

19th May 2016

FIRST GROWTH FUNDS LIMITED INITIATES CAPITAL MANAGEMENT PLAN

HIGHLIGHTS

- Firm commitments received from professional and sophisticated investors to raise \$445,000 through share placement at \$0.066 per share. 1 for 3 bonus options to be issued to investors subject to shareholder approval.
- In addition to the placement, FGF is undertaking a Share Purchase Plan (**SPP**) to existing shareholders to raise up to approximately a further \$890,000 at \$0.0066 per share. 1 for 3 bonus options to be issued to shareholders who participate in the SPP subject to shareholder approval.
- The capital raising proceeds will be used for working and investment capital.

Placement

First Growth Funds Limited (ASX: FGF) is pleased to announce that it has received firm commitments for a capital raising by way of the placement of 67, 424,381 ordinary shares at a price of \$0.0066 per share to professional and sophisticated investors to raise \$445,000 (**Placement**). The issue price represents a 19% discount to the Volume Weighted Average Price (**VWAP**) for the last 5 days on which FGF's shares traded immediately prior to the announcement of the Placement.

Subject to the Company obtaining shareholder approval, each participant in the Placement will also receive 1 new option to subscribe for an ordinary fully paid share in the Company for every 3 shares issued under the Placement (**Placement Bonus Options**). A total of 22,474,794 Placement Bonus Options will be issued, subject to shareholder approval. No consideration will be payable for the issue of the Placement Bonus Options which will be exercisable at \$0.02 each, expiring on 17 February 2018 and which will otherwise be on the same terms as the existing Series B listed options.

Share Purchase Plan

The Company is also pleased to announce that it intends to offer eligible shareholders an opportunity to participate in the capital raising through a shareholder Share Purchase Plan (**SPP**).

The SPP is designed to provide all eligible shareholders with the opportunity to purchase up to \$15,000 worth of shares in the Company, free of all brokerage and commissions. The SPP will

also provide an opportunity for existing shareholders with smaller parcels to increase their holdings into marketable parcels.

The purchase price of the shares under the SPP will be the same as the Placement price of \$0.0066 per share which represents a 19% discount to the VWAP for the last 5 days on which FGF's shares traded immediately prior to the announcement of the SPP.

Participation in the SPP will be open to registered shareholders of fully paid shares in the Company on the record date of 18 May 2016 (7.00 pm AEDT) with addresses in eligible jurisdictions. Eligible shareholders will be able to apply for up to \$15,000 worth of shares in the Company, free of all brokerage and commissions. The funds raised from the SPP will be capped at \$890,000.

Subject to the Company obtaining shareholder approval, each participant in the SPP will also receive 1 new option to subscribe for an ordinary fully paid share in the Company for every 3 shares issued under the SPP (**SPP Bonus Options**). A total of up to 44,949,588 SPP Bonus Options will be issued, subject to shareholder approval. No consideration will be payable for the issue of the SPP Bonus Options which will be exercisable at \$0.02 each, expiring on 17 February 2018 and which will otherwise be on the same terms as the existing Series B listed options.

Further details in relation to the SPP, including the offer timetable, will be set out in the SPP offer document to be provided to shareholders shortly.

EGM

As the issue of the Placement Bonus Options and the SPP Bonus Options require shareholder approval, an Extraordinary General Meeting (**EGM**) will be convened to be held in late June/early July 2016. If approval is not obtained at that meeting, the Company will have no obligation to issue the Placement Bonus Options and the SPP Bonus Options.

The Company also proposes to seek approval at the EGM for the issue of a further 150,000,000 shares at \$0.0066 each to raise up to a further \$990,000, with a 1 for 3 bonus option on the same terms as the Placement and SPP. Firm commitments have not as yet been received for this further raising, however, the Company will be seeking to secure such commitments prior to the EGM.

Geoff Barnes

Chairman