

FIRST GROWTH FUNDS LIMITED (CSE:FGFL)
Management Discussion and Analysis
For the three months ended 30 September 2024

(All values are expressed in Australian dollars unless otherwise specified)

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FIRST GROWTH FUNDS LIMITED (CSE:FGFL)
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1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis (“MD&A”) is dated as of 26 November 2024 and should be read in conjunction with the audited annual financial statements of First Growth Funds Limited for the year ended June 30, 2023 (“the Financial Statements”). The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Unless expressly stated otherwise, all financial information is presented in Australian dollars.

1.2 – Corporate information

Business Structure

The Company was incorporated on 14 October 1986 under the *Corporations Act* (Australia) with Australian company number (“ACN”) 006 648 835. It went through several name changes: and on 29 March 2011 the name was changed to the current name, First Growth Funds Limited. Its head office and registered offices are located at 311 Hay Street Subiaco, Western Australia 6008, Australia.

Wholly owned Subsidiary companies:

- 1) First Growth Advisory Pty Ltd., (“FGA”) incorporated 8 December 2018 pursuant to the *Corporations Act* (Australia) was deregistered on 20 December 2023.

Nature of Business

The Group’s principal business activities are to manage a diversified portfolio of different assets and classes including large and small cap listed equities, private equity and pre-IPO investments, convertible notes, loans and cryptocurrencies investments.

Bankruptcy, Receivership, Receiverships, Restructuring

There have not been any bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceeding by the Company or any of its subsidiaries, within the two most recently completed financial years. Except for the deregistration of First Growth Advisory Pty Ltd on 20 December 2023 and ICO-AN Pty Ltd on 10 February 2022, there has not been any material restructuring transactions.

Social, Environmental Policies, Seasonal Issues

There are no social and environmental policies or seasonal and environmental issues that have or are expected to affect the Company and its business.

Material Restructurings

Except for the deregistration of First Growth Advisory Pty Ltd and ICO-AN Pty Ltd, there have not been any material restructuring of the Company in the last three years.

Acquisitions

See “*Description of the Business*” including the asset allocation section

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DESCRIPTION OF THE BUSINESS

Overview

The Group's principal business activities are to manage a diversified portfolio of different assets and classes including large and small cap listed equities, private equity and pre-IPO investments, convertible notes, loans and cryptocurrencies investments.

Advisory services ceased during the current period, with the ongoing focus being investment management.

Investment portfolio

The Company manages an active portfolio listed and unlisted securities across international borders and various industries including technology, medical, mining and oil and gas sectors. Investments actions include on-market trading and participation in pre or post IPO placements.

Asset Allocation

Set out below is the asset allocations as at 30 June 2023, as at 30 June 2024 and 30 September 2024.

Asset type	Note	As at 30 June 2023		As at 30 June 2024		As at 30 Sep 2024	
		\$	%	\$	%	\$	%
Cash		184,750	5.60%	4,375	0.15%	14,019	0.61%
Trade and other receivables		18,938	0.57%	10,000	0.34%	175,563	7.63%
Current financial assets (listed)		1,262,536	38.29%	703,719	23.81%	255,570	11.10%
Non-current financial assets (unlisted)		1,809,955	54.90%	2,237,999	75.71%	1,857,142	80.66%
Equity accounted investments		17,336	0.53%	-	-	-	-
Total		3,274,557	100%	3,293,515	100%	2,302,294	100%

Material Agreements

No new material agreements were entered into during the quarter ending 30 September 2024.

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1.3– Selected Annual Information - NA

1.4 – Results of Operations

Three months ended 30 September 2024

Review of operations

For the period ended 30 September 2024, the net consolidated loss was \$648,938 (30 September 2023: income of \$595,855) and net cash inflow from operating activities was \$9,644 (June 2024: \$180,373 outflow from operating activities).

As at 30 September 2024, total assets were \$2,302,294 (2023: \$2,956,093) and net assets were \$2,243,355 (June 2024: \$2,892,295).

Material fair value losses include:

\$312,865 attributable to the investment in Sienna Mining Ltd

\$67,922 attributable to the investment in GlobexUS Holdings Corp

\$20,100 attributable to the investment in Magnum Mining and Exploration Ltd - MGU (ASX)

Cash balances at the end of the reporting period were \$14,019 (30 June 2024: \$4,375)

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1.5 – Summary of Quarterly Financial Position

	As at	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Current Assets										
Cash and cash equivalents		14,019	4,375	37,296	21,158	34,450	184,750	220,898	297,554	528,782
Trade and other receivables		175,563	10,000	0	90,100	154,288	18,938	13,227	(6,861)	18,886
Inventory (cryptocurrencies)		-	-	-	-	-	-	-	-	-
Financial assets - Current		255,570	703,719	1,013,543	1,600,074	1,901,632	1,262,536	1,814,366	1,752,875	3,280,171
Intangible assets		-	-	-	-	-	-	-	-	-
Other current assets		-	-	-	-	3,600	3,600	23,612	43,623	-
Total Current Assets		445,152	718,094	1,050,838	1,711,332	2,093,970	1,469,824	2,072,103	2,087,191	3,827,839
Non-Current Assets										
Financial assets - Non Current		1,857,142	2,237,999	2,277,671	2,201,399	1,827,291	1,809,955	599,286	587,800	886,021
Equity accounted investments		-	-	-	-	-	17,336	-	-	102,827
Intangible assets		-	-	-	-	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-
Total Non-current Assets		1,857,142	2,237,999	2,277,671	2,201,399	1,827,291	1,827,291	599,286	587,800	988,848
Total Assets (Note 1)		2,302,294	2,956,093	3,328,509	3,912,732	3,921,260	3,297,115	2,671,388	2,674,990	4,816,687
Liabilities										
Current Liabilities										
Trade and other payables		58,939	63,798	63,168	112,528	92,404	64,113	97,721	99,244	98,132
Other Current Liabilities		0	0	0	0	0	0	0	0	0
Total Current Liabilities		58,939	63,798	63,168	112,528	92,404	64,113	97,721	99,244	98,132
Total Liabilities		58,939	63,798	63,168	112,528	92,404	64,113	97,721	99,244	98,132
Net Assets		2,243,355	2,892,294	3,265,341	3,800,204	3,828,856	3,233,002	2,573,667	2,575,747	4,718,555
Equity										
Share Capital		67,635,788	67,635,788	67,635,788	67,635,788	67,635,788	67,635,788	67,635,788	67,635,788	67,635,788
Current Year Earnings		(648,939)	(340,706)	32,341	567,204	595,856	(1,485,551)	(2,144,885)	(2,142,806)	(212,376)
Retained Earnings		(64,743,493)	(64,402,788)	(64,402,788)	(64,402,788)	(64,402,788)	(62,917,235)	(62,917,235)	(62,917,235)	(62,917,233)
Total Equity		2,243,355	2,892,294	3,265,341	3,800,204	3,828,856	3,233,002	2,573,667	2,575,747	4,718,555

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1.6 – Liquidity and Capital Resources

As at 30 September 2024:

- the Company had current assets totaling \$445,152 (30 June 2024: \$718,094 and
- shareholder's equity of \$2,243,355 (30 June 2024: \$2,892,294).

The reduction in capital resources is primarily attributable to the net fair value changes described above.

1.7 – Off Balance Sheet Arrangements

As at 30 September 2024, there were no off-balance sheet arrangements to which the Group was committed.

1.8 – Transactions with Related Parties

The Company has identified its directors and senior officers as its key management personnel. The following table provides the total amount of related party transactions and balances.

Transactions**	Three months ended	
	30 Sep 2024	30 Sep 2023
	\$	\$
Director fees (Parent)***		
Geoff Barnes	-	-
Michael Clarke	-	-
Athan Lekkas	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Trade Brokerage – Peloton Capital Pty Ltd ⁽³⁾	-	-

**** Director fees and Director related advisory fees are included in the Consolidated Statements of Comprehensive Income (Loss) included under the respective headings of Director Related Costs and Insurance and Professional fees.**

***** Director fees are paid to director-controlled entities.**

No post-employment benefits, other long-term benefits and termination benefits were paid.

Balances	30 Sep 2024	30 Sep 2023
	\$	\$
Accounts Payable and accruals		
Dalex Pty Ltd ⁽¹⁾	-	-
Peloton Capital Pty Ltd ⁽²⁾	-	-
	<hr/>	<hr/>

⁽¹⁾ Dalex Pty Ltd is a company controlled by Athan Lekkas, a FGF director.

⁽²⁾ Peloton Capital Pty Ltd is a company controlled by Geoff Barnes, a FGF director.

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Ordinary shares held by directors

Name**	Opening balance	Movements	Ceased to be a director 2023	Balance as at 30 Sep 2024
Geoff Barnes	9,115,779	-	-	9,115,779
Michael Clarke	801,516	-	-	801,516
Athan Lekkas	2,037,274	-	-	2,037,274
	11,954,569	-	-	11,954,569

*** Balances held by directors and/or director-controlled entities.*

The directors do not hold any options.

Other director positions held by directors

Director	Other directorships held	FGFL Relationship	Other transactions or balances
Michael Clarke	SQID Technologies Limited (CSE:SQID)	FGFL holds a 14.2% interest in	Nil
Athan Lekkas	SQID Technologies Limited (CSE:SQID)	SQID.	
Athan Lekkas	Magnum Mining and Resources Limited (ASX: MGU)	FGFL holds a less than 5% interest in MGU	Nil
Michael Clarke	Sienna Mining Limited (Unlisted)	FGFL holds approx 16.7% interest in	Nil
Athan Lekkas	Sienna Mining Limited (Unlisted)	Sienna Mining Limited	

1.9 Fourth Quarter –not applicable

1.10 – Proposed Transactions

The Group has no proposed transactions as at the date of this document.

1.11 – Critical Accounting Estimates

Refer to the Audited Financial Statements for the year ended 30 June 2024 - Note 2. Critical accounting judgements, estimates and assumptions.

1.12 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)

The Group had no changes during the period.

1.13 – Financial Instruments and Other Instruments

Part A Financial Risk Management

Refer to the Audited Financial Statements for the year ended 30 June 2024 - Note 10. Financial risk management.

Part B Fair Value Measurement

Refer to the Audited Financial Statements for the year ended 30 June 2024 - Note 11. Fair value measurement.

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1.14 – Other MD&A Requirements

Share Capital

There were no changes in Share Capital during the reporting period.

Share Options –NIL

1.15– Subsequent events

No matter or circumstance has arisen since 30 September 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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RISK FACTORS AND UNCERTAINTIES

An investment in the Ordinary Shares of the Company should only be made by persons who can afford a significant or total loss of their investment.

Risk of No Return on Investment: There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Ordinary Shares will earn a specified rate of return or any return over the life of the Company.

Global Financial Conditions: Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Ordinary Shares may be adversely affected.

Risks Specific to the Company

Reliance on the Directors and Officers: The Company has a small management team composed of the directors and the unexpected loss of any of these individuals would have a serious impact on the business. They are responsible for the successful operation of the Company. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company.

Covid 19 Virus Disruption: The Company invests across a diversified portfolio of different asset classes. Investments in the portfolio are likely to be negatively affected directly or indirectly by the Covid 19 Virus.

Conflicts of Interest: The directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition, and operation of businesses, which compete with the Company. Investment in the Company will not carry with it the right for either the Company or an investor to invest in any investment or venture of the directors and officers of the Company, or to any profit therefrom or to any interest therein. The directors have a responsibility to identify and acquire suitable investments on behalf of the Company. To the extent that an opportunity arises to enter into such an agreement, the directors of the Company have the discretion to determine whether the Company will avail itself of the investment opportunity and, if it does not, any of the directors of the Company will be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Company, the directors of the Company have no obligation to offer an investment opportunity to the Company. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes, and regulations.

Operational Risks: The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available including catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes, and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses,

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RISK FACTORS AND UNCERTAINTIES (cont.)

potential legal liability and future cash flows, earnings, and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology Risk: The Company's, assets, may be susceptible to rapid technological change and there is no assurance that adequate responses will be made in a timely manner.

Management of Growth: The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and directors to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage additional future staff. The Company's current and planned personnel, systems, procedures, and controls may be inadequate to support its future operations. There are no plans to hire additional staff at this time.

Increases in Competition: There is significant competition from other much larger well-established successful investment companies with larger staff and resources to evaluate investment opportunities, in particular established financial institution such as banks. There is no assurance that the Company's investment strategy will be successful or more successful than its competition. Any material deterioration in the Company's competitive position could materially adversely affect the Company's business, operating and financial performance.

Exposure to Adverse Macroeconomic Conditions: The Company is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility all of which may materially adversely affect the Company's business, operating and financial performance.

Acquisition Risk and Associated Risk of Dilution: The Company's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with the Company's existing business, the financial performance of the Company could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed. There are no specific acquisitions proposed at this time.

Currency Exchange Risk: The Company is exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations. In particular, exchange rate fluctuations may affect the value of its assets located in North America and Cryptocurrencies are generally sold in U.S. dollars.

Unforeseen Expenses: All expenses that the Company is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations: There are currently no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and the requirements of the Corporations Act, 2001.

Environmental and Safety Regulations and Risks, Climate Change: There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. The Company, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on the Company's business is not foreseeable at this time.

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List Not Exhaustive: The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above may in the future materially affect the financial performance of the Company and the value of the shares.

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Canadian Securities Exchange. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

APPROVAL

The Board of Directors of the Company approved the disclosure contained in this MD&A on 26 November 2024.