attaching to the Shares, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects, before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor or other professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 9. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the assumptions underlying the financial information and the risk factors that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital, the payment of dividends, the payment of a return on the Shares or the future value of the Securities.

No representation

No person is authorised to give any information or to make any representation in connection with the Prospectus other than as is contained in this Prospectus. Any information or representation not contained in the Prospectus should not be relied on as having been made or authorised by the Company or its Directors in connection with the Offers.

Re-compliance with Chapters 1 and 2 of the Listing Rules

The Acquisition will constitute a change to the nature and scale of the Company's activities. Pursuant to Listing Rule 11.1.3, the Company must re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules, as if applying for admission to the Official List.

Accordingly, in addition to the purpose of raising funds under the General Offer, this Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy the ASX's requirements for re-admission to the Official List following a change in the nature and scale of the Company's activities.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List (on conditions satisfactory to the Company), then the Company will not proceed with the Offers and will repay all Application Monies received. Further, the Company will be removed from the Official List by ASX effective from the open of trading on 9 July 2018.

Conditional Offers

The Offers are conditional on:

- (a) the existing shareholders of the Company approving the Acquisition and the Offers;
- (b) the conditions precedent to the Share Sale Agreement, the terms of which are summarised at Section 13.1 being satisfied, including the Company receiving conditional approval from ASX that it will re-admit the Company's Securities to the Official List and terminate the suspension from Official Quotation of Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the Listing Rules; and

- (c) the Company raising the Minimum Subscription under the General Offer, being \$5,000,000.

Accordingly, the Offers under this Prospectus are effectively inter-conditional on the successful completion of the Acquisition. New Shares and Consideration Shares issued under this Prospectus will be issued on the date of completion of the Acquisition. In this regard, if such completion does not occur, no New Shares or Consideration Shares will be issued pursuant to this Prospectus and the Applicants will be repaid their Application Monies (without interest) and in accordance with the Corporations Act.

Consolidation

Unless stated otherwise, all reference to Shares as set out in this Prospectus are stated on the basis that the Consolidation has occurred and are subject to the effect of rounding.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of this Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC for up to a further 7 days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus and if deficiencies are detected, the Company will either:

- (a) return any Application Monies that the Company has received;
- (b) provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency, and gives the Applicant the option to withdraw the Application within one month and be repaid the Application Monies; or
- (c) issue to the Applicant the Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and gives the Applicant the option to withdraw the Application within one month and be repaid the Application Monies.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and after the Company obtains shareholder approval for the Acquisition and the Offers pursuant to the Notice of Meeting. No preference will be conferred on any Applications received during the Exposure Period and they will be treated as if they were simultaneously received on the Opening Date.

No cooling-off rights

Applicants have no cooling off rights in relation to Shares for which they apply. This means that an Applicant is not permitted or entitled to withdraw its Application once submitted, other than in certain specified circumstances as detailed in the Corporations Act.

Privacy and personal information

The completed Application Form provides personal information about you to the Company. The Company collects your personal information to process and administer your investment in the Company and to provide related services to you.

By submitting an Application Form, you agree that the Company may use the information provided by you on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you become a Security Holder, the Corporations Act requires the Company to include information about the Security Holder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if you cease to be a Security Holder. Information contained in the Company's register is used to facilitate distribution payments and corporate communications (including the Company financial results, annual

reports and other information that the Company may wish to communicate to its Security Holders) and for compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process that Application efficiently, or at all.

You have a right to gain access to the information that the Company holds about you subject to certain exemptions under law. A fee may be charged for such access. To make a request for access or to obtain further information about the Company's personal information management practices, please contact the Company or the Share Registry on 1300 992 916.

Special note regarding forward-looking statements

This Prospectus contains forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by, and information currently available to, the Company. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events.

Generally, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "project", "may", "can", "could", "might", "will" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements reflect our current views and beliefs with respect to future events at the time that the statements are made, are not historical facts or guarantees of future performance and are subject to significant risks, uncertainties and other factors that are difficult to predict and many of which are outside of our control that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate and the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur, accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Definition

Defined terms and abbreviations used in this Prospectus are explained in Section 17.

Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest. Investors should carefully read the Section on risk factors outlined in Section 9. Any investment in the Company should be considered speculative.

2. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board, it is with great pleasure that I invite you to acquire Shares in BIR Financial Limited.¹

As announced to the ASX on 21 February 2018, and subject to shareholders' approval of various resolutions set out in the Company's notice of meeting dated 28 March 2018 for the Company's Annual General Meeting scheduled to be held on 27 April 2018 (**AGM**), the Company proposes to change the nature and scale of its operations through the acquisition of all the issued shares in Pulse Markets Pty Ltd (**Pulse Markets**), a diversified financial services business which provides a range of financial services to retail, wholesale corporate and private clients.

The capital raising by a General Offer under this Prospectus is subject to and conditional upon shareholders' approvals. So, while this Prospectus provides information to prospective investors about the opportunity to invest in the Company, prospective investors should note that no applications for Shares can be accepted if and until the required shareholders' approval at the AGM has been obtained.

If shareholders approve the required resolutions at the AGM to change the nature and scale of the Company's operations and to undertake the General Offer under this Prospectus, the Company proposes to change from a company which was previously in property and infrastructure to a diversified financial services business. With the proposed acquisition of Pulse Markets, the Company's core business will encompass equity capital markets (including corporate advisory) (**ECM**) services and securities trading services.

As a result of the fund raising in this Offer, the Company proposes to continue Pulse Markets' existing strategic plans for growth – by maintaining the core ECM business and focusing on growing the core securities trading business through the offering of innovative investment products which aim to give clients greater transparency and control over their investment portfolio. These new products include Managed Discretionary Accounts, a planned new secured mortgage investment instrument MNotes (for wholesale clients only) and if Pulse Markets attains a CSF licence, crowd-sourced funding.

Together with this proposed expansion in product offerings, Pulse Markets intends to invest in partnership arrangements with other financial services providers to significantly expand its product distribution channels (Business-to-business and wholesale).

With the utilisation of technology at the core of these product offerings to provide for efficiency, transparency and scale, the Company proposes to drive increases in revenue through fee earnings as a result of increased client demand for these new product offerings and increasing Pulse Markets' distribution channels. This is the Company's business strategy for aiming to deliver returns for its investors.

The Company chose Pulse Markets as an appropriate acquisition in the financial services sector due to its 17 year history in the industry, together with the wealth of experience in its management team. Pulse Markets has maintained its advantage in the rapidly evolving financial services industry through its independence and leadership which focusses on strong compliance ethics while monitoring and adapting to new market opportunities and product offerings to meet clients' investment demands. Pulse Markets operates under AFSL No. 220383 which authorises it to provide the financial services that it currently provides to retail and wholesale clients and those currently being planned as part of the business strategy (other than crowd-sourced funding for which Pulse Markets has applied for a specific CSF licence, which application is pending and under review).

¹ The Company is currently called Birrabong Corporation Limited, but is proposing to change its name to BIR Financial Limited, subject to shareholders' approval of a special resolution to change its name being passed at the AGM scheduled to be held on 27 April 2018.

The primary competitive advantage of the Company is that it is nimble enough to adapt and take advantage of the growing and ever-changing financial services industry landscape, together with an experienced management team who have the skills and capability to deliver new and innovative financial products in a heavily regulated environment.

While I encourage you to read this Prospectus in its entirety, details of the existing business together with the proposed innovative new product offerings and expanded distribution channels can be found in Section 7.

The strength of the Company strategy is demonstrated by the General Offer being fully underwritten by Transocean Securities Pty Ltd. The General Offer is to raise \$5,000,000 through this issue of 25,000,000 at \$0.20 per share. This will result in a total of 80,000,000 shares on issue and value the Company at \$16,000,000. Detailed information about the General Offer is also set out in this Prospectus.

Like any business, the Company faces a number of risks with respect to its acquisition of Pulse Markets and ongoing business operations which are set out in Section 9, including but not limited to risks associated with the acquisition of Pulse Markets (such as due diligence, valuation and transaction risks), retaining key executives, operating a financial services business in a highly regulated environment, changing market conditions, competition, key service providers, claims and complaints by customers and changes in laws and regulations. Prospective Investors should note that the securities offered under this Prospectus are of a speculative nature.

The Board believes that the newly raised capital will provide enhanced financial strength and flexibility to the business of Pulse Markets, facilitating its ongoing growth.

Immediately following completion of the Offers, the Company is expected to have \$4 million in cash. This capital will be available to support the growth of the business both organically and for strategic investments in partnerships that will grow distribution channels.

As Chairman, I look forward to welcoming you as a Shareholder.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tal Silberman', written over a light grey rectangular background.

Tal Silberman
Chairman

3. HIGHLIGHTS

3.1 Key Offer dates – Indicative timetable

	Indicative Date
Lodgement of this Prospectus with ASIC and ASX	5 April 2018
General Offer and Vendor Offer open (Opening Date)	27 April 2018
General Offer and Vendor Offer close (Closing Date)	18 May 2018
Completion of Acquisition and issue of Shares under the Prospectus	25 May 2018
Expected date for dispatch of shareholding statements	25 May 2018
Expected date for re-quotation of the Company's Shares on the ASX	8 June 2018

Notes: These dates are indicative only and subject to change without notice. The date for completion of Acquisition is only a good faith estimate by the Directors and may be extended. The Board, at its own discretion and subject to its statutory obligations, reserves the right to alter this timetable at any time and may extend the period of the Offer Period or bring forward the Closing Date without prior notice, which may have a consequential effect on the other dates. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares to Applicants. The Opening Date is subject to the Company obtaining shareholder approval and the Offers will only open once the Company has obtained shareholder approval for the Acquisition and the Offers pursuant to the Notice of Meeting. In the event that shareholder approval is not obtained, the Company will not proceed with the Offers.

3.2 Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the Listing Rules

At the AGM, the Company will seek Shareholders approval for a change in nature and scale of its activities.

The Company is required to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy the ASX's requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

The Company's Securities will remain suspended from trading on ASX until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event Acquisition does not proceed or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offers and will repay all Application Monies received.

3.3 Important Note – ASX policy on removal of long term suspended entities

As of 7 April 2018, the Company's Securities will have been suspended from trading for a continuous period of 3 years. Pursuant to ASX Guidance Note 33 *Removal of Entities from the ASX Official List* the Company may be automatically removed from the Official List of the ASX from the open of trading on 9 April 2018 in accordance with section 3.4 of Listing Rules Guidance Note 33, unless ASX grants an extension to the delisting deadline.

The Company has made a request for a short extension from ASX to the delisting deadline and ASX has granted the Company a short extension to the delisting deadline to 7 July 2018 to provide for the completion of the transaction.

If, however, the Company is not reinstated to the Official List by the close of business on 7 July 2018, the Offers will be withdrawn and the Company will be removed from the Official List effective from the open of trading on 9 July 2018.

Investors should take account of these uncertainties in deciding whether or not to apply for New Shares.

3.4 Key terms and conditions of the General Offer

The following is a summary of the key terms and conditions of the General Offer.

Key Feature	Comment
New Shares to be issued under the General Offer	25,000,000
Issue Price	\$0.20 per Share
Minimum Application	10,000
Minimum Subscription	\$5,000,000
Maximum Subscription	No maximum subscription
Indicative market capitalisation at Issue Price	\$16,000,000

3.5 ASX Listing

The Company will within 7 days of the date of this Prospectus make application to the ASX for the Company to be admitted to the Official List and for the Shares offered by this Prospectus to be granted Quotation – Refer to Section 5.10 for further explanation.

3.6 Application of monies raised

The funds raised by this Prospectus are intended to be applied in the manner set out in the following table:

Use of Funds	\$	%
Estimated costs of the Offers ¹	\$842,500	16.85%
Repayment of related party working capital loan ²	\$300,000	6%
Compliance and standards development ³	\$200,000	4%
Sales and marketing ⁴	\$300,000	6%
Growth strategies ⁵	\$2,000,000	40%
Additional working capital ⁶	\$1,357,500	27.15%
Total funds raised under the General Offer	\$5,000,000	100%

Notes:

1. For details on “Estimated costs of the Offers”, refer to Section 14.6.

2. The Company entered into a loan agreement with Silberman Holdings Pty Limited (ACN 614 588 386) (a major Shareholder and an entity related to Tal Silberman, a Director) and Roths Holdings Australia Pty Ltd (ACN 620 942 510) (a major Shareholder) on 29 September 2017. The drawn down balance of the loan at 31 December 2017 was \$158,000. Estimated further drawdown until Completion is \$141,426 (for a total of \$300,000). Following Completion the total drawn down amount will be repaid. Refer to Section 13.5 for further details.
3. Approximately \$120,000 is allocated for developing electronic platform for all products, dealer and authorised representative training materials and records, product disclosure statement, acceptance management and electronic document authority capture and audit. Approximately \$80,000 is allocated for developing software application of required compliance steps, checks and disclosures for all operating procedures within Pulse Markets and within all authorised representatives.
4. Refer to Section 7.7.
5. Refer to Section 7.7.
6. Working capital costs include administration costs such as salaries, general corporate costs (including rent and the provision of services (including company secretarial services, legal services)) to the Company, board fees etc). The combined cash on hand and the impact of subsequent events on cash on hand is set out below

Working Capital	(\$'000)
Cash on hand as at 31 December 2017 (combining cash of the Company and Pulse Markets)	66,283
Subsequent events cash on hand impact*	481,426
Additional working capital from the funds raised under the General Offer	\$1,357,500
Funds Available for Working Capital	\$1,905,209

* Subsequent events cash on hand impact:	
(Pulse) Related party loan repaid January 2018	190,000
(Pulse) Former clearing partner bond repaid January 2018	150,000
(BIR) Expected further drawdown of related party working capital loan prior to Completion	141,426
Total	481,426

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.7 Working capital adequacy

The Directors and Proposed Additional Director consider that on completion of the Offers, the Company will have sufficient funds to carry out its stated objectives for approximately 2 years' operations.

No guarantee of your investment is given by the Company. The information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus. We look forward to your participation in the Company.

4. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for the Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Topic	Summary	More Information
Company		
Who is the issuer of this Prospectus?	Birrabong Corporation Limited (to be renamed BIR Financial Limited) ACN 074 009 091	Not applicable
Who is the Company?	<p>The Company is a public company listed on the official list of ASX (ASX code: BIR) with its principal focus having been property and infrastructure prior to entering into the DOCA.</p> <p>The Company was incorporated on 16 May 1996 and was admitted to the Official List (originally as Ferrowest Limited) on 27 July 2006.</p> <p>The Company's Securities were suspended from Official Quotation on 7 April 2015 at the request of the Company, and have remained suspended since that date. Following completion of the DOCA, the Company has been actively seeking to identify and evaluate new opportunities that may increase Shareholder value.</p>	Section 6.1
Acquisition		
What is the Acquisition?	<p>The Company is proposing to acquire 100% of the issued capital of Pulse Markets Pty Ltd (Pulse Markets) from the Vendor (Acquisition).</p> <p>Following completion of the Acquisition, Pulse Markets will become a wholly owned subsidiary of the Company. The Acquisition will also include the acquisition of Pulse Markets' wholly owned subsidiary Selecta Funds Management Pty Ltd.</p> <p>The Acquisition will result in a material change in the nature and scale of the Company's activities, and requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.</p>	Section 6.2
What are the key terms of the Acquisition?	<p>Under the Share Sale Agreement, the Company will obtain all of the issued share capital in Pulse Markets in consideration of issuing 15,789,474 Shares to the Vendor.</p> <p>Completion of the Share Sale Agreement is subject to, among other things, the Company raising \$5,000,000 and the Company being able to satisfy ASX's conditions to re-quotation.</p>	Section 13.1

Topic	Summary	More Information
Have Shareholders approved the Acquisition?	The AGM has been scheduled to be held on 27 April 2018 for the Shareholders to consider and if thought fit to approve the Acquisition and the Offers.	Sections 3.1 and 13.1
Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules?	The effect of the Acquisition is that the nature and scale of the activities of the Company will change as the Company proposes to focus on providing financial services as outlined in this Prospectus upon Completion. The Acquisition is an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules, including, among other things, seeking all requisite Shareholder approvals, issuing a prospectus and obtaining a sufficient number of Shareholders with the requisite number of Shares in accordance with those rules.	Section 6.2
What is the effect of the Acquisition?	<p>On Completion, and assuming all resolutions in the Notice of Meeting are passed at the AGM, full subscription under the General Offer, the Company will have 80,000,000 Shares on issue.</p> <p>The effect of the Acquisition is set out in the capital structure table in Section 5.6, the financial information in Section 11, and elsewhere in this Prospectus.</p>	Section 5.6
What industry will the Company operate in following Completion?	Financial services.	Section 6.2
Business Model		
Who is Pulse Markets?	Pulse Markets Pty Ltd (ACN 081 505 268) (Pulse Markets) is a diversified financial services business operating since 2001 with products and services encompassing equity capital markets (including corporate advisory services) and securities trading.	Section 7.1
What is the Pulse Markets business model?	<p>Pulse Markets currently provides the following products and services:</p> <p>(a) equity capital markets (ECM) (including corporate advisory services and capital raisings) and securities trading (equities and derivatives and fixed income) services; and</p> <p>(b) Managed Discretionary Account (MDA) services.</p> <p>Pulse Markets intends to expand its business via the following avenues:</p> <p>(a) partnership or collaboration; and</p>	Section 7.3

Topic	Summary	More Information
	(b) Incubation and development of complimentary, disruptive businesses and tools.	
How does Pulse Markets generate revenue?	Pulse Markets currently generates revenue from its service offering of ECM and securities trading services and MDA services.	Sections 7.2 and 7.4
What are Pulse Markets' growth strategies?	Pulse Markets aims to diversify its financial services offerings and financial asset classes (for example, through offering the MDA service and by collaborating with partners developing new financial and fintech products and services, such as the MNotes) to minimise the risk associated with the provision only of traditional equities trading services.	Sections 7.3 to 7.5 and 7.7
What is the regulatory environment applicable to Pulse Markets' operations?	<p>In respect of the financial services which it offers to retail and wholesale clients, Pulse Markets operates in a highly regulated market. In providing these financial services, Pulse Markets is required to hold an AFSL which comprises all of the relevant authorisations to provide financial services to retail and wholesale clients that are applicable to the financial products and services which it is engaged in.</p> <p>Pulse Markets operates under AFSL No. 220383 which authorises it to provide the financial services that it currently provides and to be a distributor of the MNotes to wholesale clients.</p>	Section 7.6
Who are Pulse Markets' clients?	Pulse Markets has over 800 clients in Australia consisting of retail, institutional, corporate and private clients.	Sections 7.1 and 7.4
Who are Pulse Markets' competitors?	Pulse Markets' competitors include global and domestic investment banks, domestic stockbrokers, independent financial services groups, global and domestic investment managers and technology and financial technology (Fintech) start-ups.	Section 7.10
Summary of Key Risks		
<p>Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 9, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 9 for a more detailed summary of the risks.</p>		
Re-Quotation of Shares on ASX and removal from Official List	The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.	Sections 9.2(a) and 9.2(b)

Topic	Summary	More Information
	<p>ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion.</p> <p>In addition, the Company's Securities will be removed from the Official List effective from the open of trading on 9 July 2018 if the Company is not reinstated to the Official List by the close of business on 7 July 2018.</p>	
Liquidity risk	<p>With the shareholdings of existing major Shareholders and the Vendor upon completion of the Acquisition, only approximately 60% of the Shares will be able to be freely traded at completion of the Acquisition and the Offers. There may be another significant shareholder holding up to 19.9% of the Shares as a result of the underwriting arrangements, which may further reduce this free float. Further, there is a risk that there may be a significant sell-down by the Vendor once the Consideration Shares are released from escrow restrictions. This may affect the prevailing market price at which Shareholders are able to sell their Shares and result in market price for their Shares being less than the price that Shareholders paid to acquire their Shares.</p>	Section 9.2(d)
Transaction risk	<p>There are due diligence, execution and liability risks with any acquisition. Pulse Markets and related Pulse Markets' entities are required to restructure certain aspects of the Pulse Markets' business by transferring assets and contracts to Pulse Markets, and arranging for repayment and restructuring of certain financial arrangements. This may result in unforeseen tax or other consequences that would create a contingent or actual liability and impact the value of the Acquisition in the hands of the Company.</p> <p>The warranties and indemnities in the Share Sale Agreement (and other acquisition-related agreements) are subject to limitations and may not be sufficient to cover or provide recourse in relation to all possible losses that the Company may incur. The Company may not be successful in making a full recovery on these protections.</p>	Section 9.2(e)
Valuation risk	<p>The Company and its advisers have performed certain pre-acquisition due diligence on Pulse Markets. While the Company considers that the Acquisition is a good investment based on the financial performance of Pulse Markets and its potential growth, internal factors (such as, management) or external factors (for example, the change in regulations etc) may significantly affect Pulse Markets' growth potential which in turn affects its value.</p>	Section 9.2(g)
Due diligence risk	<p>There is a risk that the pre-acquisition due diligence conducted on Pulse Markets has not identified issues that</p>	Section 9.2(h)

Topic	Summary	More Information
	<p>would have been material to the decision by the Company to acquire Pulse Markets. This could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on the Company.</p> <p>The approach taken by the Company to manage the risks that have been identified may not be sufficient to mitigate the risk, or that the materiality may be higher than expected, and result in a loss to the Company.</p>	
Regulatory and compliance risk – Providing services to retail clients	<p>Pulse Markets provides private wealth management services to retail clients. The private wealth sector for retail clients is subject to extensive legislative and regulatory requirements, and supervision by various government authorities. If Pulse Markets is subject to client complaints in FOS and/or if Pulse Markets does not comply with applicable legislative and regulatory requirements, there is a risk of investigation, remediation and enforcement action by ASIC and other regulatory bodies and including penalties such as fines, the obligation to pay compensation or the cancellation or suspension of Pulse Markets' AFSL which would result in significant reputational damage for Pulse Markets, the inability to provide financial services in its private wealth management business and significant financial loss to the business. Client claims in FOS can also lead to adverse outcomes and impact upon Pulse Markets' business.</p>	Section 9.3(a)
Licence risk	<p>Pulse Markets' AFSL is necessary for the operation of its financial services business, including its MDA service offering. Pulse Markets is applying for a crowd-sourced funding licence and there is no guarantee that this licence will be obtained. If the availability of these licences changes, or the conditions of these licences change, this may adversely impact upon Pulse Markets' authorisations to conduct business and ability to earn revenues from the provision of financial services.</p>	Section 9.3(c)
Financial services and financial product risk	<p>Pulse Markets provides general advice in relation to exchange traded options. An investment in these options can result in significant losses for retail clients, in particular in times of market volatility. There are inherent risks associated with providing services to retail clients in respect of these riskier products and services.</p> <p>Operating a MDA service carries the risk that Pulse Markets may inadvertently instigate trades outside of the parameters of the investment plan and/or the portfolio may suffer from poor financial performance, or failure to make timely trading or adjustment in the portfolio which affects the performance</p>	Section 9.3(d)

Topic	Summary	More Information
	<p>of Pulse Markets' portfolios and its track record which in turn affect Pulse Markets' reputation in the industry.</p> <p>These risks may result in potential losses for retail clients from trading and dealing in these products and the risk that a retail client will bring a claim against Pulse Markets. Being involved in, and engaged in such claims results in additional expenditure for Pulse Markets and can lead to adverse outcomes, negatively impacting business reputation and profitability.</p>	
Litigation and disputes	<p>Pulse Markets is currently subject to a number of complaints made by clients in respect of financial services provided to them by a single previous authorised representative of Pulse Markets who was terminated by Pulse Markets in 2016. Pulse Markets is currently in the process of seeking to resolve each of these complaints relating to that particular authorised representative through its internal resolution processes and FOS. Pulse Markets has responded to all questions raised by ASIC relating to that particular authorised representative and its own compliance systems and processes.</p> <p>As Pulse Markets operates in a financial services business with risk associated with advising and dealing on behalf of retail clients, there is a risk that Pulse Markets may now and in the future be subject to client complaints and/or have disputes with clients and may be subject to regulatory or government prosecution matters, which may have an adverse impact on Pulse Markets' growth prospects, operating results and financial performance.</p>	Section 9.3(e)
Reliance on key personnel	<p>The success of Pulse Markets depends to a significant extent on the experience, ability and performance of its key personnel, and their long-standing relationships with others in the industry (including suppliers and customers) which are built on a history of trust, collaboration and partnership. The loss of key personnel or sustained underperformance by key personnel, and inability to attract experienced and high performing personnel may have a material adverse effect on Pulse Markets' business, operating and financial performance and the implementation of its growth strategies or maintain its industry relationships.</p>	Section 9.3(g)
Reliance on key service providers	<p>Certain Pulse Markets' service offerings are dependent on the service contracts it has with other service providers, such as the agreements for execution and clearing services and the agreement to provide the MDA technology and trading platform. In circumstances where there is sub-standard service or breach, this can result in business</p>	Section 9.3(j)

Topic	Summary	More Information
	disruption for Pulse Markets and loss of business and revenues, adversely impacting financial performance.	
Employee or authorised representative misconduct	There is a risk that employees or authorised representatives could engage in misconduct or conduct which does not align with Pulse Markets' strategy, leading to substandard client service causing Pulse Markets be subject to legal liability and reputational harm. This has been demonstrated by the conduct of a single authorised representative of Pulse Markets in 2015 (who was terminated by Pulse Markets in 2016), which conduct has resulted in a series of complaints by clients relating directly to general advice and trades undertaken by this representative.	Section 9.3(k)
Directors and Key Management Personnel		
Who are the Directors and Proposed Additional Director?	<p>The existing Directors are:</p> <ul style="list-style-type: none"> (a) Tal Silberman – Non-Executive Chairman (b) Gregory Starr – Non-Executive Director (c) Greg Smith – Independent Non-Executive Director <p>It is proposed that upon Completion, Steve Nicols will join the Board as Non-Executive Director.</p>	Section 10.1
What are the significant interests of Directors and Proposed Additional Director in the Company?	<p>Details of Director's remuneration and interests are detailed in Section 10.4.</p> <p>The security holdings of the Directors and Proposed Additional Director are set out in Section 10.5.</p>	Sections 10.4 and 10.5
Financial information		
How has the Company been performing?	<p>The historical financial information of the Company for the years ending 30 June 2015, 2016 and 2017 are set out in Section 11 (and is considered in the Investigating Accountant's Report in Section 12).</p> <p>The reviewed pro forma statement of financial position for the Company (assuming completion of the Acquisition and the Offers) as at 31 December 2017 is set out in Section 11.</p> <p>The Company did not derive operating revenue during the period ended 30 June 2015 and since that date. As such, to date, the business of the Company has operated at a loss.</p>	Sections 11 and 12

Topic	Summary	More Information
What is the key financial information for the Company?	<p>Refer to the financial information in Section 11 (which is considered in the Investigating Accountant's Report in Section 12) for a discussion of the key financial information of the Company in connection with the Acquisition.</p> <p>The Company did not derive operating revenue during the period ended 30 June 2015 and since that date. As such, to date, the business of the Company has operated at a loss.</p> <p>Investors should note that past performance is not a guide to future performance.</p>	Sections 11 and 12
How will the Company fund its activities?	Following Completion of the Acquisition, the funding for the Company's short to medium term activities will be generated from a combination of its operating cash flows, the funds raised under the General Offer and existing cash reserves of the Company and Pulse Markets post-Acquisition.	Section 7.8
What is the proposed use of funds raised under the General Offer?	<p>The General Offer is expected to raise \$5 million. The funds received under the Offer are expected to be applied towards:</p> <ul style="list-style-type: none"> (a) Expenses of the Offers; (b) Repayment of related party working capital loan (Refer to Section 13.5); (c) Compliance and standards development; (d) Sales and marketing; (e) Growth strategies; and (f) General working capital. 	Section 3.6
Will the Company be adequately funded after completion of the General Offer?	The Board is satisfied that on completion of the General Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 3.7

Topic	Summary	More Information
Related Party Arrangements		
What are the details of any related party arrangements?	<p>Details of related party transactions are provided in Sections 13.3 to 13.6.</p> <p>The Company has entered into the following related party transactions on arms' length terms:</p> <ul style="list-style-type: none"> (a) Letters of appointment with each of its Directors and Proposed Additional Director on standard terms (Refer to Section 13.3); (b) Deeds of access, insurance and indemnity with each of its Directors on standard terms (Refer to Section 13.4); (c) the related party loan agreement (Refer to Section 13.5); and (d) corporate services engagement agreement with Tearum Advisors (Refer to Section 13.6). 	Sections 13.3 to 13.6
Overview of the Offer		
How is the Offer structured and who is eligible to participate?	<p>The Offers comprise:</p> <ul style="list-style-type: none"> (a) General Offer, which is an offer of 25,000,000 Shares at an issue price of \$0.20 per Share. General Offer is open to general public; and (b) Vendor Offer, which is an offer of 15,789,474 Consideration Shares to the Vendor as consideration for the Acquisition of Pulse Markets by the Company. Only the Vendor may accept the Vendor Offer. 	Section 5.1
What are the purposes of the General Offer?	<p>The purposes of the General Offer are to:</p> <ul style="list-style-type: none"> (a) assist the Company to meet the re-admission requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; (b) provide additional funding to implement its business model and objectives, and to provide further working capital; and (c) satisfy a condition precedent to the Share Sale Agreement. 	Section 5.2(c)
Is the General Offer underwritten?	The General Offer is fully underwritten by Transocean Securities Pty Ltd. Transocean will receive a fee of 5% of the Underwritten Amount. As Transocean is also the lead manager to the General Offer, it will also receive a	Sections 5.13 and 13.2

Topic	Summary	More Information
	<p>management fee of 2% (plus GST) on the Underwritten Amount.</p> <p>Refer to Sections 5.13 and 13.2 for further details in relation to the terms of the Underwriting Agreement between the Company and Transocean.</p>	
<p>What is the capital structure of the Company following the Acquisition and the Offers?</p>	<p>On Completion of the Acquisition and the Offers, the capital structure of the Company is detailed in Section 5.6.</p>	<p>Section 5.6</p>
<p>What rights and liabilities attach to the Shares?</p>	<p>All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. Certain key rights and liabilities attaching to the Shares are set out in Section 14.1.</p>	<p>Section 14.1</p>
<p>Will the Shares be quoted on ASX?</p>	<p>The Company will apply no later than 7 days after the date of this Prospectus to have the Shares for Official Quotation of the Shares issued under this Prospectus on ASX.</p> <p>If permission for quotation of Shares is not granted by ASX, Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company's ASX code is BIR.</p>	<p>Section 5.10</p>
<p>Will any Securities be subject to escrow?</p>	<p>No Securities issued under the General Offer will be subject to escrow.</p> <p>Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and completing the Offers, the Company understands that the Consideration Shares may be classified by ASX as restricted securities and will be required to be held in escrow for a period of 12 months from the date that the Consideration Shares were issued or 24 months from the date of Official Quotation of the Company (as determined by ASX).</p> <p>Under the Share Sale Agreement, the Vendor has agreed that the Consideration Shares will be subject to a voluntary escrow arrangement for 24 months commencing on the date the Shares are re-instated to official quotation on ASX.</p> <p>The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by Shareholders who are not related parties (or their associates) of the Company) at the time of reinstatement will be not less than 20% in compliance with Listing Rule 1.1 Condition 7.</p>	<p>Sections 5.18 and 13.1</p>

Topic	Summary	More Information
	<p>During the period in which Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed Securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).</p>	
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 3.1.	Section 3.1
What is the minimum application size under the General Offer?	Applications under the General Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 5.5
Are there any conditions to the Offers?	<p>The Offers are conditional on:</p> <p>(a) the Existing Shareholders approving the Acquisition and the Offers;</p> <p>(b) the Share Sale Agreement, the terms of which are summarised at Section 13.1 (which include the Company receiving conditional approval from ASX that it will re-admit the Company's Securities to the Official List), becoming unconditional; and</p> <p>(c) the Company raising the Minimum Subscription under the General Offer, being \$5,000,000.</p> <p>In the event that the conditions precedent under the Share Sale Agreement are not satisfied, the Acquisition and the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be refunded their Application Monies (without interest) and in accordance with the Corporations Act.</p>	Section 5.4
How do I apply for Shares?	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus or available online together with this Prospectus at www.birfinancial.com.au.</p> <p>The Vendor under the Vendor Offer should complete a personalised Vendor Offer Application Form.</p> <p>To the extent permitted by law, an application by an applicant under the Offers is irrevocable.</p>	Section 5.8

Topic	Summary	More Information
What is the allocation policy?	<p>The allocation of the New Shares (other than the Shortfall Shares) will be determined by the Company in consultation with the Underwriter.</p> <p>The allocation of the Shortfall Shares will be determined by Transocean (lead manager and underwriter).</p>	Section 5.9
Can the Offers be withdrawn?	<p>Yes, the Offers can be withdrawn by the Company at any time prior to completion of the Offers. The Company reserves the right not to proceed with the Offers at any time before the issue of Shares to successful Applicants.</p> <p>If the General Offer does not proceed or complete, Application Monies will be refunded to Applicants (without interest).</p>	Section 5.22
When will I receive confirmation that my Application has been successful?	<p>It is expected that holding statements will be dispatched to successful Applicants by standard post around or about the dispatch date noted in Section 3.1.</p> <p>To the extent that an Application is unsuccessful, refunds to Applicants will be made as soon as possible after settlement of the General Offer. No interest will be paid on any refunds.</p>	Sections 3.1 and 5.8(b)
Additional Information		
Is there any brokerage, commission or duty payable by Applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers.	Section 5.17
Who will be the substantial shareholders?	<p>Following completion of the Offers, the Vendor will hold 19.74% of the total number of Shares on issue.</p> <p>Those Shareholders who hold 5% or more of the Securities on issue on completion of the Offers are set out in the table in Section 14.8.</p>	Section 14.8
What are the tax implications of investing in the Shares?	<p>Shareholders may be subject to Australian tax on any acquisition or disposal of Shares. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances.</p> <p>Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	Section 5.16
What is the Company's dividend policy?	The Company plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following the Company's re-admission to the Official List.	Section 5.7

Topic	Summary	More Information
	Any future determination as to the payment of dividends by the Company will be at the discretion of the Board.	
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council.</p> <p>The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Appendix A.</p> <p>The Company's full Corporate Governance Plan is available from the Company's website www.birfinancial.com.au.</p>	Section 14.2 and Appendix A

4.2 Professional Advice

The Directors recommend that potential investors, when making an assessment of what will be the assets and liabilities, financial position, profits and losses and prospects of the Company, should read this Prospectus in its entirety. Potential investors who have any questions about investing in the Company, or are in any doubt about any matter relating to the Offers, should seek advice of their professional advisers.

4.3 Enquiries

Questions relating to this Prospectus should be directed to the Company. Additional copies of the Prospectus or advice on how to complete the Application Forms can be obtained from the Company by telephone on 1300 992 916 or by email at registrar@securitytransfer.com.au.

5. DETAILS OF OFFERS

5.1 The Offers

The information in this Section is a summary of the key points only and is not intended to provide comprehensive details of the Offers. You should read the full text of this Prospectus and, if in any doubt, you should consult with your professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

The Company is offering:

- (a) the issue of a minimum of 25,000,000 New Shares to Investors at an issue price of \$0.20 per New Share to raise \$5,000,000 (**General Offer**); and
- (b) a total of 15,789,474 Consideration Shares to the Vendor in consideration for the acquisition of all of the shares in Pulse Markets (**Vendor Offer**).

All New Shares and Consideration Shares issued pursuant to this Prospectus will be issued as fully paid ordinary Shares and will rank equally in all respects with all existing Shares of the Company currently on issue. The rights attaching to the Shares are outlined in the Constitution Listing Rules and Corporation Acts, and summarised in Section 14.1 of this Prospectus.

5.2 General Offer

The General Offer is an offer for subscription of a minimum of 25,000,000 New Shares to Investors at an issue price of \$0.20 per New Share to raise \$5,000,000. The General Offer is available to all public investors.

(a) Eligible Investors

The General Offer is open to an investor who:

- (i) has a registered address in Australia or is eligible under all securities laws applicable to the shareholder to receive an offer under the General Offer; and
- (ii) is not in the United States of America and is not acting for the account or benefit of any citizen or resident of the United States of America.

(b) Minimum Subscription

The Minimum Subscription for the General Offer to proceed is 25,000,000 Shares at a price of \$0.20 each to raise \$5,000,000. There is no maximum subscription. The Company may reject any application in its absolute discretion.

No Shares will be allotted or issued pursuant to this Prospectus until the Minimum Subscription is reached. If the Minimum Subscription is not obtained within four months after the date of this Prospectus, the Company will not issue any New Shares and will repay all Application Monies in full within the time prescribed under the Corporations Act (without interest) or issue a supplementary or prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies.

All monies received in respect of Applications for Shares received after all the Shares have been allocated will be returned by the Company within the time prescribed by the Corporations Act without interest.

(c) **Purpose of the General Offer**

The primary purposes of the General Offer are to:

- (i) assist the Company to meet the re-admission requirements of ASX and to satisfy Chapters 1 and 2 of the Listing Rules for the purpose of seeking ASX's approval for reinstatement of the Securities to Official Quotation;
- (ii) provide the Company with additional funding to implement its business model and objectives of the Company, and to provide the Company with further working capital; and
- (iii) satisfy a condition precedent to the Share Sale Agreement.

5.3 Vendor Offer

This Prospectus also includes an offer of a total of 15,789,474 Consideration Shares to be issued to the Vendor pursuant to the Share Sale Agreements in consideration for the acquisition by the Company of all the issued share capital of Pulse Markets. The Vendor Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Shares.

The material terms and conditions of the Share Sale Agreement are summarised in Section 13.1.

Only the Vendor may accept the Vendor Offer. A personalised Vendor Offer Application Form in relation to the Vendor Offer will be issued to the Vendor together with a copy of this Prospectus.

The Consideration Shares may be subject to escrow under the Listing Rules. Refer to Section 5.18 for a summary of the likely escrow position.

5.4 Conditional Offers

The Offers are conditional on:

- (a) the Existing Shareholders approving the Acquisition and the Offers;
- (b) the conditions precedent to the Share Sale Agreements, the terms of which are summarised at Section 13.1 being satisfied, including the Company receiving conditional approval from ASX that it will re-admit the Company's Securities to the Official List and terminate the suspension from Official Quotation of Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the Listing Rules; and
- (c) the Company raising the Minimum Subscription under the General Offer, being \$5,000,000.

Accordingly, the Offers under this Prospectus are effectively inter-conditional on the successful completion of the Acquisition. New Shares and Consideration Shares issued under this Prospectus will be issued on the date of completion of the Acquisition. In this regard, if such completion does not occur, no New Shares or Consideration Shares will be issued pursuant to this Prospectus and the Applicants will be reimbursed their Application Monies (without interest) and in accordance with the Corporations Act.

5.5 Applications for Shares

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 2,500 Shares (\$500) and can only be made by completing the Application Form attached to or accompanying this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number applied for.

5.6 Capital Structure

As at the date of this Prospectus, the Company has 149,000,000 Pre Consolidation Shares on issue.

A summary of the capital structure of the Company following the Offers is set out below:

Capital Structure

	Number of Shares	%
Existing Shares on issue as at the date of this Prospectus	149,000,000	100%
After Consolidation (3.8 for 1 consolidation)	39,210,526	49.01%
New Shares to be issued under the General Offer	25,000,000	31.25%
Consideration Shares to be issued under the Vendor Offer	15,789,474	19.74%
TOTAL SHARES ON ISSUE AT COMPLETION OF OFFERS	80,000,000	100%
Issue Price	\$0.20	
Indicative market capitalisation at the Issue Price	\$16,000,000	

Rights attaching to the Shares are set out in the Constitution, Listing Rules and the Corporations Act, and summarised in Section 14.1 of this Prospectus.

5.7 Dividends

The Company plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following the Company's re-admission to the Official List.

The payment and amount of any potential future dividends declared by the Company are subject to the discretion of the Directors and will depend upon, among other things, the Company's earnings, financial position, tax position and capital requirements.

It is the Directors' intention to review this policy from time to time and commence the payment of a regular dividend once the Company is able to generate a substantial and sustainable level of cash flow, after allowing for capital expenditure and other commitments.

5.8 How to apply for Shares

(a) General Offer

To participate in the General Offer, the General Offer Application Form attached to or accompanying this Prospectus must be completed in accordance with the instructions on its reverse side, or through online applications. By completing a General Offer Application Form, each applicant under the General Offer will be taken to have declared that all details and statements made by it are complete and accurate and that it has personally received the General Offer Application Form together with a complete and unaltered copy of the Prospectus.

(b) General terms

Applications under the General Offer may be made, and will only be accepted, in one of the following forms:

- (i) on the General Offer Application Form attached to or accompanying this Prospectus; or
- (ii) on a paper copy of the relevant electronic General Offer Application Form which accompanies the electronic version of this Prospectus, both of which can be found at and can be downloaded from www.birfinancial.com.au and www.securitytransfer.com.au; or
- (iii) an electronic Application Form submitted using an on-line application facility made available on www.securitytransfer.com.au, in accordance with the instructions for use of the facility and only after downloading and confirming having received an electronic copy of this Prospectus.

Applications under the General Offer must be accompanied by payment in full in Australian currency by cheque, bank draft or BPAY® (available for online application only) in accordance with the instructions set out in the General Offer Application Form.

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected. Applicants who apply using the paper Application Form should return their completed paper Application Forms to the address and by the time specified in the General Offer Application Form.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of the General Offer Application Form. You are not required to sign the General Offer Application Form. The Company reserves the right to accept or reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the General Offer without prior notice and independently of other parts of the Offers. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

(c) **Vendor Offer**

Participation in the Consideration Offer is personal and personalised Application Form in relation to the Consideration Offer will be issued to the Vendor together with a copy of this Prospectus.

5.9 Allotment and Allocation of Shares

Subject to the ASX granting approval for the Company to be re-admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offers are closed, following which statements of shareholdings will be dispatched as soon as possible after their issue. It is the responsibility of the Applicants to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statements will do so at their own risk. Pending the issue of the Shares or return of the Application Monies, the Application Monies will be held in trust for Applicants in a separate bank account as required by the Corporations Act.

The Company has the right to allocate the New Shares under the General Offer (other than the Shortfall Shares) and will determine the recipients of those issued New Share in consultation with the Underwriter. The Company reserves the right to reject any Application or allocate any investor fewer Shares than applied for under the General Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded. The Company's decision on the number of Shares to be allocated to an Applicant under the General Offer will be final.

Transocean has the right, in its absolute and sole discretion, to nominate and determine who is to receive the Shortfall Shares.

5.10 ASX Listing

Application will be made to the ASX within 7 days after the date of this Prospectus for the Company to be admitted to the Official List and for the Shares offered by this Prospectus to be granted Quotation. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with

Chapters 1 and 2 of the Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the New Shares may not be able to be traded for some time after the close of the Offers.

If approval for Official Quotation is not granted within 3 months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot or issue any Shares pursuant to the Offers and will repay all Application Monies within the time prescribed under the Corporations Act, without any interest.

The fact that the ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

5.11 CHESS

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

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is participant sponsored, ASX Settlement will send them a CHESS statement.

The CHESS statement will set out the number of Shares allotted to each holder under this Prospectus, give details of the Shareholder's holder identification number and give the participant identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time however a charge may be made for additional statements.

5.12 Ranking

Shares issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to Shares are contained in the Constitution, Listing Rules and Corporations Act, a summary of which is set out in Section 14.1. The Constitution is available for inspection, without a charge, during normal business hours at the Company registered office.

5.13 Underwriting

The General Offer is fully underwritten by Transocean Securities Pty Ltd. Transocean will receive an underwriting fee of 5% of the Underwritten Amount. As Transocean is also the lead manager to the General Offer, it will also receive a management fee of 2% (plus GST) on the Underwritten Amount. Refer to Section 13.2 for further details in relation to the terms of the Underwriting Agreement.

5.14 Potential effect of the underwriting

The Company notes that the Underwriter may be required to acquire Shortfall Shares pursuant to its obligations under the Underwriting Agreement, depending on the level of subscriptions from all applicants and sub-underwriters (if any) procured by the Underwriter. The Underwriter is not currently a shareholder of the Company or Pulse Markets.

The extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0%
Completion of Offers		
Fully subscribed	Nil	0%
75% subscribed	6,250,000	7.81%
50% subscribed	12,500,000	15.63%
25% subscribed	18,750,000	23.44%
0% subscribed	25,000,000	31.25%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the General Offer upon Completion of the Offers.

The Company notes that the Offers are conditional on (amongst other conditions) the Company receiving conditional approval from ASX that it will re-admit the Company's Securities to the Official List. The Company notes that it is required to re-comply with Chapters 1 and 2 of the Listing Rules for the Shares to be re-quoted on ASX, and Listing Rule 1.1 Condition 8 requires that the Company has a sufficient spread of shareholders (a minimum of 300 non-affiliated security holders, each of whom holds a parcel of Shares that are not restricted securities or subject to voluntary escrow with a value of at least \$2,000).

The Company currently has 51 non-affiliated Shareholders who meet this criteria. Accordingly, in order for the Company to meet the spread requirement of the Listing Rules, the maximum percentage of voting rights in the Company the Underwriter could have on completion of the General Offer is 28.14% (being 22,510,000 Shares, assuming the Company requires an additional 249 non-affiliated Shareholders each holds 10,000 Shares).

Further, the Underwriter has a right to appoint sub-underwriters provided that no person will acquire, through participation in sub-underwriting the General Offer, a holding of shares of, or increase their holding, that will result in a person's voting power in the Company to an amount in excess of 19.9% of all the shares on issue on completion of the General Offer. The Underwriter has notified the Company that it has entered into a sub-underwriting arrangement with a related party of the Company in relation to the Shortfall Shares (Refer to Section 13.2) and may appoint more sub-underwriters. Accordingly, notwithstanding the potential effect of the underwriting set out above, it is unlikely that the Underwriter will acquire voting rights in the Company more than 19.9% as a result of the underwriting.

5.15 Investment risks

Further information on risk is provided in Section 9 of this Prospectus.

5.16 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

5.17 Brokerage, commission or duty

No brokerage, commission or duty is payable by Applicants on the acquisition of Securities under the General Offer.

5.18 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and completing the Offers, the Directors and the Proposed Additional Director understand that the Consideration Shares to be issued to the Vendor may be classified by ASX as restricted securities and will be required to be held in escrow for a period of 12 months from the date that the Consideration Shares were issued or 24 months from the date of Official Quotation of the Company (as determined by ASX), and may not be transferred, assigned or otherwise disposed of during that period.

Under the Share Sale Agreement, the Vendor has agreed that the Consideration Shares will be subject to a voluntary escrow arrangement for 24 months commencing on the date the Shares are re-instated to official quotation on ASX (Refer to Section 13.1).

During the period in which the Consideration Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to recommencing trading on the ASX (which reinstatement is subject to ASX's discretion and approval).

5.19 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. 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. Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offers, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The General Offer pursuant to an electronic prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

5.20 Privacy Act

The Company collects, holds and will use information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public register. This information must remain in the register even if that person ceases to be a Shareholder of the Company. Information

contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

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

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

5.21 Electronic Prospectus

This Prospectus may be accessed through the Company website at www.birfinancial.com.au.

Any person accessing the electronic version of this Prospectus for the purposes of investing in the Company must only access this Prospectus from within Australia. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by a hard copy of this Prospectus or accompanies a complete and unaltered electronic version of this Prospectus. Investors should read the Prospectus before completing the Application Form.

During the Offer Period, any person may obtain a hard copy of this Prospectus on request and without charge by contacting the Share Registry on 1300 992 916.

Applications will not be accepted by email or any other electronic means (other than through online application – Refer to Section 5.8).

5.22 Opening and Closing Dates

The Offers will open on the Opening Date and will remain open until 5.00 pm (AEST) on the Closing Date in respect of the Offers (subject to the right of the Company to close the Offers at an earlier time and date or to extend the closing time and date of the Offers without prior notice). Applicants are encouraged to submit their Applications as early as possible.

The Offers may also be withdrawn at any time. In this event, the Company will return all Application Monies (without interest) in accordance with applicable laws.

6. OVERVIEW OF THE COMPANY AND THE ACQUISITION OF PULSE MARKETS PTY LTD

6.1 The Company

The Company is a public company listed on the Official List (ASX code: BIR) with its principal focus having been property and infrastructure prior to entering into a deed of company arrangement (**DOCA**).

The Company was incorporated on 16 May 1996 and was admitted to the Official List (originally as Ferrowest Limited) on 27 July 2006. In addition to its principal business activities, the Company has been actively investigating and assessing new opportunities.

On 1 July 2016, the Board announced to ASX that it had placed the Company into voluntary administration following the voluntary suspension of trading in the Company's Securities that had been in place since 7 April 2015. The Board appointed Antony Resnick, David Solomons and Riad Tayeh of de Vries Tayeh (**Administrator**) as joint and several voluntary administrators of the Company pursuant to section 436A(1) of the Corporations Act.

At a meeting of the Company's Creditors held on 3 August 2016 pursuant to section 439A(1) of the Corporations Act, the Creditors resolved pursuant to section 439C of the Corporations Act that the Company enter into a DOCA.

On 17 August 2016, the Company, the Administrator entered into the DOCA, which embodied a proposal for the recapitalisation of the Company.

On 31 May 2017 the DOCA was effectuated and the Company came out of administration. The Company's Securities remain suspended from Official Quotation.

6.2 The acquisition of Pulse Markets Pty Ltd

The Company has entered into the Share Sale Agreement to acquire 100% of the issued capital in Pulse Markets Pty Ltd. A summary of the Share Sale Agreement is set out in Section 13.1 of this Prospectus.

The Company also proposes, subject to completion of the Acquisition, to change its name from "Birrabong Corporation Limited" to "BIR Financial Limited".

The effect of the Acquisition is that the nature and scale of the activities of the Company will change from a property and infrastructure company to a company with interests in the financial services industry upon completion of the Acquisition.

The Acquisition is an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules, including seeking Shareholder approval for the Acquisition, issuing a prospectus and obtaining a sufficient number of Shareholders with the requisite number of Shares in accordance with those rules.

The effect of the Acquisition on the Company's capital structure is set out in Section 5.6 of this Prospectus, and the effect of the Acquisition on the Company's balance sheet is contained in the financial information in Section 11 of this Prospectus which sets out the pro-forma balance sheet of the Company as at 31 December 2017.

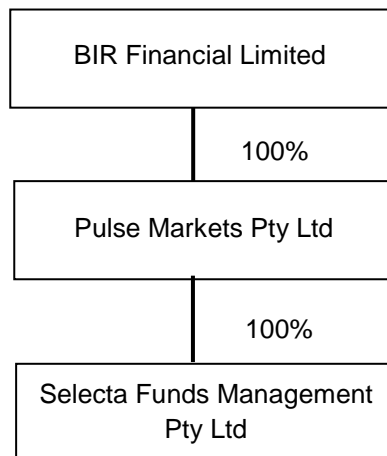
6.3 Group structure

Upon completion of the Acquisition, Pulse Markets will be a wholly owned subsidiary of the Company.

Pulse Markets, as the Company's subsidiary will continue its business operations and will seek to expand into new service offerings as described in Section 7.

The Acquisition will also include the acquisition of Pulse Markets' wholly owned subsidiary Selecta Funds Management Pty Ltd (ACN 100 257 869) (**Selecta Funds Management**). This entity is not an operating entity but is a special purpose entity established to specifically own options or performance rights which may be acquired in

companies as part of the consideration for Pulse Markets providing ECM services (including corporate advisory services). Currently, Selecta Funds Management's only material asset is a certain number of escrowed options in Sheffield Resources Limited, which were acquired as part of the terms of a corporate advisory / ECM mandate related to this company. Selecta Funds Management will remain as a wholly owned subsidiary of Pulse Markets (with the Company being the ultimate parent company) upon completion of the Acquisition.



6.4 Suspension and reinstatement on ASX

As a result of the Acquisition, the Company will change the nature of its activities from property and infrastructure to provision of financial services. In this circumstance, the Company is required, pursuant to Listing Rule 11.1.2, to obtain approval from its Shareholders for a change in nature and scale of its activities. The Acquisition will not proceed if it is not approved by the Shareholders. The Company is also required, pursuant to Listing Rule 11.1.3 to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company's Shares are currently suspended from trading on ASX and will not be restated until the Company has satisfied the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are, amongst others, that:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those shareholders; and
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the conduct of the General Offer and the Vendor Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements. However, in the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the General Offer or the Vendor Offer and will refund all Application Monies received in connection with this Prospectus (without interest).

7. BUSINESS OVERVIEW

7.1 About Pulse Markets

Pulse Markets Pty Ltd (ACN 081 505 268) (**Pulse Markets**) is a diversified financial services business operating since 2001 with products and services encompassing equity capital markets (including corporate advisory services) and securities trading. Pulse Markets has over 800 clients in Australia consisting of retail, institutional, corporate and private clients.

Pulse Markets intends to drive growth of its business through maintaining and growing its core business offerings, while introducing new and innovative financial products and services both to existing Pulse Markets' clients and through new partnered distribution channels (Business-to-business (**B2B**) and wholesale).

7.2 History

In 2013, Mr Andrew Braund became the sole shareholder of Pulse Markets and implemented a revised business strategy to enable Pulse Markets to focus on providing the following services:

- (a) equity capital markets (including corporate advisory); and
- (b) securities trading (also referred to as transactional business or private wealth services).

During the period 2013 to 2017, Pulse Markets' operations and revenues grew through the engagement and efficient management of its advisers, who acted as corporate authorised representatives (**CARs**) leveraging Pulse Markets' infrastructure while introducing their own brands to suit their customers and markets. Pulse Markets' revenues for those financial years were:

Financial Year	Revenue
2013	\$0.473 Million
2014	\$0.908 Million
2015	\$2.5 Million
2016	\$6.0 Million
2017	\$3.0 Million

In each of those years, Pulse Markets reinvested into the business to further grow its operations, extend compliance and control systems and to continue to develop the framework for a diversified financial services business.

During financial year 2017, Pulse Markets' business operations and revenues were impacted by an uncontrollable event where its former execution and clearing partner elected to withdraw from providing execution and clearing services for some small to medium brokers. This impacted Pulse Markets' transactional business (i.e., securities trading services) for new clients and delayed the implementation of its new products suitable for emerging client demands under the newly established Managed Discretionary Account (**MDA**) service offering.

Following this event, Pulse Markets executed agreements with two different execution and clearing partners, one being a clearing provider associated with a major bank and the other being a clearing provider owned by a listed financial group, to provide execution and clearing services. This strategy was implemented to prevent the risk associated with having a single execution and clearing partner and to ensure sustained business continuity for its securities trading business and MDA services.

7.3 Business model

(a) Current products or services

Pulse Markets currently provides the following products and services:

- (i) Core, foundational business: equity capital markets (**ECM**) (including corporate advisory services and capital raisings) and securities trading (equities and derivatives, and fixed income) services; and
- (ii) New, innovative product: Managed Discretionary Account (**MDA**) services.

(b) Growth strategies

Pulse Markets intends to expand its business via the following avenues:

- (i) Partnership or collaboration: collaborating (through alliance arrangements) or entering into partnership or product distribution arrangements with other financial services providers (including fund managers) to expand Pulse Markets' distribution channels; and
- (ii) Incubation and development of complimentary, disruptive businesses and tools:
 - providing support and/ or investment for the business development of new financial products and services and new distributions channels;
 - providing crowd-sourced funding services; and
 - opportunistically seeking funds management investment opportunities and key resource acquisitions.

The ongoing operation of Pulse Markets is focused on the development and delivery of these key strategic growth areas of the business that are expected to have synergistic results together with its core business offerings.

7.4 Current products or services

An overview of these areas and their contribution to Pulse Markets' revenue is as follows:

(a) Core, foundational business

Equity Capital Markets (ECM):

Equity Capital Markets consists of two parts, corporate advisory services and capital raisings for companies.

Corporate advisory involves the provision of strategic, due diligence and financial advice in relation to transactions such as mergers and acquisitions, equity capital markets (initial public offerings (IPOs) and other capital raisings), restructuring, recapitalisations and other corporate matters. Pulse Markets provides corporate advisory services to ASX listed and privately-owned companies. Corporate advisory services are usually, but not always, offered as a prelude to a capital raising (i.e., ECM services).

In providing corporate advisory services, Pulse Markets enters into a corporate advisory mandate with the relevant corporate client which sets out the terms and conditions upon which the services are to be provided and the payment of fees by the client to Pulse Markets for the provision of those services. The fees generated from the provision of corporate advisory services depend on the type of services provided, particularly the time

and resources involved. Pulse Markets may also charge monthly retainer fees for providing ongoing corporate advisory services (generally around \$5,000 to \$20,000 per month depending on various factors such as the complexity and type of transaction, the time involved, the size of the client etc).

Corporate advisory services are provided to corporate clients only. Pulse Markets has in the past provided advisory services to ASX listed and privately-owned companies across different sectors (including resources companies and financial technology (fintech) companies etc) with market capitalisation ranges typically between \$5 million and \$100 million.

There are risks associated with providing corporate advisory services such as where a transaction fails to proceed or a corporate involved in a restructuring transaction (in a distressed state) fails to pay its fees owing to Pulse Markets. Further information about risks associated with this aspect of Pulse Markets' business is set out in Section 9.3.

Pulse Markets provides management and underwriting services to ASX listed companies and private companies seeking to raise capital and list on ASX. In the provision of these services, Pulse Markets acts as lead manager managing key aspects of a securities issue such as conducting due diligence of an entity's operations, management, business plans, legal aspect etc, and facilitating drafting and design of disclosure documents. Pulse Markets also occasionally acts as underwriter to a capital raising.

In providing management and underwriting services, Pulse Markets enters into a lead manager and/or underwriting mandate with the relevant corporate client which sets out the terms and conditions upon which Pulse Markets acts as lead manager and/or underwriter in respect of a capital raising and the payment of fees by the client to Pulse Markets for the provision of those services. Equity capital markets fees are paid to Pulse Markets for its management role and/or underwriting role and are generally charged as a percentage of capital raised through Pulse Markets' lead management efforts or underwriting and are payable only upon completion of a transaction. For example, for acting as lead manager and underwriter for a capital raising, Pulse Markets charges transaction fees (generally 6%) which are typically payable upon completion of a transaction and are generally based on the value of the transaction.

Some examples of past capital raisings that Pulse Markets has been involved in are:

- (i) Pulse Markets acted as co-lead manager in respect of a capital raising for Sheffield Resources Limited (SFX) for \$30 million; and was joint underwriter for a \$2 million share purchase plan; and
- (ii) Pulse Markets (as licensee of a CAR) acted as lead manager in respect of a General Offer made by Dongfang Modern Agriculture Holding Group Limited (DFM) with a capital raising of \$39 million.

Pulse Markets provides fund raising and underwriting services to corporate clients only.

The revenues from providing ECM services represented 36% of Pulse Markets' revenues in FY 2017 and 46% of revenues for the six months ending 31st December 2017. It is important to note that revenues from providing ECM services are unpredictable due to the lumpy nature of transaction opportunities (see the risks of the ECM business set out in Section 9.3) but this core business offering will continue to be offered by Pulse Markets as part of its business strategy and it is expected that it will continue to contribute significantly to the revenues of Pulse Markets.

Securities (equities and derivatives) trading:

Pulse Markets provides securities trading services to retail and wholesale (i.e., high net worth individual) investors. In providing these services, Pulse Markets only provides general financial advice and execution services to clients and does not engage in the provision of personal financial advice. The proportion of retail to wholesale clients who receive these services is approximately 86% of retail clients and 14% of active

wholesale clients (by number), however, approximately 45% of the revenues generated from providing securities trading services is from providing these services to wholesale clients.

The securities trading business is focused mainly on the trading of exchange traded options which are a riskier and more complex financial product. Pulse Markets also provides securities trading services in relation to listed securities (including listed options). In providing securities trading services to clients, each client is required to enter into a client agreement with Pulse Markets which sets out the terms upon which Pulse Markets will provide general advice to the client, execute trading services for the client and the payment of fees to Pulse Markets for the provision of the services. The client agreement contains standard and comprehensive risk warnings for clients relating to the trading of exchange traded options. Retail clients are given Pulse Markets' Financial Services Guide (**FSG**) which sets out the required disclosure information relating to fees, services and complaints resolution for the provision of financial services to retail clients.

Clients are given general financial advice about the exchange traded options (including relevant product disclosure statements and risk warnings) and listed securities and strategies for investing in exchange traded options and securities. Clients agree under the terms of their client agreement with Pulse Markets the manner in which they will instruct Pulse Markets to trade in exchange traded options and other securities on their behalf in accordance with specified investment and trading strategies.

Pulse Markets' experienced options trading team has developed a scalable index strategy that differentiates it from other investment managers and offers alternative higher risk/higher reward trading strategies for those wholesale or sophisticated clients looking for higher yield in a low yield environment.

Investment strategies for investing in exchange traded options can be complex, especially for retail clients. Pulse Markets' attention to providing appropriate risk warning disclosure and applicable PDS documentation (of relevant product issuers) to assist customer understanding of the product is managed through consistent adviser interaction, aiming to mitigate risk in this area. However, there are risks associated with securities trading services provided to retail clients, including in respect of securities such as exchange traded options (since such products are riskier and more complex) particularly relating to risks associated with clients incurring losses from trading these securities and seeking to claim through external dispute resolution processes that Pulse Markets is responsible for these losses. Further information about the risks associated with this aspect of Pulse Markets' business is set out in Section 9.3.

Pulse Markets earns revenues from providing securities trading services by receiving transaction fees based on the value of securities traded (such fees generally being 1% of the face value of the transaction). On average, over the last two years, Pulse Markets generates revenues of approximately \$120,000 per month from providing securities trading services.

(b) **New, innovative products**

Managed Discretionary Accounts (MDA's):

MDA is a service provided to a client under a legal agreement (**MDA Services Agreement**) whereby a portfolio of investments is maintained for the client and the client provides discretion to the MDA service provider to make decisions about that portfolio on behalf of the client in accordance with a specified investment plan. In this way, the client delegates to the MDA service provider the day to day decision making about the client's investment portfolio in accordance with the parameters of the investment plan.

Pulse Markets is authorised under its AFSL to provide MDA services. Pulse Markets' target clients for MDA services are primarily domestic retail and wholesale (i.e. high net worth) investors, including clients of financial planners and financial planner groups.

Pulse Markets' MDA service offering commenced in 2017 after significant investment being made in the development of the infrastructure required (including the licence, technology and legal documentation) for the

provision of this service. The MDA service incorporates the technology provided through the agreement between Pulse Markets and MDA Operator Pty Limited (as the technology provider for the MDA service). The MDA service offering is overseen by Brett Westbrook (a responsible manager of Pulse Markets' AFSL, and a shareholder of the holding company of and a director of MDA Operator Pty Limited). An Investment Committee (comprising of Andrew Braund, Brett Westbrook and external fund managers experienced particularly in strategic asset allocation (SAA) and international equities) centralises the investment decision making process by approving each model investment portfolio offered for the MDA service (each of which is tailored to provide different investment objectives and levels of risk appetite) and the implementation of the strategy for each portfolio.

Pulse Markets is currently offering the following model portfolios:

- (i) Exchange-Traded Fund (ETF) Strategic Asset Allocation Portfolio – this model portfolio comprises a strategic mix of active and passive ETFs. This strategic asset allocation allows for diversity across all financial asset classes. The offerings in the ETF market have expanded significantly in the last 5 years with liquidity and a broader offering of active ETFs as well as passive ETFs; and
- (ii) Global Technology Portfolio – this model portfolio comprises securities in global technology companies such as Apple, Amazon, Alibaba etc.

Pulse Markets is also currently working on offering an MDA based Exchange Traded Option (ETO) strategy known as 'Index Accelerator'. The strategy will comprise of an ASX index position combined with ETOs and is currently successfully operated by Pulse Markets for some wholesale sophisticated clients in its securities trading business.

In providing MDA services, Pulse Markets may provide personal financial advice to a retail client to develop the client's specified investment plan. Alternatively, Pulse Markets may provide the MDA service to a retail client which has been separately advised by an external financial adviser which has prepared (and is responsible for) the statement of advice and the investment strategy for the client.

As this is a newly developed aspect of Pulse Markets' business, it is premature to state what percentage of this business going forward will be engaged with retail clients versus wholesale clients and what percentage of retail clients using the MDA service will be given personal advice by Pulse Markets versus those who will receive personal advice from other external advisers. It is envisaged, however, that Pulse Markets' MDA service will be focused on general advice and execution, with the majority of clients being managed and advised by other financial intermediaries, who provide the client with external personal advice.

Each client (whether retail or wholesale) enters into a MDA Services Agreement with Pulse Markets which sets out the terms and conditions upon which Pulse Markets is given delegated authority to execute trades and investments on behalf of the client for its MDA in accordance with the relevant investment plan and the payment of fees to Pulse Markets for providing the MDA services. In providing MDA services in all cases (whether for retail or wholesale clients), the investments traded by Pulse Markets on behalf of a client are held in the client's name (and not through a custodian) and each client is given real-time access to its own internet password-protected portal via the Pulse Markets' MDA operator technology platform where it is able to view its investment positions in its MDA.

In circumstances where Pulse Markets provides personal financial advice to a retail client in relation to an investment plan for a MDA, Pulse Markets is required to comply with the advice and disclosure requirements for the provision of personal advice to retail clients under the Corporations Act (eg, to provide the client with a Statement of Advice (SOA) and fee disclosure statement) as well as the adviser's statutory best interests' obligations and other applicable obligations related to conflicted remuneration and renewal of advisor arrangements under the Corporations Act. This aspect of Pulse Markets' business is highly regulated and there are risks associated with the provision of personal advice to retail clients in this regulated sector. For further information relating to the risks of providing personal advice to retail clients, see Section 9.3.

Pulse Markets earns revenues from the provision of MDA services through its charging of fees to clients for providing investment management and related MDA services. Fees are generally based on a percentage (generally around 0.6% to 1.5%) of value of the assets in the MDA (and for certain MDA investment portfolios, performance fees may also apply).

As stated above, the MDA service offering is a new aspect of Pulse Markets' business. Pulse Markets is strongly focused on growing this service offering over the next two to three years by increasing its client base introduced by financial planners and other distribution channels. Pulse Markets is of the view that there is opportunity for growth for this aspect of its business for the following reasons:

- (i) Pulse Markets' MDA service offering is managed by a professional and experienced team led by Brett Westbrook (a responsible manager of Pulse Markets' AFSL) utilising innovative and client-centric technology which is attractive to clients;
- (ii) the structure of the investment decision making process in Pulse Markets' MDA service offering is centralised through the Investment Committee which is attractive to clients and provides assurance to clients that the investment decision making process for the model portfolios is made within a systemised governance framework;
- (iii) the MDA service offering is attractive to clients because of the different customisation which can be achieved through blended portfolios; and
- (iv) the MDA service offering is priced competitively (compared to WRAP and fund manager products) and as a result there is a growing client demand for this service offering.

Pulse Markets believes the growth of the MDA service offering can be resourced by current Pulse Markets' infrastructure and personnel due to scalability being achievable through the utilisation of technology applications and solutions (eg, the technology provided by MDA Operator Pty Limited in partnership with Pulse Markets for the MDA service offering).

In addition to the risks associated with providing personal advice to retail clients who are engaged with the MDA service offering, there are risk factors for this type of service offering being provided to retail clients on a no-advice (or general advice) basis and also to wholesale clients. See Section 9.3 for further information about these risks.

7.5 Growth strategies

(a) Partnership or collaboration

MNotes:

Pulse Markets has entered into an exclusive distributor partnership agreement with Moshav Financial Wholesale Pty Limited (AFSL: 439903) (a company affiliated with Mr Tal Silberman, a director of the Company) for Pulse Markets to be the exclusive distributor of a proposed new financial product, called MNotes.

Moshav Financial Wholesale is in the process of development of the MNotes structure and platform (which is in its advanced stages of development, subject to final legal documentation). It is expected that the MNotes will be launched by Moshav Financial Wholesale within the next few months. MNotes will be a financial product which will only be offered to, and available for investment in by, wholesale clients (as defined in section 761G of the Corporations Act).

A MNote is a secured mortgage investment instrument which gives the note holder the opportunity to fund loans to creditworthy borrowers through a fractionalised loan structure. Each loan is secured by a registered

first ranking mortgage over real property and is typically provided for construction funding and short-term finance (for example, 2 years). MNotes will be structured to pay regular returns to investors, often at a rate higher than that offered by institutional banks for savings or term deposit accounts, subject to the terms of the investment. The proposed platform for the distribution of MNotes will allow investors to select which MNote instrument(s) they wish to hold, and therefore which underlying loans they wish to invest in.

Under the distributor agreement, Pulse Markets intends to make MNotes available for offer to its wholesale client base. As distributor of the MNotes, Pulse Markets will be entitled to a fee of 2% of all application moneys received for MNotes distributed by Pulse Markets and its authorised representatives. Once the MNotes platform is established, Pulse Markets proposes to integrate the MNotes platform into its proposed services and process platform so that all activities are captured in the client relationship management (**CRM**) component supporting the 'single-customer-view' platform to support risk management, compliance and significantly improved customer service.

Until the MNotes have been developed and launched, however, this potential growth aspect for Pulse Markets' business is speculative.

Other potential collaboration or partnership arrangements:

Pulse Markets is currently in discussion with three different financial services providers in relation to further possible collaboration or partnership arrangements (which may involve equity investment by Pulse Markets into other businesses). These partnership arrangements could offer value to Pulse Markets' core business including expanding Pulse Markets' distribution channels, enhancing investment capability and increasing Pulse Markets' equity capital markets business.

None of these potential partnership arrangements (or the benefits that may arise from such arrangements) have been secured yet, since each of these opportunities are contingent upon Pulse Markets having access to capital through the re-listing of the Company and proposed Capital Raising.

(b) **Incubation of complimentary, disruptive businesses and tools:**

Providing support for new business development

Pulse Markets is seeking to expand its business model into providing support and investment for new business development by start-up financial services technology (**Fintech**) companies. Pulse Markets intends to pursue this business strategy leveraging its existing relationship with consultants who have Fintech skill set and experience. Pulse Markets is not intending to establish new Fintech businesses, instead it is seeking opportunity to provide support and assistance to the existing Fintech businesses, including assisting them with their CRM system, providing guidance on business structuring and operations and making introductions to relevant partners.

By assisting start-up Fintech companies, Pulse Markets intends to create business opportunities to be involved in the development of new financial products and services and new distribution channel opportunities to market its products and services to those start-up companies and their clients.

Providing crowd-sourced funding services

Pulse Markets believes the future for equity capital raising in the Australian small to medium enterprise market is more aligned with crowd-sourced funding (**CSF**) than traditional forms of capital raising. Pulse Markets also believes that the CSF market will expand significantly as the younger generation and otherwise non-interested segments seek alignment of investments with their core values.

The crowd-sourced funding regime was enacted under the *Corporations Amendment (Crowd-sourced Funding) Act 2017* (Cth) commenced on 29 September 2017. Under this regime, small unlisted public

companies may offer their shares up to \$5 million in any 12 month period while being exempted from certain disclosure requirements under Chapter 6D of the Corporations Act, subject to providing a CFS offer document with minimum information and a prescribed risk warning. There is an investor cap of \$10,000 per individual company per year for retail investors. For retail investors, there is also a five day cooling-off period. A CFS offer may only be offered through CFS platform provider who must hold an AFSL which authorises the offering of CFS services. Eligible companies must only have one CFS offer opening at one time and this offer can only be open for a maximum period of 3 months.

In implementing this regime in 2017, Australia has joined the list of other countries which support CFS regime such as United Kingdom, United States of America, Canada and New Zealand. It is a very new regime in Australia, and while it intends to reduce the regulatory burden for small public companies to raise capital, it is perceived to be a riskier investment class due to reduced regulatory protection for retail investors.

Historically, the seed investment market in Australia has been serviced primarily through friends and family raisings. Pulse Markets believes that CSF will provide a more efficient, effective and consistent way of friends and family raising capital whilst also allowing the average person an entry into investing in innovation. In Pulse Markets' view, there is almost a limitless demand for funding new ideas and businesses with growth aspirations.

Pulse Markets has made an application to ASIC for a crowd-sourced funding licence. Upon this licence being obtained by Pulse Markets, Pulse Markets intends to collaborate with a suitable partner to build a crowd-sourced funding platform. Pulse Markets plans to enter into licence distribution agreements with other service providers or provide, through collaboration, the platform crowd-sourced funding services, and derive income from such arrangements (such as licence fees or dividends from such collaboration (in the long term)). Pulse Markets intends to offer access to the CSF platform primarily through B2B rather than Business-to-consumer (B2C) as a point of differentiation.

Pulse Markets lodged its application with ASIC for a crowd-sourced funding licence on 27 October 2017.

Pulse Markets requires this licence in order to offer these CSF services in the future and there is no guarantee that this licence will be obtained. There are risks to attaining this licence and there are risk factors associated with providing CSF services to retail clients, which are set out in Section 9.3. As this proposed new service will be offered under the new CSF regime (subject to Pulse Markets obtaining the required licence from ASIC) which is relatively untested in Australian market to date, this is an opportunistic strategy and it is difficult to determine the level of revenue which may derive from this business.

Funds management opportunities and key resource acquisitions

Pulse Markets opportunistically reviews funds management investment opportunities and key resource acquisitions with an intention to invest in fund managers and model managers which will complement its business.

7.6 Licences

In respect of the financial services which it offers to retail and wholesale clients, Pulse Markets operates in a highly regulated market. In providing these financial services, Pulse Markets is required to hold an AFSL which comprises all of the relevant authorisations to provide financial services to retail and wholesale clients that are applicable to the financial products and services which it is engaged in. In this respect, Pulse Markets operates under AFSL No. 220383 which authorises it to provide the financial services that it currently provides and to be a distributor of the MNotes to wholesale clients.

Pulse Markets has made an application to ASIC for a crowd-sourced funding licence in order for it to provide crowd-sourced funding services. This licence is yet to be granted and there is no guarantee that Pulse Markets will obtain this licence.

There are risks associated with operating a financial services business, relying on these applicable licences. Further information about these risks is set out in Section 9.3.

7.7 Strategy and plans

Pulse Markets aims to diversify its financial services offerings and financial asset classes (for example, through offering the MDA service and by collaborating with partners developing new financial and fintech products and services, such as the MNotes (as described above)) to minimise the risk associated with the provision only of traditional equities trading services.

Pulse Markets believes the current core business offerings of Pulse Markets combined with the proposed new business offerings – including corporate advisory, ECM, securities trading, MDA services and financial services partnership and fintech investment opportunities - are all complimentary, with the objective of building a skilled, cross disciplined organisation, which can adapt quickly to new markets and new client service opportunities. Pulse Markets believes this combination of diversified financial service offerings will assist to retain existing customers and will create positive customer referral to attract new clients.

Pulse Markets' current strategic plan for each of its products and services is as follows:

- (a) expand its core, foundational business (ECM and securities (equities and derivatives) trading) which operates in mature and well established markets, by enhancing and building its brand and marketing;
- (b) expand its funds under management in its MDA service offering by creating new customer and revenue opportunities through relationships with financial planners, financial planner groups and fund managers;
- (c) collaborate with various financial services providers and fintechs to develop, invest in and / or distribute new and innovative financial products, such as MNotes; and
- (d) through the incubation and development of complimentary, disruptive services and tools (eg, the creation of automated processes which improve the client experience, drive efficiencies and reduce risk), seek to expand Pulse Markets' client base and service offerings through other financial intermediaries seeking access to these services and tools.

The existing Pulse Markets' business operates in the rapidly changing financial services sector in a highly regulated environment with ongoing technological change driving new service delivery methods and new and different financial asset classes and financial products being developed. The acquisition of Pulse Markets by the Company is aimed at facilitating the growth of Pulse Markets in this environment.

The specific purposes of the Acquisition are to:

- (a) facilitate growth in Pulse Markets' core business offerings;
- (b) provide the financial capacity for Pulse Markets to secure immediate partnership opportunities with other financial services businesses which offer Pulse Markets' clients greater diversity in investment opportunities;
- (c) provide Pulse Markets with an increased capital base, financial flexibility, and improved access to capital markets to develop its financial service offerings and products with appropriate technology partners and partnerships with other financial service businesses; and
- (d) broaden Pulse Markets' shareholder base and provide a more liquid market for its Shares.

The Company has allocated \$2,000,000 from the funds proposed to be raised under the General Offer to implement Pulse Markets' strategic growth plans with new business and services (described in Sections 7.3(b) and 7.5), \$300,000 for sales and marketing associated with the Company's rebranding and promotion and Pulse Markets'

proposed partnership strategies, and \$200,000 for developing electronic platform and software application in relation to standards and compliance within Pulse Markets and within all authorised representatives. The Company will promote Pulse Markets as a long-term financial services provider (having operated in the Australian financial services sector for over 17 years) which is adapting to change and disruption in the financial services sector by offering innovative financial products and client focused services, including the use and development of financial technology (fintech) solutions for clients.

7.8 Finance

Pulse Markets is funded through revenue generated from its current operations. Based on its current financial status and on the assumption that there are no disruptions to its existing operations and its plans to expand its business operations, Pulse Markets believes that the business has the ability to be self-funded without the need for external finance.

Upon the completion of the Capital Raising, it is intended by the Company that the funds raised under the General Offer would be used to develop and accelerate offerings of new financial products and services, build brand and profile, attract new talent and develop systems for integrated compliance to allow for more rapid and robust scalability of Pulse Markets' service offerings.

7.9 Financial information

Pulse Markets' financial information is contained in Section 11.

7.10 Competition

Pulse Markets' competitors include:

- (a) global and domestic investment banks;
- (b) domestic stockbrokers;
- (c) independent financial services groups;
- (d) global and domestic investment managers; and
- (e) technology and Fintech start-ups.

The differentiators in Pulse Markets' market largely relate to client engagement (and relationships), trust and the provision of ongoing high quality services by people, processes and systems. Pulse Markets believes that confidence, compliance and an ability to understand investors' needs, identify risks and to provide compliant and relevant advice based on the customers' requirements (as to whether the client desires personal advice based on their individual circumstances, objectives and needs or general advice to make investment decisions) ensures both client retention and referral of new customers.

7.11 Key Assumptions

Pulse Markets' business model is based on:

- (a) creating a diversified financial services business founded on the in-depth financial services industry knowledge possessed by Pulse Markets' management team and the Investment Committee;
- (b) extending client relationship opportunities through trusted, compliant channels; and
- (c) developing capability to 'look-ahead' in product design, service and delivery to satisfy changing markets and client demands.

The key assumptions of its business model include:

- (a) Pulse Markets will retain its existing talent and will continue to attract good talent and retain them for key roles within the business;
- (b) Pulse Markets will retain and expand its client base;
- (c) Pulse Markets will address client complaints and ASIC queries satisfactorily and will have excellent policy and governance frameworks in place, in particular for meeting compliance obligations and managing risk to support business operations; and
- (d) Pulse Markets will seek to use automation and systemisation in the delivery of its services to promote and drive transparency and excellence in compliance, and provide for scale.

8. INDUSTRY OVERVIEW

8.1 Relevant financial services industry sectors

Pulse Markets currently operates its business in the following sectors in the financial services industry:

- (a) Equity capital markets (**ECM**) (including corporate advisory services and capital raisings) for institutional and corporate clients (Refer to Section 7.4(a)); and
- (b) Wealth management for wholesale and retail clients through its provision of securities trading (equities and derivatives and fixed income) services and Managed Discretionary Account (**MDA**) services (Refer to Sections 7.4(a) and 7.4(b) respectively).

Pulse Markets also intends to expand its service offerings for its wealth management client base and ECM client base by offering innovative new financial products and services, for example, through the proposed service offering of MNotes to wholesale clients of Pulse Markets (Refer to Section 7.5(a)) and the proposed crowd-sourced funding services to corporate clients, and crowd-sourced funding investment opportunities to wholesale clients and retail clients, conditional upon the CSF licence being attained (Refer to Section 7.5(b)). Pulse Markets will further be opportunistically seeking partnerships and collaborative arrangements with Fintech providers in order to offer other new innovative financial products to its existing client base as well as to engage with intermediary or platform technologies with the objective of improving its service delivery to its client base as well as expanding its distribution channels for its financial products and services (Refer to Section 7.5(b)).

This Section provides an overview of these segments.

8.2 Financial service industry performance

According to the Australian Trade and Investment Commission, Australia's sophisticated financial services industry has significant depth with estimated assets of approximately A\$8 trillion – over four and a half-times the country's nominal gross domestic product (**GDP**) in June 2017. The sector has grown on average 9.6% a year over the past two decades, well above the average nominal GDP growth rate of 5.9%.¹ The strength of the financial services industry means it is Australia's largest contributor to gross value added, one of its highest growth sectors and a significant source of capital. Approximately A\$3 trillion of these assets are managed in Australia's wealth management industry.²

Figure 1: June key figures

	Mar Qtr 2017 \$m	Jun Qtr 2017 \$m
Total managed funds industry	2 892 426	2 971 596
Consolidated assets total managed funds institutions	2 296 261	2 377 146
Cross invested assets between managed funds institutions	520 912	527 121
Unconsolidated assets total managed funds institutions	2 817 173	2 904 267
Life insurance corporations	227 446	228 982
Superannuation (pension) funds	2 216 397	2 299 112
Public offer (retail) unit trusts	322 081	324 223
All other managed funds institutions	51 249	51 949

Source: Australian Bureau of Statistics, 2017, "5655.0 - Managed Funds, Australia, June Quarter 2017"

¹ Australian Trade and Investment Commission (Austrade), 2018, "Why Australia: Benchmark Report 2018" <<https://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report>>.

² Australian Bureau of Statistics, 7 September 2017, "5655.0 - Managed Funds, Australia, June Quarter 2017" <[http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/C40CAE4DBF738337CA2581930014FBFF/\\$File/56550_jun%202017.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/C40CAE4DBF738337CA2581930014FBFF/$File/56550_jun%202017.pdf)>

8.3 Equity Capital Markets sector

Pulse Markets focuses on the following ECM services:

(a) Equity Capital transactions:

Equity capital transactions include initial public offerings (IPOs), secondary placements, rights issues, share purchase plans, convertible bonds, exchangeable bonds and certain types of pre-IPO financing. Equity capital transaction services primarily involve engagements with ASX listed companies and trusts and/or companies seeking to list on ASX in assisting the entity to raise capital, through equity and debt capital raisings. Equity capital markets services in Australia are provided by global and domestic investment banks, domestic stockbrokers, and domestic corporate advisory and underwriting firms.

According to Deloitte's 2018 IPO Report³, in 2017, there was the largest number of ASX listings occurred since the global financial crisis. In this report, Deloitte also reports the following 2017 statistics and trends:

- 115 companies successfully listed in 2017, compared with 94 in 2016 and 97 in 2015
- Weighted average performance for the year was 36.0%, the strongest seen over the recent years
- \$6.7 billion of capital was raised, down approximately 15% on the prior year
- Market capitalisation of \$11.1 billion
- 29 IPOs exceeded \$75 million in market capitalisation, accounting for 87% of all new capital raised
- Financial services was the dominant sector, accounting for nearly 47% of the listed market
- 86 small cap/emerging companies comprised 75% of new listings by volume, with \$820 million of new capital raised and new market capitalisation of \$2.2 billion
- 25 overseas-based companies successfully listed on the ASX, raising \$512 million and achieving end-of-year market capitalisation of \$1.71 billion

(The information above is taken from the data presented in Deloitte's 2018 IPO Report. Historical information is not necessarily indicative of future performance.)

(b) Corporate Advisory services

Corporate advisory services involve providing advice to corporate clients on capital structure, funding requirements, valuation assistance, mergers and acquisitions, corporate restructuring, large financings, block trades and other strategically important transactions. Corporate Advisory services involve engagements primarily with domestic clients including listed and privately-owned companies. Corporate advisory services in Australia are provided by global and domestic investment banks global and domestic accounting firms, and global and domestic corporate advisory firms.

Drivers of equity capital markets services (and corporate advisory) revenues include increased mergers & acquisitions and equity capital markets activity where the cost of equity capital is more aligned with debt fundraising costs. Distressed markets increased divestments and restructurings will also increase equity capital markets services revenue. Deloitte's 2018 IPO Report also noted stronger economic growth, and lower unemployment, are positive factors for capital raising activity, and it predicts capital raising volumes in 2018 to exceed the volumes in 2017.

³ Deloitte Touche Tohmatsu, March 2018, "*Deloitte 2018 IPO Report*", <<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/deloitte-au-fas-deloitte-ipo-report-2018-150318.pdf>>. Please note that Deloitte has not provided their consent for the statements from its "Deloitte 2018 IPO Report" contained in this Section 8.3 to be included in this Prospectus.

8.4 Wealth Management sector

Wealth management includes various forms of investment and funds management (e.g. superannuation, investment trading, managed funds and life insurance) and related financial advisory services.

Australia's wealth management industry is influenced by its unique superannuation system and local regulatory and market conditions. Based on Austrade's 2018 Report, Australia "has deep and liquid financial markets, including the world's fourth largest alternative assets under management, sixth largest managed fund assets pool, and eighth largest OTC foreign-exchange daily turnover. The managed funds sector is underpinned by a mandated retirement savings scheme (superannuation system) that has resulted in the fourth largest pension pool in the world."⁴

It is generally reported that despite its sophistication, the Australian wealth management industry has been behind other OECD countries such as the United States and the United Kingdom in the adoption of technology applications in the delivery of wealth management services.⁵ This is reported to be due to the domination of the sector by a handful of large organisations (i.e., the major banks and a few significant wealth platforms), which have faced little competition from new entrants and therefore have less pressure to innovate relative to their international peers.

In the past five years, however, Australia's adoption of Fintech applications in the delivery of financial services is catching up to its international peers (see Section 8.4(c) below) with the growth and development of viable Fintech advice and investment applications in the Australian market. There has been a significant increase in this period in the number of Fintech companies offering new financial services solutions competing with the traditional players. With the availability of new viable Fintech applications, more customers are willing to use their mobile phones, tablets, watches and laptops to receive investment information and advice and make investment decisions and mobile payments. This is leading to an increase in the number of, wealth management customers who are increasingly technology savvy and seek, through technology applications, a highly accessible (whether general or personal advice) investment service. It is expected that in the future, Australian financial services providers will follow the lead of their international peers in delivering a substantial amount of financial services through different forms of technology platforms or financial market infrastructure, providing customers with real-time direct trading or direct market opportunities.

Pulse Markets' business is focused on providing niche wealth management services to its wholesale and retail client base which currently include securities trading services and MDA services.

(a) Securities Trading sector

Securities trading services include execution, distribution and trading of shares, derivatives or other financial instruments for wholesale clients (institutions, funds and corporates) and retail clients. Commissions are typically charged on a percentage of the total value of the executed trade. Securities trading services in Australia are provided by global and domestic investment banks, independent financial services groups, domestic brokers, and global and domestic investment managers. Drivers of securities trading revenues include higher share prices and increased value of trades, higher levels of investor confidence, and variations in price movements (volatility).

⁴ Australian Trade and Investment Commission (Austrade), 2018, "Why Australia: Benchmark Report 2018" <<https://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report>>.

⁵ D Stevens, 2015, "The Australian Wealth Management Industry – 2020 and Beyond" <https://www.fsadvice.com.au/media/library/FS_Advice/FS_Advice_-_The_Australian_wealth_management_industry_-_2020_and_beyon.pdf?d1f31>. Please note that Mr Steves has not provided his consent for the statements from this article contained in this Section 8.4 to be included in this Prospectus.

Since 2008 the securities trading industry in Australia has undergone structural change. Securities trading firms have become primarily “asset gatherers” while the investment responsibility has migrated to professional asset managers.

In an article in Forbes by Mr Andre Cappon, it is noted that a key development has been the introduction “wrap programs”, in which the client pays a single comprehensive fee, being a percentage of assets under management.⁶ This fee is paid to cover the advice, transactions and asset management fees of the wrap service. The article notes that it has become more attractive for the broker to collect client assets, offer asset allocation and diversification advice and then farm out money management to several external asset managers. The securities trading firm’s value proposition has become customer relationship management, asset allocation (based on customer age, income and risk profile) and selection of asset managers. The article further notes that a further development has been the rapid growth of exchange-traded funds (ETF). Brokers still earn a commission, but commissions have become very small as a result of discounting.

(b) MDA services

MDA services are a type of managed fund service, where clients (wholesale and retail) give the relevant MDA service provider certain discretions to invest an amount of funds on their behalf in accordance with, and within the parameters of, a specific investment plan. An MDA portfolio typically involves strategic asset allocation and can cover a broad class or narrow (or themed) class of asset classes. It is a form of providing an investment management service for an investment portfolio which is an alternative to investing in a registered investment scheme or wrap platform. It can offer a client a more tailored investment mandate and greater transparency, flexibility and control over investment decisions. It is a new growth segment in Australia’s funds management sector and is increasingly considered a mainstream investment management solution and many managed account solutions are made available using a MDA approach.

Institute of Managed Account Professionals (**IMAP**) chair Toby Potter considered that the underlying factors for creating the surge in demand for MDA are⁷:

- better client outcomes from portfolios that are subject to continuous monitoring and review, and which allow direct beneficial ownership;
- practice efficiency that comes from not having to issue record of advice (ROAs) for every transaction; and
- cost reductions for clients, partly from market pressures and partly from the increasing use of lower cost investment options, such as ETFs.

The industry has expected that there will be considerable growth in demand for managed account services. Funds under management (**FUM**) for managed accounts in Australia stood at \$57.05 billion as at 31 December 2017 – an increase of \$9.08 billion (or 18.9%) on the 30 June 2017 total of \$47.97 bn.⁸ For the

⁶ A Cappon, 16 April 2014, “*The Brokerage World is Changing, Who will survive?*” <<https://www.forbes.com/sites/advisor/2014/04/16/the-brokerage-world-is-changing-who-will-survive/4/#106090df1115>>. Please note that Mr Cappon has not provided his consent for the statements from this article contained in this Section 8.4 to be included in this Prospectus.

⁷ T Potter, Institute of Managed Account Professionals (IMAP), 2017, Managed Account: Perspective – Spring 2017 “*Managed Accounts Approach \$50b – What Next?*” <http://www.lighthousecapital.com.au/theme/lighthousecapitalclueuatcom/assets/public/File/Articles/Perspectives_-_2_September.pdf>. Please note that Mr Potter has not provided his consent for the statements from this article contained in this Section 8.4 to be included in this Prospectus.

⁸ IMAP & Milliman, 2018, “*IMAP Milliman Managed Account FUM Census as at 31 December 2017*” <<https://imap.asn.au/images/pdfs/IMAP-Milliman-Managed-Account-FUM-Census-31-Dec-2017-Final-published-26-March-2018.pdf>>.

12 months “year on year” period, this represents an annual growth rate of 45% (or \$17.87 bn) in FUM, according to Institute of Managed Account Professionals.

The split between types of managed accounts are as follows:

Managed Account Category	31 Dec 2017 (\$ billions)	30 June 2017 (\$ billions)	Incr / Decr \$ (\$ billions) Jun to Dec 2017	Incr / Decr % (\$ billions) Jun to Dec 2017	31 Dec 2016 (\$ billions)
SMA / MIS	\$17.04	\$13.90	\$3.14	22.59%	\$12.36
MDA services	\$25.47	\$23.37	\$2.10	8.09%	\$16.72
Other services	\$14.54	\$10.70	\$3.84	35.88%	\$10.10
Total	\$57.05	\$47.97	\$9.08	18.93%	\$39.17

Source: IMAP & Milliman, 2018, IMAP Milliman Managed Account FUM Census as at 31 December 2017

In an interview with David Heather, CEO of Managed Accounts Holdings, Mr Heather stated “[w]hat managed accounts represent is a fairly big shift from a non-discretionary (wrap) solutions to a discretionary solution, and I think those types of successes only occur in the industry once every 20-odd years”⁹. Mr Heather noted that key financial planning reforms prompted the rise of more transparent investment methods like managed accounts, where the investor maintains direct ownership of an investment portfolio and firms that do not offer a managed accounts solution would “fall behind their peers, because they won’t be as efficient”.

(c) New Innovative financial products and services (Fintech)

Like many industries, the financial services industry is experiencing rapid technological change, with an increasing number of internet savvy investors willing to transact, and expressing their preference to transact, in financial products and services and obtain reports using smart phones, tablets and personal computers. With this change in investor profile and demand for financial services, financial services companies are partnering with technology providers and applications to be able to develop and offer new financial products and new ways of transacting.

According to a survey conducted by PwC¹⁰, it is considered that partnerships with Fintech companies could increase the efficiency of incumbent businesses. A large majority of respondents (73%) to the PwC’s Global Fintech survey rated cost reduction as the main opportunity related to the rise of Fintech. The respondents to the PwC’s Global Fintech survey also considered that incumbents partnering with Fintech companies could deliver a differentiated offering (62% of the respondents), improve customer retention (57% of the respondents) and bring additional revenues (56% of the respondents).

The ‘Fintech’ trend of using technology to simplify and streamline various financial payments and investment activities in the Australian market is relatively new (with the Government backed not-for-profit Fintech hubs Stone & Chalk and the privately funded Tyro Fintech hub in Sydney being established only recently in 2015

Please note that IMAP and Milliman have not provided their consents for the statements from this document contained in this Section 8.4 to be included in this Prospectus.

⁹ A Uribe, 10 October 2017, “Managed accounts readying to go mainstream” <<http://www.afr.com/business/banking-and-finance/financial-services/managed-accounts-readying-to-go-mainstream-20171010-gyxud3#ixzz5ApVlt6cV>>. Please note that neither Ms Uribe nor Mr Heather has provided their consents for the statements from this article contained in this Section 8.4 to be included in this Prospectus.

¹⁰ PwC, March 2016, “Blurred lines: How FinTech is shaping Financial Services” <<https://www.pwc.com.au/pdf/pwc-fintech-global-report-2016.pdf>>. Please note that PwC has not provided their consents for the statements from this report contained in this Section 8.4 to be included in this Prospectus.

and 2014 respectively)¹¹. Digital technology allows efficient delivery of information, provides scalability by allowing investors all over the world to be connected, and provides convenience as all financial, legal and administrative processes are delivered on a platform that can be accessed across any smart phone, tablet or other digital device.

In 2017, Australia's Fintech adoption rate is ranked fifth in the world, with an adoption rating of 37% – up 24% from two years ago¹². This puts Australia on par with other developed economies with similar financial systems (such as the United States and United Kingdom). According to the EY census report, the Australian Fintech industry has matured over the past 12 months and is a sector now with much greater definition and structure. The report estimates that the number of Fintechs operating in Australia is now approaching 600, having more than doubled since 2015.

Examples of financial products which are proposed to be offered by Pulse Markets using Fintech applications (subject to these products meeting their required conditions for establishment and launch) are MNotes and CSF services (Refer to Section 7.5).

¹¹ Squire Patton Boggs, 2015, "*Understanding Fintech and Banking Law: A Practical Guide*", [7.29]. Please note that Squire Patton Boggs has not provided their consent for the statements from this book contained in this Section 8.4 to be included in this Prospectus. KPMG and The Committee for Sydney, July 2017, "*Scaling the Fintech Opportunity: For Sydney & Australia*" <<https://assets.kpmg.com/content/dam/kpmg/au/pdf/2017/scaling-fintech-opportunity-sydney-australia.pdf>> Please note that neither KPMG nor The Committee for Sydney has provided their consents for the statements from this document contained in this Section 8.4 to be included in this Prospectus.

¹² Ernst & Young, 2017, "*EY FinTech Australian Census 2017*" <[http://www.ey.com/gl/en/industries/financial-services/ey-fintech-adoption-index#\[object%20HTMLHeadingElement\]](http://www.ey.com/gl/en/industries/financial-services/ey-fintech-adoption-index#[object%20HTMLHeadingElement])>. Please note that Ernst & Young has not provided their consent for the statements from this document contained in this Section 8.4 to be included in this Prospectus.

9. RISKS

9.1 Introduction

There are a number of factors that may have a material adverse effect on the Company's future operating and financial performance.

The Company's business activities are subject to risk factors both specific to its business activities and that of a general nature. If any of the risks associated with the Company materialised, the Company's business, results of operations, financial condition and prospects could be materially and adversely affected, which could result in the loss of all or part of your investment. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated.

Before deciding whether to invest in the Company's Shares, prospective investors should carefully consider the risk factors described below, together with all other information contained in this Prospectus. If any of these risks and uncertainties, together with the possible additional risks and uncertainties of which the Directors or the Proposed Additional Director are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's business, financial position, the amount of work able to be performed with the funds raised from the General Offer or operating results could be materially and adversely affected.

In addition, potential investors should be aware that the value of the Company's Shares on ASX may rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The Shares issued under this Prospectus carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which the Shares may trade on the ASX.

It should be noted that this list is not exhaustive and that certain other risk factors may apply.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for Shares. You should also seek your own professional advice in relation to the risks associated with an investment in the Company and should make your own assessment as to whether to invest in the Company.

9.2 Specific risks relating to the change in nature and scale of activities

(a) Re-Quotation of Shares on ASX

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

In addition, ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion.

(b) Removal from Official List

As of 7 April 2018, the Company's Securities will have been suspended from trading for a continuous period of 3 years. Pursuant to ASX Guidance Note 33 *Removal of Entities from the ASX Official List* the Company

may be automatically removed from the Official List of the ASX in accordance with paragraph 3.4 of Listing Rules Guidance Note 33, unless ASX grants an extension to the delisting deadline.

ASX has granted the Company a short extension to the delisting deadline to 7 July 2018 to provide for the completion of the transaction. If, however, the Company is not reinstated to the Official List by the close of business on 7 July 2018, the Offers will be withdrawn and the Company will be removed from the Official List effective from the open of trading on 9 July 2018.

(c) Dilution risk

At Completion, the Company proposes to issue the relevant number of Shares under the Acquisition and issue 25,000,000 Shares to raise \$5,000,000 as part of the Capital Raising. On issue of the 15,789,474 Consideration Shares as part of the Acquisition and 25,000,000 Shares under the Capital Raising, the Existing Shareholders will retain approximately 49.01% of the issued capital of the Company, with the Vendor holding approximately 19.74% and the investors under the Capital Raising holding approximately 31.25% of the Shares of the Company respectively.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to seek to fund the development of the Company's proposed businesses after Completion.

(d) Liquidity risk

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. With the Vendor holding approximately 19.74% of the Shares after completion of the Acquisition and Capital Raising (these Shares being subject to escrow commitments for likely two years), the shareholdings of existing major Shareholders (Silberman Holdings Pty Limited and Roths Holdings Australia Pty Ltd each holds approximately 9.75% after completion of the Acquisition and Capital Raising), only approximately 60% of the Shares will be able to be freely traded at completion of the Acquisition and Capital Raising. Further, there may be another significant shareholder holding up to 19.9% of the Shares as a result of the underwriting arrangements, which may further reduce this free float. With this limited free float, there may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the Shares. Further, there is a risk that once the Consideration Shares subject to escrow commitments are released from these restrictions, there may be a significant sell-down by the Vendor. In the context of the limited free float and potential volatility mentioned above, this may affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid to acquire their Shares.

(e) Transaction risk

There are due diligence, execution and liability risks with any acquisition. As part of the Acquisition, Pulse Markets and related Pulse Markets' entities are required to restructure certain aspects of the Pulse Markets' business by transferring assets and contracts to Pulse Markets, and arranging for repayment and restructuring of certain financial arrangements (as reflected in the pro forma statement of financial position set out in Section 11). This may result in unforeseen tax or other consequences that would create a contingent or actual liability and impact the value of the Acquisition in the hands of the Company.

Although the Company has, or will have, the benefit of warranties and indemnities in the Share Sale Agreement (and other acquisition-related agreements) with respect to information provided in respect of Pulse Markets' business operations, debt arrangements, contractors, employees, contract management and key service providers, those warranties and indemnities are subject to limitations and may not be sufficient to cover or provide recourse in relation to all possible losses that the Company may incur in its capacity as

the purchaser of the business. Furthermore, even where the warranties and indemnities would apply, the Company may not be successful in making a full recovery on these protections.

(f) Contractual risk

Pursuant to the Share Sale Agreement the Company has agreed to acquire 100% of the issued shares in Pulse Markets subject to the fulfilment of certain conditions precedent set out in Section 13.1. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Share Sale Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(g) Valuation risk

The Company and its advisers have performed certain pre-acquisition due diligence on Pulse Markets. While the Company considers that the Acquisition is a good investment based on the financial performance of Pulse Markets and its potential growth, internal factors (such as, management) or external factors (for example, the change in regulations etc) may significantly affect Pulse Markets' growth potential which in turn affects its value.

(h) Due diligence risk

The Company and its advisers have performed certain pre-acquisition due diligence on Pulse Markets. While the Company has obtained certain warranties and indemnities from the Vendor under the Share Sale Agreement with respect to information provided in respect of Pulse Markets' business operations, debt arrangements, contractors, employees, contract management and key service providers, there is a risk that the due diligence conducted has not identified issues that would have been material to the decision by the Company to acquire those businesses. A material adverse issue which was not identified prior to the Company's acquisition of Pulse Markets could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on the Company.

As is usual in the conduct of acquisitions, the due diligence process identified a number of risks associated with Pulse Markets in respect of its business operations, contractors, employees, contract management and key service providers, which the Company, as the intended acquirer, needed to evaluate and manage. The mechanisms used by the Company to manage these risks included specific warranties, indemnities, contractual commitments or exclusions, or the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by the Company may be insufficient to mitigate the risk, or that the materiality may be higher than expected, and result in a loss to the Company.

(i) Governance risk

The Company's Securities have been suspended from trading on the ASX since 7 April 2015. In this period, the Company has undergone a voluntary administration and DOCA process. As a result of those processes, the Company failed to comply with its statutory and Listing Rule obligations to file certain reports and financial statements. The Company has rectified these past instances of non-compliance, and has appointed experienced company secretary to manage its corporate governance and regulatory compliance requirements under the Corporations Act and the Listing Rules (including, but not limited to, related party transactions) going forward to mitigate any future risk of non-compliance.

9.3 Risks relating to the business

(a) Regulatory and compliance risk – Providing services to retail clients

One aspect of Pulse Markets' business is the provision of private wealth management services to retail clients. The private wealth sector for retail clients is subject to extensive legislative and regulatory

requirements, and supervision by ASIC, AUSTRAC, OAIC and the ATO. Retail clients also have rights to make claims against financial service providers to the Financial Ombudsman Service (**FOS**), a more streamlined dispute resolution process than going through the courts. Further, FOS is known for making findings more favourable to retail clients than financial service providers, in particular where significant losses may have been incurred by a retail client. Even where a financial service provider has fully complied with its relevant legislative and regulatory requirements, it can be subject to an adverse finding by FOS. Further, in circumstances where Pulse Markets is subject to client complaints in FOS and/ or where Pulse Markets does not comply with applicable legislative and regulatory requirements, there is a risk of investigation, remediation and enforcement action by ASIC and other regulatory bodies and including penalties such as fines, the obligation to pay compensation or the cancellation or suspension of Pulse Markets' AFSL. The suspension or cancellation of the AFSL would result in significant reputational damage for Pulse Markets, the inability to provide financial services in its private wealth management business and significant financial loss to the business.

In servicing retail clients, Pulse Markets primarily provides general advice and trading services to retail clients rather than personal advice, where the relevant client has received personal advice from an external adviser. General advice does not take into account an investor's particular circumstances, such as their objectives, financial situation and needs; while personal advice involves a recommendation that takes the investors' personal situation into account. The provision of personal financial advice to retail clients requires compliance with stringent regulations relating to the provision of a statement of advice, meeting the statutory best interests' duty and disclosure relating to fees and the term of the advice arrangement. The provision of general advice involves less regulatory burden, since in giving general advice the adviser only provides advice about a financial product or service (and its risks and benefits). In circumstances where a retail client incurs losses as a result of trading, a retail client may be likely to bring a claim against the adviser which provided the trading service as well as the adviser which provided personal advice in the FOS regime, even where the provider of the trading service has merely executed the trading strategy the subject of the personal advice. Client claims in FOS can lead to adverse outcomes and impact upon Pulse Markets' business.

(b) **Regulatory risk – Changes in laws and regulations**

There is a range of legislation and regulation in Australia that governs Pulse Markets' business undertakings. Over recent years the level and complexity of the regulatory environment for financial services in Australia have continued to increase, bringing increased costs and burdens of compliance, and it is anticipated that the regulatory environment will continue to change and become more complex.

There is a risk that future changes to legislation, regulation, standards or policies may require Pulse Markets to modify its product offerings, secure additional licences, authorisations or permits, restrict the margins it can make on its products or incur additional costs to ensure compliance, which may increase the costs of operations, affect profitability of its product offering or adversely affect Pulse Markets' ability to conduct its operations.

Regulatory changes which Pulse Markets considers beneficial may cease to exist, which may impact on Pulse Markets' growth. Changes in financial services or taxation laws or regulations affecting growth in this market may adversely affect Pulse Markets' ability to achieve its planned targets. Additionally, current trends in the regulatory and industry environment, for example the crowd-sourced funding may not continue, which could adversely affect Pulse Markets' ability to increase its market share.

Other examples of future regulatory changes that may affect Pulse Markets include changes to financial product disclosure regimes or prudential standards, or changes to scope and exercise of the power of regulators, including ASIC, any of which may negatively impact on Pulse Markets' business.

(c) **Licence risk**

Pulse Markets operates under its AFSL and is applying for a crowd-sourced funding licence (application date is 27 October 2017). Pulse Markets' AFSL is necessary for the operation of its financial services business, including its MDA service offering. ASIC has not yet granted the crowd-sourced funding licence and there is no guarantee that this licence will be obtained. If the availability of these licences change, or the conditions of these licences change, this may adversely impact upon Pulse Markets' authorisations to conduct business and ability to earn revenues from the provision of financial services.

(d) **Financial services and financial product risk**

Pulse Markets operates a private wealth management business for retail clients and wholesale clients and advises retail clients in relation to certain risky financial products, such as exchange traded options and MDA services. Although Pulse Markets provides only general advice in relation to exchange traded options, an investment in these options, being a leveraged product (and requiring retail investors to post margin), can result in significant losses for retail clients, in particular in times of market volatility. Under a MDA service, the retail client is provided personal advice by Pulse Markets or another external adviser regarding an investment portfolio strategy (called the investment plan) and Pulse Markets, as the MDA Operator, is given authority by the retail client to execute investments, trades and divestments in accordance with the investment plan.

There are inherent risks associated with providing services to retail clients in respect of these riskier products and services, in particular where retail clients may be advised by an external financial adviser or where a retail client may not have a good level of understanding of the risks inherent in these financial products.

Pulse Markets' disclosure and processes for engaging retail clients for providing general advice and dealing services in respect of such products is required to comply with the requirements in the Corporations Act to ensure clients are given an adequate risk warning and the required disclosure documentation and an assessment is done of the client's ability to understand and accept the level of risk. While Pulse Markets has a compliance policy and process and risk management systems and controls to manage compliance and risk obligations as an Australian Financial Services Licence (**AFSL**) holder in its dealings with retail clients, there is inherent risk for Pulse Markets in advising and dealing in such financial products for retail clients.

Trading exchange traded options (including exchange traded options in Pulse Markets' MDA model portfolio) involves various risks such as tracking, liquidity and leverage. There is a risk that investing in exchange traded options results in negative performance outcomes due to an adverse movement in underlying assets or where the position is difficult or costly to reverse or maintain. Failure to make timely trading or adjustment in the portfolio may affect the performance of Pulse Markets' portfolios and affects its track record which in turn affect Pulse Markets' reputation in the industry.

Operating a MDA service carries the risk that Pulse Markets may inadvertently instigate trades outside of the parameters of the investment plan and/or the portfolio may suffer from poor financial performance.

These risks may result in potential losses for retail clients from trading and dealing in these products and the risk that a retail client will bring a claim against Pulse Markets in relation to such losses. Even in circumstances where Pulse Markets has fully complied with all of its regulatory and compliance obligations in its advice and dealings with retail clients, there is the risk of claims being made against Pulse Markets where a retail client loses money as a result of investing in these riskier products. In such circumstances where claims are made, Pulse Markets is required to manage the claims in accordance with its dispute resolution policy and seek to resolve the claim internally initially and then through the external dispute resolution scheme, FOS. Being involved in, and engaged in such claims results in additional expenditure for Pulse Markets and can lead to adverse outcomes, negatively impacting business reputation and profitability.

(e) **Litigation and disputes**

Pulse Markets is currently subject to a number of complaints which have all been made by clients in respect of financial services provided to those clients by a single previous authorised representative of Pulse Markets who was terminated by Pulse Markets in 2016. In its 17 years of operation, Pulse Markets had never been the subject of a client complaint in FOS in respect of any financial adviser engaged in its business until these complaints arose relating to this particular authorised representative. Pulse Markets is currently in the process of seeking to resolve each of these complaints relating to that particular authorised representative through its internal resolution processes and FOS.

As a result of these complaints, Pulse Markets has been the subject of ASIC enquiry. Pulse Markets has responded to all questions raised by ASIC relating to that particular authorised representative and its own compliance systems and processes. As Pulse operates in a financial services business with risk associated with advising and dealing on behalf of retail clients, there is a risk that Pulse Markets may now and in the future be subject to client complaints and/ or have disputes with clients and may be subject to regulatory or government prosecution matters, which may have an adverse impact on Pulse Markets' growth prospects, operating results and financial performance.

(f) **New financial product and services risk**

Pulse Markets is intending to bring new financial products and services to its client base and distribution channels, such as MDA services, MNotes, crowd-sourced funding products and other new fintech products. There is inherent risk in distributing new financial products to clients, as the success or failure of those products will impact upon Pulse Markets' reputation and revenues.

For example, in bringing MDA services to clients, Pulse Markets is faced with the risk that such a service may not be successful. The viability of a MDA service relies on generating sufficient returns for investors. If Pulse Markets fails to deliver satisfactory performance in the provision of its MDA service, there is a chance that the business' reputation or attractiveness to investors becomes damaged leading to investors withdrawing their investments or creating challenges in securing new investor funds. Both scenarios would lead to a reduction in assets under management. In addition, pricing pressure may increase leading to reduced fee schedules and asset management revenues.

Pulse Markets also intends to provide CFS services for crowd-sourced funding under the new CFS regime (subject to obtaining the required licence from ASIC). CFS regime enables eligible public unlisted companies to raise capital using exemptions from the disclosure requirements under Chapter 6D of the Corporations Act, but subject to providing a CFS offer document with minimum information and a prescribed risk warning. Due to the reduced regulatory protection available to retail investors which may invest in crowd-sourced funding (subject to an investment limit of \$10,000 per individual company per year), this investment class is categorised as a riskier investment class for retail investors.

(g) **Reliance on key personnel**

The success of Pulse Markets depends to a significant extent on the ability and performance of its key personnel, in particular, but not limited to, its directors and senior management team (which include the responsible managers for its AFSL, Brett Westbrook and Andrew Braund).

Key individuals within Pulse Markets have extensive experience in the financial services industry and in Pulse Markets' business. They also have long-standing relationships with others in the industry (including suppliers and customers) which are built on a history of trust, collaboration and partnership. The loss of key personnel or sustained underperformance by key personnel may impact Pulse Markets' ability to operate its business effectively, develop and implement its growth strategies or maintain its industry relationships, which may have a material adverse effect on its future financial performance.

Pulse Markets' successful operation also relies on its ability to attract and retain experienced and high performing personnel with specialist skills, including relationship managers, sales staff, information technology specialists, operational leaders as well as senior management. There is a risk that Pulse Markets' ability to recruit and/or retain employees may not be effective and may have a material adverse effect on Pulse Markets' business, operating and financial performance.

Pulse Markets' success has been due in part to its cultural values, which are described further in Section 7. There is a risk that Pulse Markets will not be able to hire new employees which embody its cultural values, or that changes to key employees or growth affect Pulse Markets' ability to maintain its cultural values. In the financial services industry, it is also increasingly important for companies such as Pulse Markets to have cultures which promote and contribute to compliance and good corporate conduct.

There is a risk that Pulse Markets' senior management team fails to set an appropriate cultural tone for Pulse Markets, or that one or more of Pulse Markets' employees behave in an inappropriate manner that causes damage to Pulse Markets or its brand. Any of the above risks eventuating could have a material adverse effect on Pulse Markets' business and performance.

(h) **Risks related to ECM and advisory mandates**

During periods of unfavourable market or economic conditions, the volume and value of mergers and acquisitions transactions may decrease, thereby reducing the demand for Pulse Markets' mergers and acquisitions advisory services and leading to an adverse impact on the financial performance of Pulse Markets.

During periods of strong market and economic conditions, the volume and value of recapitalisation and restructuring transactions may decrease, thereby reducing the demand for related advisory services leading to an adverse impact on the financial performance of Pulse Markets.

Timing differences in corporate advisory revenue could affect inter-year results. Since transaction based fees are generally paid only once a transaction completes, the timing of receipt and recognition of revenue depends on transaction timing and outcomes, many elements of which are outside Pulse Markets' control and may be difficult to predict. Short timing differences as to whether transactions complete late one financial year or early the following financial year could materially affect financial performance in each year and relativity between years.

(i) **Risks related to growth strategies**

As part of its business growth strategy, Pulse Markets may collaborate or make acquisitions of, or significant investments in, complementary companies, services, technologies and/or products. 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.

While Pulse Markets and its advisers will perform certain pre-acquisition due diligence on the various businesses it intends to collaborate with or acquire, there is a risk that the due diligence conducted may not identify issues that would have been material to the decision by Pulse Markets to collaborate with, or acquire those businesses. A material adverse issue which was not identified prior to the Pulse Markets intended collaboration or acquisition could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on Pulse Markets if it involves a significant service offering of Pulse Markets.

The success and profitability of Pulse Markets will largely depend upon the ability of the investment managers to invest in a portfolio which generates a return for the Company's clients. The past performance of Pulse Markets' portfolio managed by the investment managers is not a guide to its future performance.

(j) **Reliance on key service providers**

Certain Pulse Markets' service offerings are dependent on the service contracts it has with other service providers, such as the agreements with execution and clearing partners, one being a clearing provider associated with a major bank and the other being a clearing provider owned by a listed financial group, to provide execution and clearing services and the agreement with MDA Operator to provide the MDA technology and trading platform which enables Pulse Markets to provide MDA services. While these service agreements may include key performance indicators (KPIs) for service standards and provide Pulse Markets with standard termination rights for breach or insolvency, in circumstances where there is sub-standard service or breach, this can result in business disruption for Pulse Markets and loss of business and revenues, adversely impacting financial performance.

In addition, the execution and clearing arrangement may be terminated by the service providers with or without cause upon giving notice which may have significant impact on Pulse Markets' transactional business. Pulse Markets has intended to mitigate this risk by engaging two different execution and clearing partners, however, this risk may not be eliminated totally.

(k) **Employee or authorised representative misconduct**

There is a risk that employees or authorised representatives could engage in misconduct or conduct which does not align with Pulse Markets' strategy, leading to substandard client service. Such type of misconduct or misaligned conduct is generally difficult to detect or deter and could negatively impact Pulse Markets' business and impair its ability to attract and retain clients. As a result of employee or authorised representative misconduct or misaligned conduct, Pulse Markets may be subject to legal liability and reputational harm. This has been demonstrated by the conduct of a single authorised representative of Pulse Markets in 2015 (who was terminated by Pulse Markets in 2016), which conduct has resulted in a series of complaints by clients relating directly to general advice and trades undertaken by this representative. Pulse Markets has been operating for 17 years and prior to these complaints, it had never had one client complaint in the jurisdiction of FOS in respect of any other financial adviser engaged in the provision of services on behalf of Pulse Markets.

Pulse Markets has robust compliance and supervision policies and processes to ensure that its employees and authorised representatives are acting in accordance with Pulse Markets' policies and applicable laws. Nonetheless, it is not always possible to deter employee or authorised representative misconduct, and the precautions taken to detect and prevent misconduct may not be effective in all cases.

(l) **Inability to achieve business objectives**

Funds raised under the General Offer are considered sufficient to meet the immediate objectives of the Company. There can be no guarantee that the business objectives of the Company will be successful in the timeframe expected, or at all, which may have an adverse impact on future revenues of the Company.

(m) **Compressions of margins risk**

The business prospects are reliant on the different aspects of the business being profitable, that is, the business making adequate margins between its operational costs and revenues. If the business experiences a compression of margins, either as a result of expenses increasing or revenues decreasing (which may

arise from competition in the wealth management business driving down fees and commissions), then the Company's prospects to be profitable will be adversely affected.

(n) **Client relationships**

Significant clients may choose to terminate their agreements, fail to renew their agreements for further terms or become financially distressed or insolvent. The Company's financial performance would be adversely affected if key clients contracts were terminated, not renewed or these clients were unable to operate.

(o) **Brand and reputation risk**

The success of Pulse Markets is dependent on its brand and reputation and ability to consistently meet service standards. The name "Pulse Markets" has not been registered and there may be a risk that Pulse Markets may need to change its name or its logo should another market participant register this brand. Pulse Markets may face damage to its professional reputation if its services are not regarded as satisfactory or if it is subject to disputes or claims from clients. Pulse Markets' ECM business and its private wealth business are dependent to a large extent on relationships with clients and a reputation for integrity and high-calibre professional services to attract and retain clients. As a result, if a client is not satisfied with Pulse Markets' service, it may cease to do business with Pulse Markets or in worst case scenario, a client may bring a claim against Pulse Markets leading to an adverse impact on financial performance.

(p) **Competitor and market disruption risk**

The ongoing adoption of technology and with disruption to intermediary roles is widely visible in the market across all business sectors. It is possible that new, aggressive entrants into the market may offer services directly competing with Pulse Markets' in ways that are new, novel and disruptive. This would impact Pulse Markets' ability to deliver services profitably.

(q) **Provision and effective performance of IT software and infrastructure**

Pulse Markets and its clients are dependent on the effective and uninterrupted performance, reliability and availability of Pulse Markets' platform, software, third party data centres and communication systems.

Pulse Markets' core technologies may be exposed to damage or interruption from system failures, telecommunication provider failures, inadequate system maintenance, damage to the physical infrastructure associated with the network, disasters from natural or human causes, or other unforeseen events which may cause the systems to be unavailable from time to time. Pulse Markets may also experience system interruption due to failures by third party suppliers; for example, failure because of outages, failures to implement appropriate business continuity plans and services, or otherwise failing to perform the functions and services in accordance with Pulse Markets' requirements.

Technology failures may affect Pulse Markets' ability to deliver consistent, quality services to its clients, meet its contractual and service level obligations, attract new customers, or lead to data integrity issues or data loss.

This in turn may lead to reputational damage and adversely impact Pulse Markets' operations, financial performance and financial condition. Further, Pulse Markets' business is dependent on maintaining successful relationships with key third party suppliers, including suppliers Pulse Markets depends on to support its IT infrastructure. In particular, Pulse Markets relies on services from a small number of key IT suppliers which are integral to the operation of Pulse Markets' platform, which could take time to transition should they no longer support, upgrade or agree to provide services. There is a risk that these contracts or arrangements could be terminated, potentially with short notice, which could result in Pulse Markets experiencing a disruption to its business. If Pulse Markets fails to secure alternative suppliers and service

providers quickly on favourable terms, this may impact Pulse Markets' ability to retain current customers or generate new business and adversely affect Pulse Markets' business, operating and financial performance.

(r) **Fee risks**

Pulse Markets charges fees to its clients and to vendors for the provision of services. Pulse Markets may need to reduce the level of its fees, for example as a result of competitive pressure or as a strategy to grow market share, or due to regulatory or legislative reforms. A reduction in fees could lead to lower revenues overall or to slowing in the rate at which Pulse Markets' revenues grow.

9.4 Risk relating to the industry

(a) **Changing market conditions could reduce revenue**

As a financial services group, Pulse Markets is affected by conditions in the global financial markets and economic conditions throughout the world. Changing market conditions can adversely affect Pulse Markets by reducing the volume of transactions executed across corporate advisory and equities and by reducing the value of assets under management in MDA, both which would result in a reduction in revenue.

(b) **Competition may lead to a decrease in business**

Pulse Markets faces competition from other financial services firms, many of which have the ability to offer clients a wider range of products and services. Increased competition could lead to fewer advisory mandates won, reduced securities trading volumes and pricing pressures that could adversely affect revenue and the financial performance of Pulse Markets.

9.5 General risks

(a) **General investment risks**

There are general risks associated with any investment and the share market. The price of Shares may rise or fall depending upon a range of factors that affect the market price of the Shares that are beyond the Company's control and which are unrelated to the Company's financial performance. Movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, government taxation, legislation and other policy changes may affect the stock market generally and the market for the Company's Shares in particular.

(b) **Possible volatility of Share price**

The price of Shares listed on ASX may also be affected by a range of factors including the Company's financial performance and by changes in the business environment in which the Company operates. The value of Shares can increase or decrease. Economic factors such as changes in interest rates, exchange rates, inflation rates, tax rates and governmental regulation; industry factors such as the development of new and competing resources and products by the Company's competitors and commercial factors such as the loss of key staff can also affect the value of the Shares. Similarly the level of dividends paid on Shares (if any) could rise or fall.

(c) **Changes in laws and government policy**

Changes in laws, regulations and government policy may affect the Company and the attractiveness of an investment in the Company.

(d) **Government actions**

The impact of actions by government may affect the Company's activities including such matters as infrastructure, compliance with environmental regulations and taxation.

(e) **Application of and changes to accounting policies**

Accounting standards and policies may change in the future. Such changes may have an adverse impact on future reported financial results.

10. BOARD, MANAGEMENT AND INTERESTS

10.1 Directors and Proposed Additional Director

As at the date of this Prospectus, the Board comprises the following:

- (a) Tal Silberman (Non-Executive Chairman);
- (b) Gregory Starr (Non-Executive Director); and
- (c) Greg Smith (Independent Non-Executive Director),

(together, the **Existing Directors**).

It is proposed that upon Completion of the Acquisition:

- (a) the Existing Directors will remain on the Board as Directors; and
- (b) Steve Nicols will be appointed to the Board (**Proposed Additional Director**).

10.2 Profile of Directors, Proposed Additional Director and Management

The profiles of each of the Existing Directors, the Proposed Additional Director and proposed key management personnel are set out below. Those Directors who are independent Directors are specified as such below.

(a) **Existing Directors (Continuing Directors)**

Tal Silberman – Non-Executive Director

Mr Silberman is the founder and Chief Executive Officer of Moshav Financial Wholesale Pty Limited (Moshav Financial Wholesale) and Moshav Financial Group. Mr Silberman is a Responsible Manager for the Moshav Financial Wholesale AFSL 439903. He has a Bachelor of Electrical Engineering (Hons) and holds a Diploma in Financial Services.

An entrepreneur in the mortgage industry, he has grown a loan book in excess of A\$1 billion.

Mr Silberman will be involved in the implementation of the MNote investment program, through the distributor partnership agreement between Moshav Financial Wholesale and Pulse Markets.

In the three years immediately before the date of this Notice, Mr Silberman held no other listed company directorships.

Mr Silberman is the chairman of the Company's Audit Committee and the Nomination and Remuneration Committee.

Mr Silberman is associated with Silberman Holdings Pty Limited, a major shareholder of the Company at the date of this Prospectus, and which shareholding will be diluted to 9.75% following completion of the Offers (Refer to Section 14.8).

Gregory Starr BBus UTS, CPA – Non-Executive Director and Company Secretary

Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. He has been involved in many M&A and debt and equity financial transactions.

Over the past 3 years Mr Starr has held executive and non-executive board positions on ASX listed companies, Diatreme Resources Limited, KBL Mining Limited and Dongfang Modern Agriculture Holding Group Limited.

Mr Starr brings significant corporate governance and investor relations experience in ASX listed companies to the Board.

Mr Starr is a member of the Company's Audit Committee.

Mr Starr is a director and shareholder in Tearum Advisors Pty Ltd, a company engaged to provide company secretarial and other management services to the Company (Refer to Section 13.6).

Mr Starr was the Managing Director of a public company KBL Mining Limited. As a result of a flooding and a pit collapse of the mine from a significant rain event in central western NSW in July and August 2016, production was stopped, and the directors appointed administrators due to the subsequent inability to source sufficient capital to fund its operations.

The non-associated Directors have considered the above circumstances surrounding Mr Starr's involvement in KBL Mining Limited, and are of the view that Mr Starr's involvement in KBL Mining Limited in no way impacts his appointment and contribution as a Director.

Greg Smith BEc Macq Uni, GAICD – Independent Non-Executive Director

Mr Smith has over thirty years' commercial experience as a C-suite professional with a demonstrated track record of value and profit creation across several industries including: banking, broking, financial planning, health insurance, retail, telecommunications, construction and education. His expertise is in marketing, sales, digital and commercial development. This will be a key focus as Pulse Markets develops its new suite of financial product and services.

Mr Smith holds a Bachelor of Economics, RG146 Diploma of Financial Planning and is Graduate of the Australian Institute of Company Directors. He has also held board positions in the Arts and as a customer advisory board member for Australia Post's StarTrack.

In the three years immediately before the date of this Prospectus, Mr Smith held no other listed company directorships.

Mr Smith is a member of the Company's Nomination and Remuneration Committee.

(b) **Proposed Additional Director**

Steve Nicols B.Comm UNSW, Chartered Accountant – Non-Executive Director

Mr Nicols is the founder of Benelong Capital Partners Pty Ltd, a firm that specialises in re-capitalising ASX listed companies.

Benelong has operated since 2010. Mr Nicols has assisted in 24 re-capitalisations in this time. Several of these companies have re-quoted on the ASX and achieved market capitalisations of over \$100 million.

Mr Nicols has been a director of many ASX listed companies, and the last directorship being with MOV Corporation Ltd, until December 2014.

Mr Nicols is also the founder of Nicols + Brien, an insolvency practice with offices in Sydney and Wollongong. It has 10 highly qualified staff, and was founded 19 years ago. Mr Nicols brings a wealth of experience in

managing the growth of junior listed companies/. This includes corporate governance matters, as well as transaction structuring and execution.

In the 3 years immediately before the date of this Prospectus, Mr Nicols held no other listed company directorships.

The Board and the Proposed Additional Director consider that Mr Nicols will be an Independent Director.

Mr Nicols is associated with Sinbad Pty Ltd, a company which is a Shareholder and which shareholding will be diluted to 3.9% following completion of the Offers (Refer to Section 14.8).

(c) **Key management personnel**

Andrew Braund BEc Syd – Director and Chief Executive Officer (Pulse Markets Pty Ltd)

Mr Braund is the major shareholder and Chief Executive Officer of Pulse Markets. Pulse Markets is an equity and derivative investment specialist operating for private and corporate clients.

He is a Responsible Manager for the Pulse Markets AFSL 220383 and also on the Investment Committee and Head of the Risk Committee.

Mr Braund has significant level of expertise in financial and equity markets, risk management, compliance and business management. Prior to Pulse Markets, Mr Braund operated successfully as a senior derivatives trader for Australian and international banks in Sydney and Hong Kong.

Following completion of the Offers, Mr Braund will be the Chief Executive Officer of Pulse Markets, a 100% owned subsidiary of the Company, and will own 19.74% of issued share capital in the Company.

Brett Westbrook – Chairman of the Pulse Markets Pty Ltd MDA Investment Committee

Mr Westbrook has 40 years' experience in the financial services industry in the management of large superannuation funds, the provision of advice to both wholesale and retail clients, financial planning, and operating managed investment schemes including MDA service.

Mr Westbrook is a responsible manager of Pulse Markets' AFSL, and a shareholder of the holding company of and a director of MDA Operator Pty Limited.

The structure of the investment decision making process in Pulse Markets' MDA service offering is centralised through an Investment Committee chaired by Mr Westbrook.

10.3 Management of Pulse Markets business

Upon the completion of the Acquisition, Mr Tal Silberman will be appointed a director of Pulse Markets. The Board will oversee the operation of the business of Pulse Markets through monthly updates and meetings with the management team at Pulse Markets. The Board will hold monthly board meetings to discuss strategy with respect to Pulse Markets, and the management team at Pulse Markets will be required to attend and report on all business related matters (including financials, operations, planning, partnerships, new products, client base, strategy for growth and profitability). The Board also has certain rights with respect to certain business decisions of Pulse Markets and Mr Braund's employment.

10.4 Remuneration of Existing Directors and Proposed Additional Director

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. At the

Company's 2012 annual general meeting, Shareholders resolved, in accordance with the Company's constitution in place at the time, that the maximum aggregate remuneration of the non-executive Directors be set at \$325,000 per annum to be apportioned among the Directors in such manner as they determine. The Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at the Board meetings and otherwise in the execution of their duties as Directors.

Details of the remuneration of the Existing Directors and Proposed Additional Director are set out in the table below:

Director	Remuneration for year ended 30 June 2016	Remuneration for year ended 30 June 2017	Proposed Remuneration for year ended 30 June 2018 ¹
Existing Directors			
Tal Silberman ²	Not applicable	Nil	\$50,000
Gregory Starr ³	Not applicable	Not applicable	Nil ⁴
Greg Smith ³	Not applicable	Not applicable	\$50,000
Proposed Additional Director			
Steve Nicols ⁵	Not applicable	Not applicable	\$50,000

Notes:

1. Annual remuneration and payable on a pro-rata basis.
2. Mr Tal Silberman was appointed as a Director on 31 May 2017.
3. Messrs Gregory Starr and Greg Smith were appointed as Directors on 28 February 2018.
4. Tearum Advisors Pty Ltd (an entity controlled by Gregory Starr) provides corporate services to the Company. As Tearum Advisors will receive payment under the engagement agreement between Tearum Advisors and the Company, the parties agree that Mr Starr will not receive a separate remuneration as a Director (Refer to Section 13.3 and 13.6).
5. Mr Steve Nicols is to be appointed a Director upon Completion.
6. A summary of the material terms of the letter of appointment for all Directors are set out in Section 13.3.

10.5 Security holdings of Directors and associates

Directors are not required under the Constitution to hold any Shares in the Company.

Details of the relevant interest of the Existing Directors and Proposed Additional Director in the Securities of the Company as at the date of this Prospectus and upon completion of the Offers are set out in the table below:

Director	Shares (as at the date of this Prospectus)	Shares (upon completion of the Offers)
Existing Directors		
Tal Silberman	7,802,895 ¹	7,802,895 ¹

Gregory Starr	Nil	Nil
Greg Smith	Nil	Nil
Proposed Additional Director		
Steve Nicols	3,147,028 ²	3,147,028 ²

Notes:

1. These Shares (on a post Consolidation basis) are held by Silberman Holdings Pty Limited, an entity associated with Mr Silberman.
2. These Shares (on a post Consolidation basis) are held by Sinbad Pty Ltd an entity associated with Mr Nicols.

11. FINANCIAL INFORMATION

11.1 Introduction

This Section sets out the Historical information of Birrabong Corporation Limited (“Birrabong” or the “Company”) and Pulse Markets Pty Ltd (“Pulse”) and the Pro Forma Historical Financial Information (collectively the Financial Information). The Directors are responsible for the inclusion of all Financial Information in the Prospectus. The purpose of the inclusion of the Financial Information is to provide details of the historical financial performance of the Company and Pulse and to illustrate the effects of the acquisition of Pulse.

Hall Chadwick has prepared an Investigating Accountants Report in respect of the Historical Financial Information and the Pro Forma Historical Financial Information. A copy of this report is set out in Section 12.

11.2 Basis and method of preparation

The historical information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and the accounting policies adopted by the Company as detailed at Section 11.6, note 1. The pro forma financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out at Section 11.6, note 2, as if those adjustments had occurred as at 31 December 2017.

The financial information contained in this Section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

The historical financial information comprises the following (collectively referred to as the Historical Financial Information);

- The historical Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2015 (“FY2015”), 30 June 2016 (“FY2016”), 30 June 2017 (“FY2017”) and the six months ended 31 December 2017 (“HY2018”) for Birrabong and Pulse,
- The historical Consolidated Statements of Financial Position as at 30 June 2015, 30 June 2016, 30 June 2017 and 31 December 2017 of Birrabong and Pulse.

The pro forma financial information comprises (collectively referred to as the Pro Forma Financial Information);

- The pro forma Consolidated Statement of Financial Position of the Company as at 31 December 2017, prepared on the basis that the pro forma adjustments and subsequent events detailed in Section 12.6 Note 2 had occurred as at 31 December 2017; and
- The notes to the pro forma financial information

(collectively referred to as the Financial Information).

The Historical Financial Information of Birrabong has been extracted from the financial reports for FY2015, FY2016, FY2017 and HY2018. The financial reports for FY2015, FY2016 and FY2017 were audited by HLB Mann Judd (WA Partnership) (“HLB Mann Judd”) in accordance with Australian Auditing Standards. The half year report of the Company for HY2018 was reviewed by HLB Mann Judd in accordance with Australian Auditing Standards. HLB Mann Judd issued unqualified audit reports with emphasis of matter for the financial reports for FY2015, FY2016, FY2017 and HY2018 as a result of material uncertainty surrounding the ability of the entity to continue as a going concern.

The Historical Financial Information of Pulse has been extracted from the financial reports for FY2015, FY2016, FY2017 and HY2018. The financial report for FY2015 was audited by Geoffrey A White & Co Chartered Accountants, while FY2016 and FY2017 were audited by Jack Edward King in accordance with Australian Auditing Standards. The half year report of Pulse for HY2018 was reviewed by Jack Edward King in accordance with Australian Auditing Standards. Jack Edward King has issued an unqualified audit opinion or review conclusion with emphasis of matter as follows; FY2015 – None, FY2016 – None, FY2017 - Adequacy of provisions made for a related entity loan, HY2018 – certain asset valuations being based on the completion of the proposed takeover of the company by Birrabong, risk that there could be more settlement of claims liabilities than disclosed in the accounts and that certain costs of the

company will increase if the takeover of the company does not complete (see Section 9.3(e) in relation to settlement litigation risk).

11.3 Historical statements of profit or loss and other comprehensive income

Birrabong

	Reviewed* 31 /12/17 (half year)	Audited* 30/06/2017	Audited* 30/06/2016	Audited ¹ 30/06/2015
	\$	\$	\$	\$
Revenue ²	-	2,852,025	23,481	52,649
Salaries and employee benefits expense	-	(302,265)	(502,854)	(583,200)
Depreciation	-	-	(5,717)	(25,152)
Exploration expenditure written off	-	-	(126,794)	(389,514)
Impairment of deferred exploration expenditure	-	-	(127,940)	(8,745,433)
Impairment of asset held for sale	-	-	(150,000)	-
Interest and finance costs	-	-	(140,462)	(106,443)
Corporate and administration costs	(99,000)	(203,693)	(256,775)	(225,144)
Land access overheads	-	(10,417)	-	-
Profit/(Loss) before income tax expense	(99,000)	2,335,650	(1,287,061)	(10,022,237)
Income tax expense	-	-	-	-
Net Profit/(Loss) for the year	(99,000)	2,335,650	(1,287,061)	(10,022,237)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	(99,000)	2,335,650	(1,287,061)	(10,022,237)

1. Please refer to Section 11.2 with respect to the audit opinions and review conclusion issued by HLB Mann Judd on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 11.6 and the Investigating Accountant's Report in Section 12.
2. Revenue in FY2017 includes a gain on debt forgiveness of \$2,796,796.
3. The effect of the Acquisition of Pulse is that the nature and scale of the activities of the Company will change from a property and infrastructure company to a business involved in the financial services industry upon completion of the Acquisition.

Pulse

	Reviewed* 31 /12/17 (half year)	Audited* 30/06/2017	Audited* 30/06/2016	Audited* 30/06/2015
	\$	\$	\$	\$
Revenue	1,633,055	3,047,641	6,008,150	2,478,782
Salaries and employee benefits expense	-	(234,056)	(354,464)	(9,676)
Provision for doubtful debts	(76,798)	(417,974)	-	-
Provision for client settlements and legal costs	(130,000)	-	-	-
Depreciation	-	-	(9,047)	(5,239)
Corporate and administrative costs	(1,506,116)	(2,744,346)	(5,366,430)	(1,821,961)
Profit/(Loss) before income tax expense	(79,859)	(348,735)	278,209	641,906
(1) Proforma Adjustments	(99,631)	(140,642)	-	-
Adjusted Profit/(Loss) before income tax expense	(179,490)	(489,377)	278,209	641,906
Income tax expense	(92,888)	92,073	(91,228)	(195,523)
Adjusted Net Profit/(Loss) after tax	(272,378)	(397,304)	186,981	446,383

(1) Pro-forma Pulse adjustments are income and expenses related to the Pulse business that were received/paid by related entities. Post-acquisition these income / expenses will be paid/received by Pulse Markets Pty Ltd.

Reviewed* 31 /12/17 (half year)

Pulse Markets Revenue Impact:

Intercompany Management Fees received from Pulse Market Operating Limited	9,697
Business income received by Pulse Markets Services Pty Limited	22,956
	<u>32,653</u>

Pulse Markets Expenses impact:

Business expenses paid by Pulse Markets Services Pty Ltd	(209,082)
Intercompany Provision for Doubtful debts for Pulse Markets Operating Loan	76,798
	<u>(132,284)</u>

Pro forma adjustment	(99,631)
----------------------	----------

Audited* 30/06/2017

Pulse Markets Revenue Impact:

Intercompany Management Fees received from Pulse Market Operating Limited	(175,323)
Business income received by Pulse Markets Services Pty Limited	14,635
	<u>(160,688)</u>

Pulse Markets Expenses impact:

Business expenses paid by Pulse Markets Services Pty Ltd	(397,928)
Intercompany Provision for Doubtful debts for Pulse Markets Operating Loan	417,974
	<u>20,046</u>

Pro forma adjustment	(140,642)
----------------------	-----------

* Please refer to Section 11.2 with respect to the audit opinions and review conclusion issued by Jack Edward King on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 11.6 and the Investigating Accountant's Report in Section 12.

11.4 Historical statements of financial position

Birrabong

	Reviewed* 31 /12/17 (half year)	Audited* 30/06/2017	Audited* 30/06/2016	Audited* 30/06/2015
	\$	\$	\$	\$
Assets				
Current Assets				
Cash and cash equivalents	950	1,000	64,474	48,369
Other assets	24,602	-	8,870	402
Asset held for sale	-	-	600,000	-
Total Current Assets	25,552	1,000	673,344	48,771
Non-Current Assets				
Other assets	-	-	7,007	33,828
Property, plant and equipment	-	-	4,058	16,016
Asset held for sale	-	-	-	750,000
Deferred exploration expenditure	-	-	-	127,867
GST Paid	-	14,978	-	-
Total Non-Current Assets	-	14,978	11,065	927,711
Total Assets	25,552	15,978	684,409	976,482
Liabilities				
Current Liabilities				
Trade and other payables	-	50,000	1,304,346	998,358
Borrowings	158,574	-	2,220,735	1,531,735
Accrued Audit Fees	20,000	20,000	-	-
Total Current Liabilities	178,574	70,000	3,525,081	2,530,093
Total Liabilities	178,574	70,000	3,525,081	2,530,093
Net Assets/ (Liabilities)	(153,022)	(54,022)	(2,840,672)	(1,553,611)
Equity				
Issued capital	20,151,333	20,151,333	19,700,333	19,700,333
Accumulated losses	(20,304,355)	(20,205,355)	(22,541,005)	(21,253,944)
Total Equity/ (Deficiency)	(153,022)	(54,022)	(2,840,672)	(1,553,611)

* Please refer to Section 11.2 with respect to the audit opinions and review conclusion issued by HLB Mann Judd on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 11.6 and the Investigating Accountant's Report in Section 12.

Pulse

	Reviewed* 31 /12/17 (half year)	Audited* 30/06/2017	Audited* 30/06/2016	Audited* 30/06/2015
	\$	\$	\$	\$
Assets				
Current Assets				
Cash and cash equivalents	65,333	87,622	200,853	24,984
Trade and other receivables	372,449	312,686	432,590	862,729
Receivables – related parties	372,428	324,806	-	-
Financial assets	104,393	-	210,784	1,350
Total Current Assets	914,603	725,114	844,227	889,063
Non-Current Assets				
Property, plant and equipment	-	-	41,003	34,005
Financial assets	-	80,200	-	-
Deferred income tax benefit	-	92,887	6	6
Total Non-Current Assets	-	173,087	41,009	34,011
Total Assets	914,603	898,201	885,236	923,074
Liabilities				
Current Liabilities				
Trade and other payables	579,545	476,029	195,561	311,095
Provision for Legal Fees	130,000	-	-	-
Total Current Liabilities	709,545	476,029	195,561	311,095
Non-Current Liabilities				
Deferred income tax liability	-	-	10,840	123
Total Non-Current Liabilities	-	-	10,840	123
Total Liabilities	709,545	476,029	206,401	311,218
Net Assets/ (Liabilities)	205,058	422,172	678,835	611,856
Equity				
Issued capital	57,954	57,954	57,954	57,954
Accumulated profit	147,104	364,218	620,881	553,902
Total Equity/ (Deficiency)	205,058	422,172	678,835	611,856
Contingent Liabilities	20,000	-	-	-

* Please refer to Section 11.2 with respect to the audit opinions and review conclusion issued by Jack Edward King on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 11.6 and the Investigating Accountant's Report in Section 12.

11.5 Historical and Pro-forma consolidated statements of financial position

	Notes	31 Dec 17 Pulse	31 Dec 17 Birrabong	Fund raising	Pulse acquisiti on	Subsequent event	Proforma (max and min subscription)
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	3	65,333	950	4,157,500	-	181,426	4,405,209
Trade and other receivables	4	372,449	24,602		163,850	(150,000)	410,901
Receivables – related parties	5	372,428			(182,428)	(190,000)	-
Indemnified Provision for Deferred Tax Liability	6				80,988		80,988
Financial assets		104,393	-		-		104,393
TOTAL CURRENT ASSETS		914,603	25,552	4,157,500	62,410	(158,574)	5,001,491
NON-CURRENT ASSETS							
Property, plant and equipment	7	-	-	-	110,000	-	110,000
Goodwill on acquisition	8	-	-	-	2,947,844	-	2,947,844
Financial Assets		-	-	-	-	-	-
Provision for Deferred Income Tax Benefits		-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS		-	-	-	3,057,844	-	3,057,844
TOTAL ASSETS		914,603	25,552	4,157,500	3,120,254	(158,574)	8,059,335
LIABILITIES							
CURRENT LIABILITIES							
Trade and Other Payables		579,545	20,000	-	-	-	599,545
Provision for Settlements and Legal Fees		130,000					130,000
Borrowings	9		158,574	-	86,429	(158,574)	86,429
TOTAL CURRENT LIABILITIES		709,545	178,574	-	86,429	(158,574)	815,974
NON-CURRENT LIABILITIES							
Deferred income tax liability	10				80,988	-	80,988
TOTAL NON-CURRENT LIABILITIES		-	-	-	80,988	-	80,988
TOTAL LIABILITIES		709,545	178,574	-	167,417	(158,574)	896,962
NET ASSETS		205,058	(153,022)	4,157,500	2,952,837	-	7,162,373
EQUITY							
Issued capital							
Share Capital	11	57,954	20,151,333	4,398,890	3,099,941	-	27,708,118
Retained earnings	12	147,104	(20,304,355)	(241,390)	(147,104)	-	(20,545,745)
TOTAL EQUITY		205,058	(153,022)	4,157,500	2,952,837	-	7,162,373
Contingent Liability		20,000	-	-	-	-	20,000

11.6 Notes to and forming Part of the Historical Financial Information

Note 1: Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. Up to the date of effectuation of the DOCA (31 May 2017) the financial statements were for the Group consisting of Birrabong Corporation Limited and its subsidiaries. Following the deregistration and disposal of all subsidiaries, the financial statements represent only the single company, Birrabong Corporation Limited.

The financial statements have been prepared in accordance with the historical cost basis and presented in Australian dollars. Cost is based on the fair values of the consideration given in exchange for assets. The Company is a listed public Company, incorporated in Australia and operating in Australia.

Going Concern

At 30 June 2016, the Company had a working capital deficiency of \$2,851,737. On 1 July 2016, the Directors determined to place the Company into Voluntary Administration. Immediately before doing so, the Company executed a Recapitalisation Deed with intermediary company Benelong Capital Limited. The purpose of this Deed was to facilitate the recapitalisation of the Company with a new business direction under a new Board of Directors.

Pursuant to the terms of the Recapitalisation Deed, the Administrator of the Company entered into a Deed of Company Arrangement ("DOCA") with Benelong Capital Limited on 17 August 2016. The recapitalisation was completed pursuant to the DOCA on 31 May 2017, following shareholder approval of the proposal. The Deed of Company Arrangement was then effectuated on the same date and the Company returned to the control of the new Board of Directors. As the first stage of the recapitalisation, a small amount of capital was raised to meet the Company's immediate needs. All pre-Administration liabilities of the Company were extinguished by the establishment of a Creditors Trust in accordance with the DOCA. Company liabilities incurred during the DOCA were met by the Deed Administrators from remaining company assets. Upon the Company being returned to the control of the new Board, the Company had extinguished the recapitalisation liabilities.

The new Board is determining the direction the business will take and will seek to secure the re-quotations of the Company's shares on the ASX and, among other things, raise further capital to fund the future business plan of the Company.

The Directors are satisfied that the Company will be able to meet its liabilities as and when they fall due in the interim and as a consequence of this belief and the planned capital raising, the Directors believe that the Company remains a going concern at the date of the Prospectus.

(b) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(c) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(d) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of impairment loss is recognised in the statement of profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss.

(e) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Reporting Period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(f) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Plant and equipment – over 3 to 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(h) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(i) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Company of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted

at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(j) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(k) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Reporting Period.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(m) Basis of consolidation

The Company had no subsidiaries at 31 December 2017. Up to the date of effectuation of the DOCA (31 May 2017), the financial statements of the Group incorporated the assets and liabilities of all subsidiaries of Birrabong Corporation Limited ('Company' or 'parent entity') and the results of all subsidiaries for the period then ended. Birrabong Corporation Limited and its subsidiaries are referred to as the Group. Following the reregistration and disposal of all subsidiaries, the financial statements represent only the single company, Birrabong Corporation Limited.

The financial statements of Pulse include the consolidation of its wholly owned subsidiary, Selecta Funds Management Pty Ltd.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of profit or loss and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Note 2: Actual and Proposed Transactions to Arrive at the Pro-forma Financial information

The following proforma transactions are yet to occur, but are proposed to occur following completion of the capital raising;

- a. The completion of the consolidation of the companies issued capital on the basis of 1 share for every 3.8 shares held
- b. The issue of 25,000,000 shares at an issue price of \$0.20 each to raise \$5,000,000 before costs;
- c. Costs of the offer are estimated to be \$842,500 (\$601,110 relates to capital raising fees). The portion related to capital raising fees is offset against contributed equity.
- d. The issue of 15,789,474 shares in consideration for the acquisition of 100% of Pulse.
- e. The acquisition of various assets and associated liabilities from companies associated with the Pulse directors, including fixed assets and leased premises bond, as detailed in the notes below.
- f. Further drawdown of \$141,426 and subsequent repayment by Birrabong of related party loans totalling \$300,000 of which \$158,574 was included in borrowings as at 31 December 2017.
- g. The repayment to Pulse of related party loans totalling \$190,000.
- h. The return to Pulse of a bond totalling \$150,000.

Note 3: Cash and Cash equivalents

	Pro forma after Offers \$
Cash and cash equivalents	4,405,209
Reviewed balance of Birrabong as at 31 December 2017	950
Reviewed balance of Pulse as at 31 December 2017	65,333
	<u>66,283</u>
<i>Subsequent Event adjustment</i>	
Related party loan repaid to Pulse in January 2018	190,000
Former clearing provider Bond repaid to Pulse in January 2018	150,000
Further payment to the Company of related party loan	141,426
	<u>481,426</u>
<i>Pro forma adjustments</i>	
Proceeds from the fully underwritten issue 25,000,000 fully paid ordinary shares in Birrabong at \$0.20 per share	5,000,000
Capital raising costs ⁽¹⁾	(842,500)
Repayment of related party loan by Birrabong	(300,000)
Total	<u>3,857,500</u>
Pro forma Balance	<u><u>4,405,209</u></u>

- (1) This includes Lead Manager fee of 2.0% of the amount raised under the General Offer of \$100,000, Underwriting and selling fee of 5% of the amount raised under the General offer totalling \$250,000, Legal Due Diligence fees of \$230,000, Investigating Accountants fees of \$25,000, Tax Due diligence fees of \$15,000, *meeting and printing expenses of \$130,300, ASX fees of \$89,800 and ASIC fees of \$2,400.

*Meeting and printing expenses are a subsequent event payment as it will be paid out of related party loan redraw funds. For transparency purposes it has been included in the use of funds.

Note 4: Trade and other receivables

	Pro forma after Offers \$
Trade and other receivables	410,901
Reviewed balance of Birrabong as at 31 December 2017	24,602
Reviewed balance of Pulse as at 31 December 2017	372,449
	<u>397,051</u>
<i>Subsequent Event adjustment</i>	
Former clearing provider Bond Repaid January 2018	(150,000)
	<u>(150,000)</u>
<i>Pro forma adjustments</i>	
Transfer of Bond on office from an associate Pulse company to Pulse Markets	163,850
Total	<u>163,850</u>
Pro forma Balance	<u><u>410,901</u></u>

Note 5: Associated Company receivables

	Pro forma after Offers \$
Associated company receivables	-
Reviewed balance of Birrabong as at 31 December 2017	-
Reviewed balance of Pulse as at 31 December 2017	372,428
	<u>372,428</u>
<i>Subsequent Event adjustment</i>	
Related party loan repaid January 2018	(190,000)
	<u>(190,000)</u>
<i>Pro forma adjustments</i>	
Property, plant and equipment – office equipment and property improvements acquired at written down values	(110,000)
Offset of associated company loan in relation to office bond and office fitout asset being transferred to Pulse Markets	(77,421)
Forgiveness of associated company loan	4,993
Total	<u>(182,428)</u>
Pro forma Balance	<u><u>-</u></u>

Note 6 Indemnified Provision for Deferred Tax Liability

	Pro forma after Offers \$
Indemnified Provision for Settlements and Legal Fees and Deferred Tax Liability	80,988
Reviewed balance of Birrabong as at 31 December 2017	-
Reviewed balance of Pulse as at 31 December 2017	-
<i>Pro forma adjustments</i>	-
Indemnity provided by Andrew Braund in the Share Sale Agreement in favour of Birrabong from potential Goodwill transaction Deferred Tax Liability	80,988
Total	80,988
Pro forma Balance	80,988

Note 7 Property, plant and equipment

	Pro forma after Offers \$
Property, plant and equipment	110,000
Reviewed balance of Birrabong as at 31 December 2017	-
Reviewed balance of Pulse as at 31 December 2017	-
<i>Pro forma adjustments</i>	-
Office Fitout asset transferred from associate company to Pulse Markets	110,000
Total	110,000
Pro forma Balance	110,000

Note 8: Goodwill on acquisition

	Pro forma after Offers \$
Goodwill on acquisition	2,947,844
Reviewed balance of Birrabong as at 31 December 2017	-
Reviewed balance of Pulse as at 31 December 2017	-
<i>Pro forma adjustments</i>	-
Being the issue of 15,789,474 fully paid ordinary shares for the acquisition of 100% of Pulse Markets Pty Ltd	3,157,895
Being the Net Assets of Pulse after making the pro forma adjustments associated with Pulse.	(210,051)
Total	2,947,844
Pro forma Balance	2,947,844

Note 9: Borrowings

	Pro forma after Offers \$
Borrowings	<u>86,429</u>
Reviewed balance of Birrabong as at 31 December 2017	158,574
Reviewed balance of Pulse as at 31 December 2017	<u>-</u>
	158,574
<i>Subsequent Event adjustment</i>	
Repayment of Related Party loan	<u>(158,574)</u>
	(158,574)
<i>Pro forma adjustments</i>	
Loan associated with current years insurance	19,974
Loan associated with office fitout	<u>66,455</u>
Total	86,429
Pro forma Balance	<u><u>86,429</u></u>

Note 10: Deferred income tax liability

	Pro forma after Offers \$
Deferred income tax liability	<u>80,988</u>
Reviewed balance of Birrabong as at 31 December 2017	-
Reviewed balance of Pulse as at 31 December 2017	<u>-</u>
	-
<i>Pro forma adjustments</i>	
50% of a previous sale of goodwill for \$589,000 in 2017 rolled over into the 2019 financial year creating a Deferred Tax Liability of \$80,988	80,988
Total	<u>80,988</u>
Pro forma Balance	<u><u>80,988</u></u>

Note 11: Share Capital

	Pro forma after Offers \$
Share Capital	<u>27,708,118</u>
Reviewed balance of Birrabong as at 31 December 2017	20,151,333
Reviewed balance of Pulse as at 31 December 2017	<u>57,954</u>
	20,209,287
<i>Pro forma adjustments</i>	
Being the issue of 15,789,474 fully paid ordinary shares for the acquisition of 100% of Pulse Markets Pty Ltd	3,157,895
Being elimination of the pre-acquisition Share Capital of Pulse	(57,954)
Proceeds from the fully underwritten issue 25,000,000 fully paid ordinary shares in Birrabong at \$0.20 per share raising \$5,000,000 less costs of the offer estimated relating to capital raising fees (\$601,110)	4,398,890
Total	<u>7,498,831</u>
Pro forma Balance	<u><u>27,708,118</u></u>

Note 12: Retained Earnings

	Pro forma after Offers \$
Retained earnings	<u>(20,545,745)</u>
Reviewed balance of Birrabong as at 31 December 2017	(20,304,355)
Reviewed balance of Pulse as at 31 December 2017	<u>147,104</u>
	(20,157,251)
<i>Pro forma adjustments</i>	
Being 31 December 2017 Pulse Audit Reviewed Retained earnings	(147,104)
Estimated costs of the offer not relating to capital raising fees	<u>(241,390)</u>
Total	<u>(388,494)</u>
Pro forma Balance	<u><u>(20,545,745)</u></u>

27 March 2018

The Directors
Birrabong Corporation Limited
Suite 29 Level 32
1 Market St, Sydney NSW 2000

Dear Sirs,

Independent Limited Assurance Report on Historical and Pro-forma Consolidated Financial Information

We have been engaged by Birrabong Corporation Limited ("Birrabong" or "the Company") to report on the historical and pro forma consolidated historical financial information for inclusion in the Prospectus relating to the proposed issue of shares in the Company to raise up to \$5 million before the costs of the issue (the "Offer").

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001*.

Background

The Company was placed into voluntary administration on 1 July 2016. The Company subsequently entered a Deed of Company Arrangement ("DOCA") on 17 August 2016. On 31 May 2017 the DOCA was effectuated and the Company came out of administration. The securities of the Company remain suspended from official quotation.

The Company is in the process of completing the acquisition of the Pulse Markets Pty Ltd consolidated entity ("Pulse") and a relisting of the Company on the Australian Securities Exchange ("ASX").

Pulse is a diversified financial services business, providing a range of financial services to retail, institutional, corporate and private clients. These services include transacting equities and derivatives on the ASX and raising equity capital for clients.

Scope

Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information of the Company and Pulse:

- a) the historical statements of financial performance of the Company and Pulse for the financial years ended 30 June 2015 ("FY2015"), 30 June 2016

HALL CHADWICK CORPORATE
(NSW) LIMITED
ACN 080 462 488
SYDNEY
Level 40, 2 Park Street Sydney
NSW 2000 Australia
GPO Box 3555 Sydney NSW
2001
Ph: (612) 9263 2600
Fx: (612) 9263 2800

E:
hcsydfinfo@hallchadwick.com.au

www.hallchadwick.com.au



("FY2016") and 30 June 2017 ("FY2017") and for the six-month period ended 31 December 2017 ("HY2018");

- b) normalisations made to the historical financial performance of Pulse for FY2017 and HY2018 in respect to transactions related to the Pulse business that were reflected in related entities;
- c) the historical consolidated statements of financial position of the Company and Pulse as at 31 December 2017.

Pro forma Consolidated Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the pro forma consolidated statement of financial position of the Company as at 31 December 2017 assuming the acquisition of Pulse and completion of the Offer.

The financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles detailed in Australian Accounting Standards and the adopted accounting policies of the Company.

The historical financial information of the Company has been subject to an annual audit and half year review by HLB Mann Judd (WA Partnership). HLB Mann Judd issued unqualified audit reports with an emphasis of matter for the financial reports for FY2015, FY2016, FY2017 and HY2018 as a result of material uncertainty surrounding the ability of the entity to continue as a going concern.

The financial report for FY2015 was audited by Geoffrey A White & Co Chartered Accountants, while FY2016 and FY2017 were audited by Jack Edward King. The report of Pulse for HY2018 was reviewed by Jack Edward King. Jack Edward King has issued an unqualified audit opinion or review conclusion with emphasis of matter as follows; FY2015 – None, FY2016 – None, FY2017 - Adequacy of provisions made for a related entity loan, HY2018 – certain asset valuations being based on the completion of the proposed takeover of the company by Birrabong. The auditor advises there is a risk that there could be more settlement of claims liabilities than disclosed in the accounts.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement accounting principles applied to the financial information and the transactions to which the pro forma adjustments relate, as described in the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of the Company and Pulse are responsible for the preparation of the historical and pro forma consolidated historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of pro forma consolidated historical financial information that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions*Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the Prospectus.

Pro forma consolidated historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma consolidated historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does

not hold nor have any interest in the ordinary shares of the Company. Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Yours faithfully

**Drew Townsend**

HALL CHADWICK CORPORATE (NSW) LIMITED

FINANCIAL SERVICES GUIDE

Dated 27 March 2018

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the Directors of Birrabong Corporation Limited to prepare this Report for inclusion in a Prospectus in relation to the initial public offering of shares in Birrabong Corporation Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Birrabong Corporation Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by Birrabong Corporation Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, Birrabong Corporation Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Birrabong Corporation Limited has agreed to pay HCC \$20,000 (excluding GST and out of pocket expenses) for preparing the Report on Historical and Pro forma Consolidated Historical Financial Information to be included in the Prospectus. HCC and its officers,

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

13. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company or Pulse Markets is a party and which the Directors and Proposed Additional Director have identified as material to the Company or Pulse Markets, or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

The Company's Agreements

13.1 Share Sale Agreement

In accordance with the terms of the binding terms sheet dated 20 February 2018, the Company entered into a Share Sale Agreement with Pulse Markets and the Vendor on 5 April 2018 to acquire all of the issued capital in Pulse Markets (**Share Sale Agreement**). A summary of the material terms of the Share Sale Agreement is set out below.

(a) **Conditions Precedent**

Completion is subject to the satisfaction or waiver by the parties of the following conditions precedent (**Conditions**):

- (i) All documents for each of the steps of the Pulse Restructuring Transactions (referred to in paragraph (b) below) being in final form for effecting and implementing those transactions (on terms reasonably satisfactory to the Company) ready to be signed and/or effected on or before Completion, no later 5 Business Days before Completion.
- (ii) ASX granting an extension for the deadline for automatic removal of the Company from the Official List to a date which provides sufficient time for Completion. As at the date of this Prospectus, ASX has granted an extension for the deadline (Refer to Section 3.3).
- (iii) The Company obtaining conditional approval (subject only to conditions usual for such approvals) from ASX for its Shares to be reinstated to quotation on ASX.
- (iv) No material adverse change having occurred as at the Completion date (**Completion Date**).
- (v) ASIC and ASX granting all consents required for the Acquisition on conditions and requirements acceptable to the Company.
- (vi) The Company obtaining all necessary shareholder approvals for the Acquisition as set out in the Notice of Meeting. As at the date of this Prospectus, the AGM has been scheduled to be held on 27 April 2018 for the Existing Shareholders to consider and if thought fit approve the Acquisition and the Capital Raising.
- (vii) No government agency having made any final, non-appealable ruling or taken any other action which restrains or prohibits any aspects of the transactions contemplated by the Share Sale Agreement (or only permits those transactions with the variation of the Share Sale Agreement or any aspect of its implementation).
- (viii) Pulse Markets obtaining consents to the Acquisition from relevant third parties under certain contracts entered into by Pulse Markets.
- (ix) The Company meeting the requirements in Chapters 1 and 2 of the Listing Rules as if it was applying for admission to the Official List.
- (x) The Vendor and Pulse Markets procuring the required arrangements in respect of loans between Pulse Markets and the Vendor (or any affiliates) as reflected in the pro forma statement of financial

position set out in Section 11 (**Pro Forma**) and as otherwise required by the Company to reflect the Pulse Restructuring Transactions.

(xi) Completion of the Capital Raising.

(b) **Pulse Restructuring Transactions**

The Acquisition also involves certain transactions for the restructuring of, and transfer of, arrangements for certain assets and personnel of Pulse Markets held in associated corporations of the Vendor (Required Assets and Staff) which are to be included in the Acquisition where they are relevant to Pulse Markets' operations.

Under the terms of the Share Sale Agreement, the Vendor and Pulse Markets agree to enter into the documents (including all related consents, approvals and releases) and to effect transactions for the transfer of the Required Assets and Staff and closing out certain associated loan and financial arrangements (Pulse Restructuring Transactions), and to procure the other entities involved in those transactions to effect those transactions, on or before Completion. These transactions include, without limitation, the transfer by a related entity of Pulse Markets of the lease relating to Pulse Markets' premises, the related bond for the premises and a loan relating to the office fit-out of Pulse Markets' premises to Pulse Markets. There are also transactions related to the forgiveness of loans, payments of insurance premiums and a deed of release required to be entered into between Pulse Markets and a related entity of Pulse Markets confirming that all amounts owing between them have been repaid and any outstanding amounts are forgiven, or written off or will not be carried forward. Each of these transactions have been reflected in the Pro Forma in Section 11.

(c) **Consideration**

Subject to satisfaction or waiver of the Conditions, in consideration for the Acquisition, the Company will issue 15,789,474 Shares (**Consideration Shares**) to the Vendor. The Consideration Shares will be subject to a voluntary escrow arrangement for 24 months commencing on the date the Shares are re-instated to official quotation on ASX.

(d) **Completion**

Subject to the satisfaction (or waiver) of the Conditions, Completion will occur on the date of the issue of the Shares pursuant to the Capital Raising (provided that date is no later than 7 July 2018), or any other date agreed between the Company and the Vendor.

(e) **Seller's Indemnity**

Under the terms of the Share Sale Agreement, in addition to usual warranties and indemnities for this type of agreement, the Vendor will indemnify the Company, Pulse Markets and Pulse Markets' subsidiaries against liabilities and claims incurred which arise from:

- (i) any liabilities (including tax liabilities): (A) which are not disclosed in the Pro-Forma or the due diligence disclosure materials; or (B) which arise from a claim by the Vendor, or a deeming event, that he is an employee of Pulse Markets prior to Completion;
- (ii) the deferred tax liability referred to in the Pro Forma;
- (iii) the implementation of the Pulse Restructuring Transactions; and
- (iv) the required transactions and steps for the Pulse Restructuring Transactions not occurring or being implemented as required on or before Completion.

(f) **Claims**

The warranties and indemnities provided by the Vendor in the Share Sale Agreement are subject to limitation provisions including that the maximum claim amount is equal to \$3,157,895 and limited recourse to the Vendor's Consideration Shares, subject to the Vendor's election to pay a claim amount in cash (such limitations, however, do not apply to claims for tax warranties, tax indemnities, fraud or wilful misrepresentation). The Vendor's Consideration Shares will be subject to voluntary escrow for 24 months and if those shares are held by the Vendor after release from escrow, they will be held, along with the proceeds of any sale of those shares, on trust for the benefit of the Company, subject to the resolution of any claims determined prior to the escrow release date.

(g) **Restraint of Trade**

The Share Sale Agreement also contains a restraint of trade provision under which the Vendor is restrained from undertaking certain actions (including soliciting customers of the Pulse Markets and engaging employees or contractors of Pulse Markets) or being involved in a business activity or operation competitive with Pulse Markets' business.

(h) **Costs**

Under the terms of the Share Sale Agreement, the Company has agreed to contribute up to \$85,000 of Pulse Markets' legal, accounting and advisory costs in connection with the transactions contemplated by the Share Sale Agreement. Each party must otherwise pay its own legal costs in relation to the Share Sale Agreement.

(i) **Break fee**

Under the terms of the Share Sale Agreement, if the Acquisition does not proceed to Completion, a break fee of \$200,000 is payable by the Company to the Vendor, in circumstances where the Company decides not to proceed with the Acquisition without due cause relating to breach or anticipatory breach by the Vendor.

13.2 Underwriting Agreement

The Company has entered into an agreement with Transocean Securities Pty Ltd (ABN 25 009 230 120) under which Transocean has agreed to fully underwrite the General Offer to the extent that there is a shortfall in subscriptions for New Shares, as well as to act as lead manager of the General Offer and to assist the Company in the successful conduct of the General Offer.

Both the Company and Transocean have agreed to use all reasonable endeavours to procure that the number of Applications received will be sufficient to enable the Company to satisfy the condition in condition 7 of ASX Listing Rule 1.1 for the Shares to be reinstated to quotation on the ASX, namely that there be the required minimum number of Shareholders holding a marketable parcel of Shares.

The Company must pay Transocean:

- (a) a management fee of 2% (plus GST) of the total amount raised under the General Offer; and
- (b) an underwriting fee of 5% of the total amount raised under the General Offer.

In addition to the fees payable above, the Company will pay and will indemnify and keep indemnified Transocean against and in relation to, all costs and expenses of and incidental to the General Offer, including but not limited to:

- (a) the reasonable costs of advertising, printing and distributing the Prospectus;
- (b) the legal expenses and disbursements on a full indemnity basis;

- (c) reasonable accommodation and travelling expenses relating to the General Offer; and
- (d) all reasonable marketing and promotional expenditure related to the General Offer.

Transocean may terminate the Underwriting Agreement on certain grounds as set out in the Underwriting Agreement, including but not limited to where:

- (a) a consent necessary for the issue of the Prospectus is withdrawn;
- (b) the Company materially breaches the Underwriting Agreement and fails to remedy the breach;
- (c) there is a material adverse change to the Company, Pulse Markets or any subsidiary;
- (d) either of the All Ordinaries Index or the All Industrial Index close 5% or more below their respective levels as at the close of trading immediately preceding the date of the Underwriting Agreement;
- (e) there is an outbreak of hostilities or a material escalation of hostilities; or
- (f) a director or senior manager of the Company, Pulse Markets or any subsidiary is charged with or convicted of a criminal offence.

The Company has provided certain representations and warranties to Transocean in relation to this Prospectus, the Company, Pulse Markets and the Offers.

Under the agreement, the Company indemnifies Transocean and its officers, employees, agents and advisers against any claims, losses, liability, expenses incurred or suffered by them in connection with the General Offer or the Prospectus or any announcement in connection with the General Offer. The indemnity does not apply to the extent that any claim, loss, liability or expense arises from wilful default, misconduct, negligence, breach of contract, fraud or breach of law by the indemnified party.

Under the terms of the agreement, Transocean will restrict any person acquiring, through participation in sub-underwriting the General Offer, a holding of shares of, or increase their holding, that will result in a person's voting power in the company to an amount in excess of 19.9% of all the shares on issue on completion of the General Offer.

Transocean has notified the Company that AXL Financial Pty Limited (ACN 603 393 317) (an entity controlled by Mr Alexander Harmstorf, a former major shareholder and former director of the Company in the previous 6 months) (**AXL Financial**), a related party of Company, will be a sub-underwriter under the General Offer. Neither AXL Financial nor Mr Harmstorf has any relevant interest in the Company at the date of this Prospectus. The Company, in the Notice of Meeting, is seeking approval from its Existing Shareholders for the potential issue of Shortfall Shares to AXL Financial up to 19.9% of all the shares on issue on completion of the General Offer. The Company will not issue any Shares to AXL Financial if such issue will result in its voting power in the Company to an amount in excess of 19.9% of all the shares on issue on completion of the General Offer.

13.3 Non-Executive Director Appointment Letter

The Company has entered into a non-executive director Appointment Letter and Disclosure Agreement with each of the Directors and the Proposed Additional Director. The Proposed Additional Director's appointment will commence from the completion of the Acquisition and the Offers.

The term of the Directors' appointment is for the period expiring at the next annual general meeting at which time Shareholders may consider their re-election for a further 3 years. The term of the Proposed Additional Director's appointment is subject to Shareholder approval at the AGM and is for a period of up to 3 years. The Company may terminate their appointment prior to the end of this term in accordance with the Constitution and the Corporations Act.

The Company has agreed to pay each of the Directors (except Mr Gregory Starr) and the Proposed Additional Director \$50,000 per annum. The remuneration will be paid quarterly and is inclusive of all payments for membership of committees and is exclusive of superannuation. Mr Starr will not be paid additional fees for his role as Director as there is an existing services agreement between Tearum Advisors Pty Ltd (an entity controlled by Gregory Starr) and the Company (Refer to Section 13.6). The Company has agreed to pay consulting fees in addition to the remuneration outlined above for services performed outside the scope of the ordinary duties of the director.

Each of the Directors is required to notify the Company of his interest in the Securities of the Company within 3 business days upon his appointment.

All the Directors have nominated themselves for re-election in the AGM. The appointment of Mr Nicols is subject to Shareholder approval in the AGM.

13.4 Access, insurance and indemnity deeds

The Company has entered into a Deed of Access, Insurance and Indemnity with each current Director. The terms of the deed provided for the Company:

- (a) to indemnify the Director, to the extent permitted by law, against all liabilities and legal costs incurred as an officer of the Company or any other group company;
- (b) to maintain Directors and Officers insurance for the benefit of the Director in relation to acts and omissions of the Director in his capacity as an officer of the Company; and
- (c) to give access to a Director to documents (excluding a document created after the Director ceased to be an officer of the Company) during the time when the Director is an officer of the Company or other group company and for a period of 7 years after he ceases to be an officer of the Company or other group company for the purposes of any claims where the Director is a party, the Director is directly involved, or the Director proposes to bring in good faith or reasonably believe will be brought against the Director.

13.5 Related party loan

The Company entered into a loan agreement with Silberman Holdings Pty Limited (ACN 614 588 386) (a holder of 19.9% of the shares of the Company and an entity related to Tal Silberman, a Director) and Roths Holdings Australia Pty Ltd (ACN 620 942 510) (Roths) (a holder of 19.9% of the shares of the Company) on 29 September 2017 to finance the Company while it was looking for suitable projects to acquire. The terms of the loan agreement were revised on 28 February 2018 to document the interest rate that is to apply to the loan and a waiver of the lenders' rights to require security and to require that repayment be made in a specified way, including by a transfer of shares in the Company.

The key terms of the agreement are set out below:

- (a) the loan has a fixed term of 9 years and repayment must be made by the end of term;
- (b) the lenders may make one or more loans to the Company;
- (c) the interest rate is 8% per annum. Lenders can capitalise interest that has become due but remains unpaid;
- (d) the lenders can require repayment of all amounts outstanding on the occurrence of certain (standard) events of default; and
- (e) the loan is unsecured.

Shareholders' approval was not sought for this transaction. The Board considers that the loan was provided on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length

terms noting that the Company is not operating a business and has no assets, and its Securities have been suspended from trading since 7 April 2015 with the risk of it being removed from the Official List, and that the loan is at an interest rate that is lower than most business loans offered by major financial institutions and is unsecured.

13.6 Related party agreement

The Company entered into an engagement agreement with Tearum Advisors Pty Ltd (ACN 613 247 279) (an entity controlled by Gregory Starr, Director and Company Secretary) (**Tearum Advisors**) on 20 August 2017 for Tearum Advisors (represented by Mr Starr) to provide corporate services to Company commencing 1 August 2017. Corporate services broadly comprise:

- (a) services in relation to the upcoming development and restructuring of the Company via a new public offering;
- (b) ongoing regulatory, financial, company secretarial and investor relations services; and
- (c) other project commercial activities such as acquisition negotiation, financial modelling.

Under the terms of the engagement, the Company will pay Tearum Advisors \$7,500 per month plus GST and an additional 33% of this amount in Shares, for the corporate services. For the Share component of the payment, Shares are to be issued at an issue price of \$0.0044 per Share for services provided up until the re-quotations of the Company's Securities; and for services provided after the re-quotations of the Company's Securities, Shares to be issued will be at an issue price of the VWAP of the Shares preceding 12 months periods (**Original Payment**).

By a variation letter dated 1 February 2018, the parties revised the engagement to include that during the periods of heightened corporate activity where Tearum Advisors is required for a significant period of the month and on call, monthly payment will be \$18,800 plus GST and an additional 33% of this amount in Shares. The Share component of the payment is payable in the same manner and at the same issue price as the payment of the Original Payment. In the event that the Company is unable to issue Shares to Tearum Advisors, the Company will pay Tearum Advisors in cash.

The agreement also contains indemnity provided by the Company to Tearum Advisors against any actions or claims against Tearum Advisors or the Company for the provision of the services.

Either party may terminate the agreement with one month's written notice. If termination is initiated by the Company, the current month's unpaid fee is to be paid together with 33% of value of the invoiced amounts since the last issue of Shares to Tearum Advisors.

Shareholders' approval was not sought for this transaction. The Board considers that the arrangement is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length terms noting that the original agreement was entered into while Mr Starr was not a Director and he had no reasonable grounds to believe that he was likely to be a Director (and therefore a related party), and the revised engagement agreement is to provide Mr Starr with appropriate remuneration for the period where Mr Starr is required to perform intensive work and Mr Starr will not receive a director fee for being a Director.

The Company will seek approval from the Shareholders prior to issue of any Shares to Tearum Advisors under this agreement.

Pulse Markets' Agreements

13.7 Executive Service Agreement

The Company, Pulse Markets and Andrew Braund have entered into an Executive Service Agreement pursuant to which Andrew Braund will be appointed the chief executive officer of Pulse Markets effective on and from Completion.

Mr Braund will be paid a base salary of \$350,000 per annum (inclusive of superannuation) and be entitled to 2 weeks annual leave from the commencement date.

The agreement also contains restraint provisions under which Mr Braund is restrained from undertaking certain actions (including soliciting customers of Pulse Markets and enticing away employees or contractors of Pulse Markets) after his employment or involving in a business activity or operation competitive with Pulse Markets' business either during or after his employment (unless with the Company's consent). The agreement also contains a list of items or business transactions which require the Company's approval.

Mr Braund's employment is for a term of 3 years from Completion and may be extended by written agreement between the parties. Either party may terminate the agreement with prior written notice of 3 months.

13.8 MNote Distribution Deed

Pulse Markets entered into the MNote Distribution Deed with Moshav Financial Wholesale Pty Ltd (ACN 163 365 937) (a related party of Mr Silberman) (**Issuer**) under which the Issuer appoints Pulse Markets as its exclusive distributor (other than the Issuer) to:

- (a) promote, market and distribute MNotes to wholesale and retail clients of Pulse Markets and/or clients of its authorised representatives; and
- (b) provide financial product advice with respect to the financial product to clients of Pulse Markets and/or clients of its authorised representatives, in Australia, for the term of the agreement.

During the term of the deed (being 5 years from 28 February 2018), the parties will agree performance milestones for Pulse Markets for each contract year. The appointment will cease to be exclusive if the performance milestones cannot be agreed or if Pulse Markets cannot meet the milestones.

Pulse Markets is required under the deed to maintain its AFSL in good standing, and to comply, and ensure that its authorised representatives comply with financial services laws, the conditions of Pulse Markets' AFSL and regulatory requirement. Pulse Markets' authorised representatives must also comply the terms of their authorisation.

The Issuer will pay Pulse Markets fees of 2% (exclusive of GST) of all application moneys received for MNotes distributed by Pulse Markets and its authorised representatives.

Either party can terminate the deed in the event of the insolvency of the other party, or if the other fails to remedy a material default of their obligations under the deed within 30 days of receiving written notice of the default. The Issuer may terminate the deed if Pulse Markets no longer provides ongoing financial services related to the MNotes.

The Issuer is in the process of development of the MNotes structure and platform (which is in its advanced stages of development, subject to final legal documentation) (Refer to Section 7.5(a)).

13.9 Execution, Clearing and Settlement Agreement

Pulse Markets has entered into an Execution, Clearing and Settlement Agreement with a clearing provider associated with a major bank under which the clearing provider provides execution, clearing and settlement services to Pulse Markets and its clients for financial products through the clearing provider's trading system.

Either party may terminate the agreement by giving at least 60 days' notice without reason. Pulse Markets is not entitled in contract, tort and equity or otherwise to any payment of compensation for losses incurred as a result of the clearing provider terminating the agreement.

13.10 Equities and Derivatives Execution, Clearing and Settlement Agreement

Pulse Markets has entered into an Equities and Derivatives Execution, Clearing and Settlement Agreement with a clearing provider owned by a listed financial group on 5 February 2018.

The clearing provider agrees to execute orders relating to equities and derivatives and to provide the DMA Service (Automated Client Order Processing service provided), to clear and settle the exchange transactions resulting from the execution of such orders and to provide other services from time to time under the agreement.

The agreement may not be terminated in the first 3 years.

13.11 Responsible Manager Agreement

Pursuant to its AFSL, Pulse Markets entered into an Appointment of Responsible Manager Agreement with Brett Westbrook to carry out services as a responsible manager which include:

- (a) supervising the MDA activities of Pulse Markets;
- (b) involvement in monitoring compliance of MDA accounts implement for clients of Pulse Markets; and
- (c) chairing the Investment Committee.

Either party may terminate the agreement by written notice of at least 3 months (except in circumstances where Mr Westbrook ceases to be able to adequately provide the services or commits a serious or persistent breach of his obligation which is incapable of rectification, for which termination is immediately effective).

13.12 MDA Operator Agreement

Pulse Markets entered into a Services Agreement with MDA Operator Pty Ltd (ACN 609 025 130) trading as MA Operator (**MA Operator**) on 31 January 2017, to provide its clients with investment management services.

Pulse Markets must pay MA Operator the agreed service fees and any out of pocket expenses on a monthly basis. These fees payable by Pulse Markets depends on the services required by Pulse Markets and the client portfolios value.

Either party may terminate the agreement through prior written notice of 90 days (except in circumstances of material breach, insolvency, licensing revocation or illegal activity, for which termination is immediately effective).

14. ADDITIONAL INFORMATION

14.1 Constitution

A copy of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company Secretary.

(a) Shares

There is only one class of the Company's Securities being ordinary shares. The Shares issued under this Prospectus will be fully paid shares. Detailed provisions relating to the rights attaching to Shares are set out in the Constitution, Listing Rules and the Corporations Act. The Company has adopted a constitution of the kind usually adopted by a public company listed on the ASX. The following is a broad summary of the key provisions in the Constitution and the rights attaching to Shares.

(b) General meetings

Each shareholder is entitled to receive notice of and be present, to vote and speak at general meetings of the Company.

(c) Voting rights

At a general meeting every shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands. Every shareholder present (in person or by proxy, attorney or representative) has one vote per fully paid Share on a poll, except in respect of each partly paid Share held by a shareholder, where the shareholder has a fraction of a vote for each partly paid Share they hold. This is subject to any other rights or restrictions attached to any Shares.

(d) Dividend rights

Subject to any special rights or restrictions attached to a Share (at present there are none), each holder of a fully paid Share will participate in all dividends declared after their issue and rank equally with all existing Shares. Dividends are declared by the Directors at their discretion and, subject to any special rights, are payable on all Shares in proportion to the amount of capital for the time being paid up or credited as paid up on those Shares.

(e) Rights on winding up

Subject to any special rights and restrictions attached to Shares (at present there are none), on a winding up any surplus must be divided among the shareholders in the proportion that the amount paid up on the Shares bears to the total amount paid up on all Shares on issue. Subject to any special rights and restrictions attached to Shares (at present there are none), on a winding up, a liquidator of the Company may, with the sanction of a special resolution of shareholders, divide among shareholders the whole or any part of the property of the Company and may decide how to distribute the property as between the shareholders.

(f) Transfer of shares

Subject to the constitution of the Company, the Corporations Act and the Listing Rules, generally, Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Listing Rules require or permit the Company to do so.

(g) Future changes in capital

Subject to Listing Rules and the Constitution, the Directors may issue, grant options over, or otherwise dispose of Shares on such conditions, at such times and with the preferred, deferred or other special rights

or restrictions as the Directors think fit. Subject to the Corporations Act and the Listing Rules, the Company may by resolution, consolidate and divide its share capital or reduce its share capital and buy back its Shares.

(h) **Variation of rights**

The Company may only vary or cancel the rights attaching to any class of shares, or convert shares from one class to another, by a special resolution of the Company and a special resolution passed at a meeting of the holders of shares in that class or the written consent of shareholders with at least 75% of the votes in that class.

14.2 Corporate governance

The Company has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**Recommendations**). Reference should be made to the table at Appendix A.

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate policies and practices as at the date of this Prospectus are outlined in Appendix A and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website.

14.3 Litigation

As at the date of this Prospectus, other than set out in Sections 9.3(e) and 9.3(k), the Company and Pulse Markets are not involved in, and the Directors and Proposed Additional Director are not aware of, any actual or threatened litigation, which could have a material effect on the Company or Pulse Markets.

14.4 Interests of Directors

Other than set out in this Prospectus:

- (a) no Director or Proposed Additional Director of the Company and no firm in which a Director of the Company is or was at the relevant time a partner has, or has had in the 2 years before lodgement of this Prospectus, any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Offers; or
 - (iii) the Offers; and
- (b) no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to, and no benefits have been given or agreed to be given to, any Director or Proposed Additional Director (or any firm in which he is or was a partner) either to induce him to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the Offers.

14.5 Interests of experts and advisers

This Section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company or an underwriter to the General Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offers (collectively **Prescribed Persons**). Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Offers; or
- (c) the Offers.

Other than that as set out below or elsewhere in this Prospectus, no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to, and no benefit has been given or agreed to be given to, any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) the Offers.

Hall Chadwick Corporate (NSW) Limited (**Hall Chadwick**) has acted as Investigating Accountants to the Offers and has prepared the Investigating Accountant's Report which is included in Section 12, for which it will be paid \$25,000 plus GST plus disbursements. Hall Chadwick also acted as tax advisor for the tax due diligence for the Acquisition for which it will be paid \$12,500 to \$15,000 plus GST plus disbursements. During the 2 years preceding lodgement of this Prospectus with the ASIC, Hall Chadwick has not received any fees from the Company for any other services.

Transocean Securities Pty Ltd has acted as lead manager and underwriter to the General Offer for which it will be paid \$350,000 plus GST (where applicable) plus disbursements (being \$100,000 management fee for acting as lead manager and \$250,000 underwriting fee for acting as underwriter). Further details in respect to the Underwriting Agreement are summarised in Section 13.2 of this Prospectus. During the 2 years preceding lodgement of this Prospectus with the ASIC, Transocean Securities Pty Ltd has not received any fees from the Company.

Ernst & Young has acted as the legal advisor to the Company in relation to the Offers for which it will be paid \$230,000 plus GST plus disbursements. Subsequently, fees will be charged in accordance with normal charge out rates. During the 2 years preceding lodgement of this Prospectus with the ASIC, Ernst & Young has not received any fees from the Company, however, Ernst & Young has invoiced the Company \$5,545 plus GST and disbursement.

14.6 Estimated costs of the Offers

Other than as stated in this Prospectus, all costs and expenses connected with the Offers are being borne by the proceeds from the issue.

The total costs and expenses of the Offers (excluding GST) are estimated to be approximately \$842,500 and are expected to be applied towards the items set out in the table below:

Item of expenditure	\$
ASIC Prospectus Lodgement Fees	\$2,400
ASX review and listing costs of new shares	\$89,800

Lead Manager Fee ¹	\$100,000
Underwriter Fee ²	\$250,000
Legal Fees	\$230,000
Investigating Accountant's Fees	\$25,000
Tax due diligence	\$15,000
Miscellaneous (including Notice of Meeting and Prospectus preparation, meeting costs and report printing ³)	\$130,300
Total	\$842,500

Notes:

1. This fee is calculated based on 2% of \$5,000,000 (being the Underwritten Amount).
2. This fee is calculated based on 5% of \$5,000,000 (being the Underwritten Amount).
3. This payment is a subsequent event payment as payment will be made out of related party loan redraw funds. For transparency purposes it has been included in the use of funds.

14.7 Consents and disclaimers

HLB Mann Judd has given and, as at the date hereof, has not withdrawn, its written consent to be named in this Prospectus as the auditor of the Company in the form and context in which it is named.

J E King Chartered Accountants has given and, as at the date hereof, has not withdrawn, its written consent to be named in this Prospectus as the auditor of Pulse Markets in the form and context in which it is named.

Hall Chadwick Corporate (NSW) Limited (**Hall Chadwick**) has consented in writing to the inclusion in this Prospectus of the Investigating Accountant's Report in the form and context in which it appears and at the time of lodgement of this Prospectus with ASIC has not withdrawn that consent. It takes no responsibility for any part of the Prospectus other than the Investigating Accountant's Report.

Transocean Securities Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Lead Manager and Underwriter in the form and context in which it is named.

Security Transfer Australia Pty Ltd has given, and as the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Security Transfer Australia Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Security Transfer Australia Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Ernst & Young has given and, as at the date hereof, has not withdrawn, its written consent to be named as the lawyers to the Company in relation to the Offers in the form and context in which it is named.

There are a number of other person referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause this use of the Prospectus.

14.8 Substantial Shareholders

Based on publicly available information and a review of the Company's share register, those Shareholders holding 5% or more of the Securities on issue both as at the date of this Prospectus and on completion of the Offers are set out in the respective tables below:

Shareholder	Number of Shares ¹	% Shares held at the date of Prospectus	Number of Shares ¹	% Shares held at Minimum Subscription
Roths Holdings Australia Pty Ltd	7,802,895	19.9%	7,802,895	9.75%
Silberman Holdings Pty Limited ²	7,802,895	19.9%	7,802,895	9.75%
Galaxing Pty Ltd	7,664,211	19.55%	7,664,211	9.58%
Mercury Consulting Pty Ltd	7,664,211	19.55%	7,664,211	9.58%
Sinbad Pty Ltd ³	3,147,028	8%	3,147,028	3.9%
Gu Yinghua	1,960,526	5%	1,960,526	2.5%
Andrew Braund	0	0	15,789,474	19.74%

Notes:

1. These figures are all on a post Consolidation basis (on a ratio of 3.8:1).
2. An entity associated with a Director, Mr Tal Silberman.
3. An entity associated with the Proposed Additional Director, Mr Steve Nicols.

The Underwriter may acquire a substantial interest in Shares depending on the number of Shares required to be underwritten. Refer to Section 5.14 for a discussion with respect to the potential voting power of the Underwriter.

14.9 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offers and prior to the Securities re-commencing trading on ASX.

14.10 Continuous disclosure obligations

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

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

14.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain.

Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

15. DIRECTORY

<p>Company</p> <p>Birrabong Corporation Limited (to be renamed BIR Financial Limited)</p>	<p>Share Registry*</p> <p>Security Transfer Australia Pty Ltd 'Exchange Tower' Suite 913 530 Little Collins Street Melbourne VIC 3000</p>
<p>Directors</p> <p>Tal Silberman (Non-Executive Chairman) Gregory Starr (Non-Executive Director) Greg Smith (Non-Executive Director)</p>	<p>Lead Manager and Underwriter</p> <p>Transocean Securities Pty Ltd Level 5, 56 Pitt Street Sydney NSW 2000</p>
<p>Proposed Additional Director</p> <p>Steve Nicols (Non-Executive Director)</p>	<p>Auditor of the Company*</p> <p>HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000</p>
<p>Company Secretary</p> <p>Gregory Starr</p>	<p>Auditor of Pulse Markets Pty Ltd*</p> <p>J E King Chartered Accountants 814 Old Princes Highway Sutherland NSW 2232</p>
<p>ASX Code</p> <p>BIR</p>	<p>Investigating Accountant</p> <p>Hall Chadwick Corporate (NSW) Limited Level 40 2 Park Street Sydney NSW 2000</p>
<p>Registered Office</p> <p>Security Transfer Australia Pty Ltd 'Exchange Tower' Suite 913 530 Little Collins Street Melbourne VIC 3000</p> <p>Tel: 1300 992 916 Website: www.birfinancial.com.au</p>	<p>Solicitor</p> <p>Ernst & Young 200 George Street Sydney NSW 2000</p>

*These entities or persons are included for information purposes only. They have not been involved in the preparation of this Prospectus.

16. DIRECTORS' AUTHORISATION

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

In accordance with section 720 of the Corporations Act, each Director and Proposed Additional Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



.....

Tal Silberman

Chairman

For and on behalf of the Company

17. DEFINITIONS

Terms and abbreviations used in this Prospectus have the following meaning:

A\$ or \$ or AUD	an Australian dollar. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
Acquisition	the acquisition by the Company of 100% of the issued capital of Pulse Markets Pty Ltd (ACN 081 505 268).
AEST	Australian Eastern Standard Time as observed in Sydney, New South Wales (Sydney time).
AFSL	an Australian Financial Services Licence.
AGM	the annual general meeting of the Company to be held on 27 April 2018.
Applicant	a person who submits an Application Form under this Prospectus.
Application	an application to subscribe for Shares under this Prospectus.
Application Form	an application form in the form attached to or accompanying this Prospectus relating to an Offer.
Application Monies	the Issue Price multiplied by the number of Shares applied for.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given by Division 2 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or the securities exchange operated by it (as the case requires).
ASX Settlement Operating Rules	the operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement Pty Limited (ACN 008 504 532).
Board	the board of Directors of the Company for the time being.
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.
Capital Raising	means the raising of \$5,000,000 pursuant to this Prospectus.
CHESS	Clearing House Electronic Sub-register System.
Closing Date	the closing date of the Offers as set out in the indicative timetable in Section 3.1 (subject to the Company reserving the right to extend the Closing Date of one or more of the Offers or close one or more of the Offers early).
Company	Birrabong Corporation Limited (to be renamed BIR Financial Limited) ACN 074 009 091.
Completion	completion of the Acquisition.

Consideration Share	a Share issued on a post-Consolidation basis, pursuant to the Vendor Offer.
Consolidation	the consolidation of the Company's issued capital on a ratio of 3.8:1 to be approved at the AGM.
Constitution	Constitution of the Company as amended from time to time.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CSF	crowd-sourced funding.
Director	a director of the Company at the date of this Prospectus.
DOCA	deed of company arrangement.
Existing Shareholders	means Shareholders at the date of this Prospectus.
Exposure Period	the period of 7 days (or 14 days if extended by ASIC) after the lodgement of the Prospectus with ASIC during which the Company may not accept Applications.
Fintech or fintech	financial technology
FOS	Financial Ombudsman Service.
FY	fiscal year or financial year.
General Offer	the offer of 25,000,000 Shares at \$0.20 per Share pursuant to this Prospectus as set out in Section 5.2.
Investor	an investor under the General Offer in accordance with the terms of the General Offer.
Issue	the issue of Shares in accordance with this Prospectus.
Issue Price	\$0.20 per Share.
Listing Rules	the official listing rules of ASX.
Minimum Subscription	means the minimum raising of \$5,000,000 by the issue of 25,000,000 Shares at the Issue Price pursuant to this Prospectus.
New Share	a Share issued on a post-Consolidation basis, pursuant to the General Offer.
Notice of Meeting	the notice of meeting dated 28 March 2018 in which the Company seeks Shareholders' approval for, amongst other things, the Acquisition and the Offers.
Offer Period	the period commencing on the Opening Date and ending on the Closing Date.
Offers	General Offer and the Vendor Offer made pursuant to this Prospectus.
Official List	the official list of entities that ASX has admitted and not removed.
Official Quotation	official quotation by ASX in accordance with the Listing Rules.

Opening Date	the opening date of the Offers as set out in the indicative timetable in Section 3.1 (subject to the Company reserving the right to change the Opening Date of one or more of the Offers).
Pre Consolidation Shares	a Share issued before the Consolidation.
Proposed Additional Director	Mr Steve Nicols.
Prospectus	this Prospectus.
Pulse Markets	Pulse Markets Pty Ltd (ACN 081 505 268).
Restricted Securities	has the same meaning as in Listing Rule 19.12.
Section	a section of this Prospectus.
Securities	has the same meaning as in section 92 of the Corporations Act.
Security Holders or Shareholders	the shareholders of the Company.
Shares	fully paid ordinary shares in the capital of the Company.
Share Registry	Security Transfer Australia Pty Ltd (ACN 008 894 488).
Share Sale Agreement	the binding share sale agreement dated 5 April 2018 between the Company, Pulse Markets and the Vendor under which the Company agreed to acquire, and the Vendor agreed to sell, 100% of the issued capital of Pulse Markets.
Shortfall Share	the Shares not applied for and issued under the General Offer.
Transocean, Underwriter or Lead Manager	Transocean Securities Pty Ltd (ABN 25 009 230 120) (AFSL: 230161).
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter.
Underwritten Amount	\$5,000,000, bring the amounts to be raised under the General Offer.
Vendor	Andrew Braund, the current shareholder of Pulse Markets.
Vendor Offer	the offer of 15,789,474 Consideration Shares to the Vendor (or his nominees) in consideration for the Acquisition.
VWAP	volume weighted average price.
we, us or our	Company.

APPENDIX A – CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's 3rd edition Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory. However, the Company will be required to provide a statement in future annual reports disclosing the extent to which the Company has followed the Recommendations.

	Recommendations	Compliance	Comment
1	Lay solid foundations for management and oversight		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its Board and management; and</p> <p>(b) those matters expressly reserved to the Board and those delegated to management.</p>	Complies	<p>The Board has outlined in the Board Charter its roles and responsibilities and has established a clear distinction between its functions and those delegated to management.</p> <p>The Board Charter is on the Company's website.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Complies	<p>The Board Charter sets out:</p> <ul style="list-style-type: none"> what the Board will consider when appointing a director including the requirement for a candidate to provide checks as to their character, experience, education, criminal record and bankruptcy history; and sets out the procedures for obtaining material information from candidates to be provided to security holders that will be relevant to a decision on whether or not to elect or re-elect a director. <p>Appropriate checks including criminal record checks have been carried out on all Board members prior to their appointment. The Company has, in the notice of meeting, provided Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at general meetings.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	<p>The Board Charter requires that each director sign an agreement in writing or letter of engagement that sets out the terms of their appointment.</p> <p>The Company has entered into written agreements with each of its directors. The Company does not currently have senior executives.</p>
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board	Complies	The Board Charter provides that the company secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.

1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Partially complies	<p>The Board has adopted a Diversity Policy. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives.</p> <p>The Board does not believe it is feasible or appropriate to adopt Recommendation 1.5 (a), (b) and (c) at this time for the reasons set out below:</p> <p>(a) the Company currently has a Board of three members. This makes the setting of quotas impractical at this time; and</p> <p>(b) the Company currently has no employees.</p> <p>The Company intends to review its position after Completion in regard to these recommendation and adopt changes where appropriate.</p> <p>A copy of the Diversity Policy is on the Company's website.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Partially complies	<p>The Board Charter provides for:</p> <p>(a) an annual review of the performance of the individual directors by the Chairman; and</p> <p>(b) an annual assessment of the Board's collective performance and the performance of its committees.</p> <p>The Company must disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> <p>The Board conducts an annual formal written 'peer review' for each member of the Board to evaluate</p>

			<p>the performance and contribution of each member, both in respect of their participation on the Board and any relevant Board Committees. A 'peer review' of the Board was not undertaken during the financial year 2017 due to the changes to the Board made in May 2017 for then proposed restructure.</p> <p>The Company intends to review its position after Completion in regard to these recommendation and adopt changes where appropriate.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Partially complies	<p>The Company's Corporate Governance Plan provides for an annual review of the performance of its senior executives by the Chairman and the Remuneration Committee, and provides for reporting to the company secretary so that with respect to each reporting period the Company may report whether a performance evaluation was undertaken in the reporting period in accordance with the process for review.</p> <p>There was no senior executive during the financial year 2017, accordingly, no performance evaluation of the senior executives was undertaken during the financial year 2017.</p> <p>The Company intends to review its position after Completion in regard to these recommendation and adopt changes where appropriate.</p>
2	Structure of the Board to add value		
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the</p>	Does not comply	<p>The Board has established a combined Remuneration and Nomination Committee. The Remuneration and Nomination Committee currently consists of Tal Silberman (chairperson) and Greg Smith. Only Greg Smith is an independent director.</p> <p>The Board Charter provides that the assessment of nominations to the Board is a function performed by current Board members, and it sets out the processes for addressing Board succession issues and to ensure that the Board has appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities.</p> <p>No meetings of committee have been held since 30 June 2017. All functions of the committee have been performed by the Board.</p> <p>Due to the small number of Board members, it is impractical to comply in all respects at this time. The Company will monitor changes in the future with the intent of moving toward full compliance.</p>

	<p>members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</p>		
2.2	<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>Does not comply</p>	<p>Given the size of the Board and current operations of the Company, the Board does not maintain a formal skills matrix for the Board.</p> <p>However, the individual directors and the Board as a whole, recognise the importance for the Board to have the skills, knowledge, experience and diversity of background and expertise required to effectively guide the Company over time in response to market developments, opportunities and challenges.</p> <p>The Board recognises certain core skills that are required for the Board to ensure effective stewardship of the Company. These include business and strategic expertise, experience with financial markets, industry knowledge, financial skills, project management experience and ethical management skills.</p> <p>The current Board members represent individuals that have extensive business and industry experience. The aim, when considering Board member attributes, is to consider whether collectively they can deliver outcomes in accordance with the Company's business objectives and in doing so, deliver value to shareholders.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or</p>	<p>Complies</p>	<p>The Board is currently comprised of three members, Tal Silberman (since 31 May 2017), Greg Smith (since 28 February 2018) and Gregory Starr (since 28 February 2018). The Board considers Greg Smith to be independent. Upon Completion, the Board will comprise four members with Steve Nicols being appointed to the Board. Only Greg Smith is considered independent as he does not have a material shareholding in the Company nor is an adviser or supplier to the Company or has any other material contractual relationship with the Company other than his position as a Director.</p>

	relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director.		The Board will review the independence of the Directors in the future based on the circumstances of the Company.
2.4	A majority of the Board of a listed entity should be independent directors.	Does not comply	The Company was in compliance with Recommendation 2.4 during the financial year 2017 but is not in compliance at the date of this Prospectus. The Board supports the intent of this Recommendation and will seek to comply once circumstances permit upon the development of the Company's new business plans.
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	The Chairman of the Board is not an independent director being a major shareholder of the Company. The Company intends to appoint an independent Chairman in the near future.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	In relation to new appointees the Board Charter provides that: <ul style="list-style-type: none"> all new appointees shall undertake an induction programme enabling the new appointee to understand specified elements of the Company's business; and all directors shall be entitled to receive appropriate professional development opportunities approved by the Board. <p>The Company has a formal induction process for new directors. New directors are provided with copies of Company policy documents, key legal requirements for directors, the Company's Constitution and are fully briefed about the nature of the business, current issues, the corporate strategy and the expectation of the Company concerning performance of directors. They are also provided information on insurances, indemnities and the processes for accessing independent legal advice if required. There are also processes of induction for disclosure, key personal information, safety and business procedures and practices.</p> <p>Directors receive a formal letter of appointment setting out the key terms and conditions relevant to that appointment. Due to the small size of the Company's Board, directors generally undertake their own continuing education.</p>
3	Act ethically and responsibly		
3.1	A listed entity should:	Complies	The Company's Corporate Governance Plan contains a Code of Conduct for its directors, officer

	<p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>		and employees. This Code of Conduct is available on the Company's website.
4	Safeguard integrity in corporate reporting		
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the Board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Does not comply	<p>The Board has established an Audit Committee. The Audit Committee consists of Tal Silberman (chairperson) and Gregory Starr. Both Mr Silberman and Mr Starr are non-executive Director but neither of them is an independent director.</p> <p>The Audit Committee Charter sets out that the committee consists of at least three members, all of whom are non-executive directors and a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>No meetings of committee have been held since 30 June 2017. All functions of the committee have been performed by the Board.</p> <p>Due to the small number of Board members, it is impractical to comply in all respects at this time. The Company will monitor changes in the future with the intent of moving toward full compliance.</p>
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and	Does not comply	The Company does not currently have any executive officers but intends to comply with this Recommendation 4.2 in future reporting.

	give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The external auditors are requested to attend the annual general meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the auditor's report.
5	Make timely and balanced disclosure		
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complies	The Board has established a written continuous disclosure policy to ensure compliance with Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting.
			The continuous disclosure policy is on the Company's website.
6	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website contains information about itself and its governance.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The Policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan. Shareholders are encouraged to communicate by electronic means and to participate at the meeting.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company engaged its share registry to manage the majority of communications with shareholders. The Company's Share Registry, Security Transfer Australia Pty Ltd, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at https://www.securitytransfer.com.au
7	Recognise and manage risk		

7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Does not comply	<p>The Company does not have a separate committee to oversee risk. Having regard to the number of members currently comprising the Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibility to a sub-committee.</p> <p>However, the Board is responsible for the internal control framework and risk management of the Company and for regularly reviewing its effectiveness.</p> <p>The Board will review and discuss strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as needs basis.</p> <p>The Company's Risk Management and Internal Control Policy sets out the Company's risk management policy and is available on the Company's website.</p>
7.2	<p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and,</p> <p>(b) disclose in relation to each reporting period whether such a review has taken place.</p>	Complies	<p>The Board reviews and oversees the operation of systems of risk management at least annually to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.</p> <p>The Company will disclose in relation to each reporting period whether such a review has taken place.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	<p>The Company does not have an internal audit function due to its size.</p> <p>The processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes are set out in the Company's Risk Management and Internal Control Policy which is available on the Company's website.</p>

7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	Given the current transition of the Company's business, the Company does not believe it currently has material exposure to any specific economic, environmental and social sustainability risks, which risk are currently being managed in the normal course of business.
8	Remunerate fairly and responsibly		
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Partially complies	<p>The Board has established a combined Remuneration and Nomination Committee. The Remuneration and Nomination Committee currently consists of Tal Silberman (chairperson) and Greg Smith. Only Greg Smith is an independent director.</p> <p>The Company has a Remuneration Committee Charter which outlines that the committee should have at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>No meetings of committee have been held since 30 June 2017. All functions of the committee have been performed by the Board.</p> <p>Due to the small number of Board members, it is impractical to comply in all respects at this time. The Company will monitor changes in the future with the intent of moving toward full compliance.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The Company's Remuneration Committee Charter discloses its policies and practices regarding the remuneration of Directors (executive and non-executive), which is disclosed on the Company's website.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through</p>	Not Applicable	The Company does not have an equity-based remuneration scheme.

	<p>the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		
--	---	--	--

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:
Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007
T: +1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

BIRRABONG CORPORATION LIMITED

ACN: 074 009 091

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This application relates to the offer of Fully Paid Ordinary Shares at the price of \$0.20 per Share.

No share will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print in BLOCK LETTERS.

I / We apply for:

I/We lodge full application of monies of:

, , shares at AUD \$0.20 per share

A \$, , .

or such lesser number of shares which may be allocated to me/us by the Directors.



www.securitytransfer.com.au

BPAY@ this payment via internet or phone banking.

Please visit our share registry's website: www.securitytransfer.com.au and complete the online application form.

If electronic payment cannot be made then cheque(s) or bank draft(s) can be used.

See reverse for further payment instructions.

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored sub-register.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

Declaration and Statements:

- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT



www.securitytransfer.com.au

BPAY® your payment via internet or phone banking. Please visit our share registry's website:

www.securitytransfer.com.au and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application.

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer.

BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to BIRRABONG CORPORATION LIMITED and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LOGGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
BIRRABONG CORPORATION LIMITED
C/- Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007

OR

Delivered to:
BIRRABONG CORPORATION LIMITED
C/- Security Transfer Australia Pty Ltd
Suite 913, 530 Little Collins Street
Melbourne, VIC, 3000

Applications must be received by no later than 5.00pm AEST on the 18 May 2018 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESSE HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold shares allotted to you under this Application on the CHESSE sub-register, enter your CHESSE HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to BIRRABONG CORPORATION LIMITED. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd
Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.