

1 March 2018

Capital Raising Update

First Growth Funds Limited (ASX: FGF) (**FGF** or the **Company**) is pleased to provide the following update regarding the Placement as previously announced to the market and an additional capital raising.

Placement

The Company is continuing to satisfy the remaining conditions precedent to the \$3.45million placement as announced on 2 January 2018.

As previously announced completion of the issue of the Placement Shares and Placement Options is conditional upon the following conditions precedent being satisfied or waived:

- The Company obtaining the approval of its shareholders in general meeting to the issue of the Placement Shares, the Placement Options and the BCG Milestone Shares in accordance with Listing Rules 7.1 and 7.3 (the **Approval**) and all other required regulatory or ASX approvals being obtained on or before 28 February 2018 (the **Approval Date**). The Approval was obtained at the EGM of the Company held yesterday;
- The Company lodging a disclosure document with ASIC in respect of the issue of the Placement Shares and the Placement Options (**Prospectus**) on or before the Approval Date. The Company lodged the Prospectus with ASIC yesterday (28 February 2018);
- Each investor being satisfied (acting reasonably) with its due diligence investigations on the Company on or before 25 January 2018. This condition has been satisfied;
- BCG entering a voluntary escrow deed in the form provided by the Company, on or before 25 January 2018 (**Escrow Deed**). This condition has been satisfied, (each a Condition Precedent).

Further updates will be provided to the market in due course.

Listed Options

The Company is pleased to announce that a total of 169,135,976 Series B listed options and 108,476,962 Series C listed options were exercised from 1 January 2017 to their expiry on 17 February 2018 and 20 February 2018 respectively. The exercise of these options (being 277,612,938 in total) raised \$ \$5,552,258.76 for the Company. Accordingly 103,730,824 Series B listed options and 53,270,435 Series C listed options remained unexercised on their expiry and as such they have lapsed.

As announced on 2 January 2018, Blockchain Global Limited agreed to underwrite the exercise of 50% of the Series B and Series C options on issue as at 31 December 2017 (being a total of 217,307,099 options). As a total of 277,612,938 options were exercised (being more than 50% of those on issue as at 31 December 2017), no further shares were required to be subscribed for by Blockchain Global Limited pursuant to the underwriting arrangements.

Additional Placement at \$0.02

The Company is pleased to announce that it has entered placement agreements with various unrelated sophisticated investors to raise an additional \$1,000,000 at an issue price of \$0.02 per share (being the same as the exercise price of the listed options which recently expired). The purpose of the placement is to raise funds to provide FGF with working and investment capital.

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The Company has agreed to issue 50,000,000 shares at \$0.02 each (**Additional Placement Shares**). The Additional Placement Shares will be ordinary shares and will rank pari passu with all existing ordinary shares on issue. No capital raising fee is payable by the Company in respect of the Additional Placement Shares.

The Additional Placement Shares are to be issued in reliance on FGF's existing capacity under Listing Rules 7.1 and as such will not be seeking shareholder approval for the issue. The Prospectus will act as cleansing prospectus for the Additional Placement Share's allowing them to be on-sold without trading restrictions.

The following is the proposed timetable in respect of the issue of the Additional Placement Shares:

Activity	Completion Date
Funds due to FGF	5 March 2018
Expected allotment of Additional Placement Shares	6 March 2018
Expected ASX quotation of Placement Shares	8 March 2018

Investment Strategy Update

The Company has recently provided an update on its present investment strategy.

For completeness, the Company notes that the funds raised from the issue of the Additional Placement Shares will not alter the Company's present intentions with respect to its investment strategy.

While the Company is not constrained by a strict investment mandate, the following provides an overview of the Company's current intended investment strategy with respect to its cash reserves upon completion of the Placement (as announced on 2 January 2018) and the issue of the Additional Placement Shares:

Asset type	Upon closing Placement (assumes cash reserves of approximately \$10,800,000)	
	%	\$
Working capital	7%	\$ 756,000.00
Small cap investments - ASX listed	15%	\$ 1,620,000.00
ASX Top 50 – Dividend/Income focussed	22%	\$ 2,376,000.00
Pre-IPO/Private investments - Investment via equity and convertible notes.	9%	\$ 972,000.00
Blockchain investments - Investment via equity and convertible notes in unlisted entities.	12%	\$ 1,296,000.00
Pre-ICO and ICO investments	20%	\$ 2,160,000.00
Cash Reserves (Term deposits/at call)	15%	\$ 1,620,000.00
Total	100%	\$ 10,800,000.00

Note: Cash reserves include funds to be received on completion of the Placement (announced on 2 January 2018) (\$3.45million) as well as funds received from the exercise of Series B and Series C listed options since 31 December 2017 (\$5.55million and funds received from additional placement (\$1m) and cash currently held of \$0.8m.

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It should be noted that whilst the above table shows splits and totals to 100% they are "max /up to range" and don't for example indicate that the Company must hold exactly 20% of pre-ICO investments at any one time. The nature of an investment company is that its asset allocation will be fluid overtime as will be the case with the Company. The above table indicates that it is the Company's intention to hold a maximum of 20% of its assets as pre-ICO investments (however, these would be intended to be liquidated into fiat currency as soon as practicable and the funds would be reinvested). It is intended that a maximum of 12% of its assets may be in equity investments in unlisted entities which are involved in, developing or utilising blockchain technologies and such investments would be approached in a consistent manner with which the Company has previously invested in unlisted entities.

It is noted that this overview is based on current market conditions and the present determination of the board. The board reserves the right to alter the investment strategy and indicative asset allocation at any time without notice. Should any relevant circumstances change, the board will reassess the proposed investment strategy to ensure it is the most appropriate for the Company and its shareholders.

Geoff Barnes
Chairman