

30 April 2018

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2018

HIGHLIGHTS

- INVESTMENT STRATEGY
- SHARE PLACEMENT WITH BLOCKCHAIN GLOBAL TO RAISE \$3.45M
- \$6.5M RAISED WITH OPTION EXERCISE AND PLACEMENT
- APPOINTMENT OF NON-EXECUTIVE DIRECTOR
- PEARL GLOBAL SUCCESSFULLY LISTS ON ASX
- CLOUD LUMEN INVESTMENT UPDATE
- INVESTMENT IN BLOCKCHAIN SECURITY PLATFORM
- CRYPTODATA VAULT SECURES US\$2.25M FUNDING

First Growth Funds Limited (“FGF” or “the Company”) provides the following update on the Company’s activities during the quarter ended 31 March 2018.

INVESTMENT STRATEGY

On 1st March 2018, the Company released an investment strategy indicating the proposed usage of funds.

As an investment company, FGF seeks to have a variety of different investments across a diverse portfolio of assets and asset classes. It plans to make investments in a number of areas including ASX listed small caps and top 50 securities, Pre-IPO and private investments, blockchain investments, Initial Coin Offers (ICO) and Pre-ICO investments and cash reserves.

FGF’s key investment criteria being whether or not the investment presented is of a suitable scale, and quality that it is likely to achieve a significant increase in value for the shareholders of FGF. For private investments including equity and ICO, FGF’s strategy is to ensure it can achieve liquidity in an appropriate time frame to deliver both a return to shareholders and also have the funding capacity to invest in new projects.

This quarter, FGF had a successful IPO of Pearl Global and has a number of other active investments that are moving closer to generating a return and/or liquidity positions. The Company has a strong cash position and the board is diligently building momentum with new strategic investments across various industries and asset classes. The board has solid deal flow from both local and international parties but will only invest if the opportunity meets its investment criteria.

For personal use only

SHARE PLACEMENT TO RAISE \$3.45M TO EXPAND INTO BLOCKCHAIN SECTOR

As announced on 2 January 2018, the Company advised it had entered a conditional placement agreement with Blockchain Global Limited (Blockchain Global) and other unrelated sophisticated investors to raise \$3,453,990. The placement was to raise funds to provide FGF with working capital and for funding to facilitate acquisitions of or investments in Blockchain technology, assets or businesses.

The Company agreed to issue 282,257,907 shares at \$0.012237 each along with a 1:1 attaching option exercisable at \$0.03 within 2 years of issue.

TOTAL \$6.5M RAISED WITH OPTION EXERCISE AND ADDITIONAL PLACEMENT

On the 22 January 2018, the Company advised holders of listed options FGFOA and FGFOC that their options would expire during February. Following the exercise of 277,612,938 listed options, the Company raised \$5,552,258.76

On 1 March 2018, the Company announced it had entered placement agreements with various unrelated sophisticated investors to raise additional \$1m. All funds were received and the Company issued 50,000,000 shares at 2c each.

PROSPECTUS COMPLETED

On 28 February 2018, the Company lodged a Prospectus with ASIC to satisfy the condition to the Placement announced on 2 January 2018 with Blockchain Global.

On 13 March 2018 the Company announced the completion of placements and closure of Prospectus.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Company announced on 14 March 2018, the appointment of Mr Daniel Zhang as Non-Executive Director.

Mr Zhang is currently the Chief Operations Officer (COO) of Blockshine, a leading China based communications company specialising in Blockchain Technology. The company has extensive reach in Chinese media along with international assets such as coinmerit.com, blockchaincan.com and thisisdistributed.com.

Mr Zhang's experience includes founder and CEO of Tagu Social Network a media platform for sharing of photos, Project Manager of Big Data program at Tesco China, and Product Director of Penguin Guide, a successful Chinese food, wine & lifestyle social media platform.

EXTRAORDINARY GENERAL MEETING

An Extraordinary General meeting for shareholders was convened on 28 February 2018 to seek approval amongst other resolutions the share placement with Blockchain Global.

Following the meeting, the Company announced all resolutions were carried in favour.

PEARL GLOBAL SUCCESSFULLY LISTS ON ASX

On 16 February 2018, Pearl Global Limited (ASX:PG1) successfully listed on ASX and began trading.

Pearl Global is an Australian company applying unique, next-generation technology to cleanly convert waste into valuable products. Pearl's technology represents a significant advancement on other tyre recycling processes and is currently focused on processing end of life rubber including waste tyres. It offers portability and operating efficiency, while operating in a low emission environment with no hazardous by-products.

FGF invested \$350,000 by way of convertible notes prior to the listing, followed by a small increase to the shareholding, the Company currently holds 2,250,000 shares and 729,166 listed options in Pearl Global at the date of the report.

CLOUD LUMEN UPDATE

The Company provided an update on 11 January 2018 regarding Cloud Lumen finalising their financial accounts for November period with their Canadian auditors ahead of review by Australian counterparts who are preparing work on upcoming Prospectus.

FGF made an initial investment of \$350,000 by way of convertible note with a conversion at 3 cents per share. During the quarter, Cloud Lumen completed a pre-IPO raising at 16 cents per share to sophisticated investors. FGF subscribed for further shares through an additional investment of \$250,000.

Cloud Lumen has engaged advisors to an IPO with the view to list on the ASX at 20 cents per share.

INVESTMENT IN BLOCKCHAIN SECURITY PLATFORM

On the 20 March 2018, FGF announced it had made an investment in Blockchain Security Platform GlobalGuard.

GlobalGuard is being developed by Australia-based MailGuard – the world's largest privately-owned email security company with customers in over 27 countries. MailGuard is collaborating with Deakin University in Melbourne, Australia to develop GlobalGuard's proprietary Artificial Intelligence (AI) security network.

CRYPTODATA VAULT SECURES \$2.25M FUNDING

On the 27 November 2017, the Company announced it had signed a term sheet with Heuresy LLC ("Heuresy") for an investment in an entity focussed on the design, development and implementation of a digital currency exchange.

Following the term sheet FGF announced on 27 November 2017, CryptoData Vault has secured US\$2.25m funding to launch Sovereign Cash tokens and a Digital Currency hardware wallet.

CryptoData Vault will hold the exclusive license for sale and distribution of the Hardware Wallet, Excalibur, in connection with its Sovereign Cash cryptocurrency token and exchange offerings. CryptoData Vault's token Sovereign Cash will be designed to be traceable with policy controls by geolocation and geo-fencing, offering strong advantages for issuing governments and institutions.

FGF holds a 50% shareholding in CryptoData Vault and in addition, under the Agreement FGF will receive 10% of all Tokens and an additional 5.56% of all Tokens in consideration for the additional contribution of US\$250,000 (being a total of 15.56% of all Tokens). FGF will also receive a further 6% commission on the sale of CryptoData Vault's Tokens. CryptoData Vault will hold 20% to 25% of the Tokens to fund expansion plans. Sam Lee will receive 44.44% of Tokens with Heuresy receiving 10% of Tokens.

CryptoData Vault intends to have a modified exchange for the purposes of delivering the security, compliance and controls for the Excalibur hardware device. With the US\$2,250,000 investment, CryptoData Vault no longer requires a private crowdsale ICO and can proceed straight to a listing on the Digital Currency Exchanges.

For further information, see announcement released 30 April 2018.

CASH AND INVESTMENTS

As at the date of this report the Company held approximately \$9.0m in available cash.

Investments held by the Company at the date of this report:

ASX Listed investments with combined market valuation of \$1,860,000

Total Private investments at cost valuation of \$790,000

Note the Company applies cost valuation on private investments until such time as the investments can be valued by the market accordingly such as exchange listing, trade sale or liquidity event.

During the quarter the Company exited its position in FYI Resources Limited (ASX:FYI) having been a long time investor from 4.2c.

ISSUED CAPITAL

The following table represents the total equity instruments on issue in First Growth Funds Ltd

Equity Category	Details	Number on Issue
Listed Ordinary Shares	ASX : FGF	1,495,959,281
Options	Unlisted Options Strike Price of \$0.03	292,257,907

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

First Growth Fund Limited

ABN

Quarter ended ("current quarter")

34 006 648 835

31 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	0	0
1.2	Payments for:		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	0	0
	(c) advertising and marketing	0	0
	(d) leased assets	0	0
	(e) staff costs	(80)	(214)
	(f) administration and corporate costs	(166)	(394)
	- note: YTD (\$102) reallocated to 2.1(c)		
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	17	24
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other - proceeds from trading	283	1,089
	Other - trading payments	(282)	(476)
1.9	Net cash from / (used in) operating activities	(228)	29

2		Current quarter \$A'000	Year to date (9 months) \$A'000
2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	0	0
	(c) investments	(257)	(360)
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(257)	(360)

For personal use only

3	Cash flows from financing activities	Current quarter \$A'000	Year to date (9 months) \$A'000
3.1	Proceeds from issues of shares	4,454	4,454
3.2	Proceeds from issue of convertible notes	0	0
3.3	Proceeds from exercise of share options	5,421	5,421
3.4	Transaction costs related to issues of shares, convertible notes or options	(118)	(118)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	9,757	9,757

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	994	840
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(228)	29
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(257)	(360)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,757	9,757
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	10,266	10,266

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,266	994
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,266	994

6	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	107
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7	Payments to related entities of the entity and their associates	Current quarter
		\$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8	Financing facilities available	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	0
	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.4			

9	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	0
9.2	Product manufacturing and operating costs	0
9.3	Advertising and marketing	0
9.4	Leased assets	0
9.5	Staff costs	(90)
9.6	Administration and corporate costs	(40)
9.7	Other - trading payments	0
9.8	Total estimated cash outflows	(130)

10	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	n/a	n/a
10.2	Place of incorporation or registration	n/a	n/a
10.3	Consideration for acquisition or disposal	n/a	n/a
10.4	Total net assets	n/a	n/a
10.5	Nature of business	n/a	n/a

For personal use only

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2018

Company secretary

Print name: Julie Edwards

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 2
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.