



**MSM CORPORATION INTERNATIONAL LIMITED
ACN 002 529 160**

PROSPECTUS

This Prospectus is being primarily issued for a non-renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 5 Shares held on the Record Date, at an issue price of \$0.043 per New Share, together with 1 free Attaching Option for every 4 New Shares issued, to raise approximately \$3.67 million ("Entitlement Offer").

The Entitlement Offer closes at 7:00pm (AEST) on Friday, 8 June 2018.*

This Prospectus is also being issued for the:

- purposes of 708A(11) of the Corporations Act, to remove any trading restrictions on the sale of Shares and Quoted Options issued by the Company prior to the Closing Date of the Offers;
- Shortfall Offer; and
- Placement Offer.

The Offers are lead managed by CPS Capital Group Pty Ltd.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

AN INVESTMENT IN THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.

* The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Entitlement Offer.

IMPORTANT INFORMATION

This Prospectus is dated 21 May 2018 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 8, 90 Collins Street, Melbourne, Victoria during normal business hours.

The Prospectus will also be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia and New Zealand.

Applications for Securities will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offers of Securities under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of the Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. The Securities offered by this Prospectus should be considered speculative. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to AEST, unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

Mr Adam Wellisch - Non-Executive Chairman

Mr Dion Sullivan - Managing Director

Mr Mark Clements - Non-Executive Director

Company Secretary

Mr Mark Clements

Registered Office

Level 8, 90 Collins Street

Melbourne VIC 3000

Telephone: +61 3 9015 4036

Fax: +61 3 9666 3301

Website: www.msmci.com

ASX Codes: Shares: MSM

Quoted Options: MSMOA

Share Registry*

Advanced Share Registry Services

110 Stirling Highway

Nedlands WA 6009

Lead Manager

CPS Capital Group Pty Ltd

Level 45, 108 St Georges Terrace

Perth WA 6000

Australian Solicitors

Bellanhouse

Level 19, Alluvion, 58 Mounts Bay Road

Perth WA 6000

US Solicitors

Goodwin Procter LLP

The New York Times Building

620 Eighth Avenue

New York, NY 10018

Auditor*

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

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

PROPOSED TIMETABLE

Event	Date
Lodgement of Prospectus with ASX Lodgement of Appendix 3B with ASX Option holders notified of Offers	21 May 2018
Notice of Offers sent to Shareholders	23 May 2018
Securities quoted on an "Ex" basis	24 May 2018
Record Date for determining Entitlements	25 May 2018
Prospectus and Application Form despatched to Eligible Shareholders	30 May 2018
Last day to extend the Closing Date	5 June 2018
Entitlement Offer Closing Date	8 June 2018
Securities quoted on a deferred settlement basis	12 June 2018
Notification of Shortfall	14 June 2018
Issue date of Securities under the Entitlement Offer Deferred settlement trading ends	18 June 2018
Securities issued under the Entitlement Offer commence trading on ordinary settlement basis	19 June 2018
General Meeting	22 June 2018

All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only. The Directors may extend the Entitlement Offer Closing Date by giving at least 3 Business Days' notice to ASX. The Company reserves the right, subject to the Corporations Act, Listing Rules and any other applicable laws, to vary any other date of the Offers, including accepting late Applications, either generally or in particular cases, without notice.

LETTER TO SHAREHOLDERS

Dear Shareholder

Entitlement Offer

On behalf of the Directors of MSM Corporation International Limited (**Company**), I am pleased to invite you to participate in a non-renounceable pro rata 1-for-5 entitlement offer at an issue price of \$0.043 per New Share to raise approximately \$3.67 million (before costs) (**Entitlement Offer**). Participants in the Entitlement Offer will also be issued with one free Attaching Option for every four New Shares subscribed for. The Attaching Options are intended to be quoted and exercisable at \$0.10 each on or before 7 November 2019, on the terms set out in this Prospectus.

The Entitlement Offer will only be made to Eligible Shareholders registered at the Record Date who will be sent an Application Form which will be accompanied by this Prospectus. To accept your Entitlement under the Entitlement Offer, you will need to complete the Application Form in accordance with the instructions on the form and as outlined in this Prospectus.

The Entitlement Offer is lead managed by CPS Capital. Refer to Section 5.4 for details regarding the lead manager's mandate with the Company.

The Company has entered into a number of agreements with strategic investors to take up to approximately \$3,397,000 worth of the Shortfall. If there is insufficient Shortfall to satisfy these agreements, the Company intends to issue the balance of these Securities to the strategic investors as a placement. The Company has also received commitments from Eligible Shareholders to apply for \$276,344 of their Entitlements. As a result of these commitments and the agreements with the strategic investors, the Company has received commitments to subscribe for the full amount offered under the Entitlement Offer. Refer to Sections 1.2, 1.3 and 5.3 for further details.

All Directors intend to take up all or part of their Entitlement under the Entitlement Offer.

Use of funds

The funds raised under the Offers are intended to be used primarily for the following purposes:

- ongoing improvement, marketing and operation of the existing competitions being operated by the Megastar platform, namely, the "Megastar Spotlight" and "Live Lightning" competitions;
- establishing the Megastar India joint venture with Riva Digital FZ LLC;
- establishing Megastar joint ventures in additional markets;
- establishing content distribution agreements;
- legal and accounting costs to qualify the Company's United States subsidiary, MSM Music, Inc. (**MSM-US**) under Regulation A (commonly referred to as "Reg A+") of the US Securities Act, with the intention of MSM-US undertaking strategic capital raisings in the United States from accredited and non-accredited investors;
- marketing in connection with the proposed strategic capital raisings within MSM-US;

- researching, partnering/acquiring and developing products that will drive users and or revenue to the Megastar platform; and
- repayment of short-term loans, general working capital and the costs of the Offers.

Please refer to Section 1.8 for further detail regarding the proposed use of funds to be raised under the Offers.

It is intended that the majority of the expenditure incurred in connection with the restructuring of MSM-US and the strategic capital raisings within MSM-US will be reimbursed to the Company following completion of the MSM-US capital raisings. There can however be no certainty that the capital raisings undertaken by MSM-US will be successful and there is a risk that this expenditure may not be reimbursed.

For further information regarding the Company's strategy, in particular with respect to the strategic capital raisings in MSM-US, please refer to the Company's announcement of 21 May 2018.

Prospectus

The Prospectus includes further details of the Offers and the effect of the Offers on the Company, and a statement of the risks associated with investing in the Company. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate in the Offers.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

Mr Adam Wellisch
Non-Executive Chairman

INVESTMENT OVERVIEW

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 5.5
<p>Risk factors</p> <p>Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Additional requirements for capital: Further funding will be required by the MSM Group to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. • Attracting, retaining and engaging consumers: The success of the Company's business depends on the MSM Group's ability to attract, retain and engage consumers, of which there can be no certainty of success. • Maintenance of key, influential business partner relationships: The MSM Group relies on relationships with key, influential business partners to enable it to run contests and further develop the Megastar platform and its business expansion strategies. There can be no assurance that such relationships will continue or that the MSM Group may be able to readily procure alternates should such relationships be terminated. • US capital raising: The MSM Group is proposing to undertake a two-stage capital raising in the United States. The first stage is proposed to be undertaken pursuant to Rule 506(c) of Regulation D under the US Securities Act. The second stage is intended to occur under Regulation A+ of the US Securities Act. There can be no certainty that the MSM Group may be able to satisfy the legal and regulatory requirements to undertake these proposed capital raisings. There can also be no certainty that the capital raisings will be successful. • Token risk: The MSM Group is investigating the potential for the creation, issuance and exchange of a form of digital security in the United States which may be utilised within the Megastar platform owned and operated by MSM-US. The legal and regulatory regime governing the issuance and exchange of digital securities is a 	Section 4

Key Information	Further Information
<p>complex and evolving area, and subject to uncertain interpretation. Although the Company has no reason to believe that MSM-US will not be able to comply with the current laws and regulations and obtain any regulatory approvals as and when required, there can be no certainty.</p> <ul style="list-style-type: none"> • New market risks: The MSM Group is seeking to expand its business into additional jurisdictions and types of contests, as well as products complementary to the MSM Group's existing business. There can be no certainty that the MSM Group's product offerings will meet the needs or demands of these new markets. New markets usually cost substantially more to penetrate than a known market and may also result in a diversion of the attention and time of management. Accordingly, such efforts may have a materially adverse effect on the value and prospects of the MSM Group. • Reliance on key personnel: The loss of any key person or the inability to find new key persons could have a material adverse effect on the business. • Third party competition: A rival product offering or technology developments by competitors may have a materially adverse effect on the prospects of the Company. • Intellectual property risks: The MSM Group's intellectual property rights are critical to its success. Unauthorised use or restriction of its intellectual property rights may result in an adverse effect on the Company. The MSM Group may also experience conflict with third parties who may contest intellectual property rights. 	
<p>Entitlement Offer</p> <p>This Prospectus is for a non-renounceable entitlement issue of one New Share for every five existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.043 per New Share to raise up to approximately \$3.67 million (before costs). Participants in the Entitlement Offer will also be issued with one free Attaching Option for every four New Shares issued.</p>	Section 1.1
<p>Eligible Shareholders</p> <p>The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> • are the registered holder of Shares as at 7.00pm (AEST) on the Record Date; and • have a registered address in Australia or, subject to the offer restrictions in Section 1.19, New Zealand. 	Section 1.18 and 1.19
<p>Underwriting</p> <p>The Entitlement Offer is not underwritten.</p> <p>CPS Capital Group Pty Ltd is the Lead Manager of the Offers.</p>	Sections 1.6 and 5.4
<p>Shortfall Offer</p> <p>The Directors reserve the right to issue and allocate Shortfall Securities at their absolute discretion within the three month period following the</p>	Sections 1.6 and 1.2

Key Information	Further Information
<p>Entitlement Offer Closing Date.</p> <p>Eligible Shareholders may not apply for Shortfall unless invited by the Directors.</p> <p>The Company has entered into firm commitment agreements with the Placement Subscribers to subscribe for an aggregate of 79,000,000 Shares and 19,750,000 Quoted Options (Committed Placement Securities). It is intended that the Committed Placement Securities will be issued as part of the Shortfall Offer to the extent that there is sufficient Shortfall.</p>	
<p>Placement Offer</p> <p>To the extent that there is insufficient Shortfall to issue the Committed Placement Securities in full, the balance is intended to be issued by the Company pursuant to the Placement Offer.</p>	Section 1.3
<p>Use of funds</p> <p>Funds raised under the Offers are intended to be used for:</p> <ul style="list-style-type: none"> • ongoing improvement, marketing and operation of the existing competitions being operated by the Megastar platform, namely, the "Megastar Spotlight" and "Live Lightning" competitions; • establishing the Megastar India joint venture with Riva Digital FZ LLC; • establishing Megastar joint ventures in additional markets; • establishing content distribution agreements; • legal and accounting costs to prepare offering materials for private placement under Regulation D of the US Securities Act and to qualify MSM-US under Regulation A+ of the US Securities Act, with the intention of MSM-US undertaking the US Capital Raising; • marketing in connection with the US Capital Raisings; • researching, partnering/acquiring and developing products that will drive users and or revenue to the Megastar platform; and • repayment of short-term loans, general working capital and the costs of the Offers. 	Section 1.8
<p>Effect on control of the Company</p> <p>Shareholders should note that if they do not participate in the Offers, their holdings will be diluted.</p> <p>No party will hold a voting power greater than 20% as a result of the Offers.</p>	Sections 1.9 and 1.10

Key Information		Further Information																						
<p>Indicative capital structure and pro-forma balance sheet</p> <p>The indicative capital structure upon completion of the Offers is set out below (subject to rounding):</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Quoted Options</th> </tr> </thead> <tbody> <tr> <td>Balance at the date of this Prospectus</td> <td>427,132,981</td> <td>65,880,548</td> </tr> <tr> <td>To be issued following the General Meeting¹</td> <td>Nil</td> <td>32,000,000</td> </tr> <tr> <td>To be issued under Entitlement /Shortfall Offers²</td> <td>85,426,596</td> <td>21,356,649</td> </tr> <tr> <td rowspan="2">To be issued under Placement Offer³ Minimum⁴:</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Maximum⁵:</td> <td>19,750,000</td> </tr> <tr> <td rowspan="2">TOTAL</td> <td>Minimum⁶:</td> <td>87,237,197</td> </tr> <tr> <td>Maximum⁷:</td> <td>138,987,197</td> </tr> </tbody> </table>			Shares	Quoted Options	Balance at the date of this Prospectus	427,132,981	65,880,548	To be issued following the General Meeting ¹	Nil	32,000,000	To be issued under Entitlement /Shortfall Offers ²	85,426,596	21,356,649	To be issued under Placement Offer ³ Minimum ⁴ :	Nil	Nil	Maximum ⁵ :	19,750,000	TOTAL	Minimum⁶:	87,237,197	Maximum⁷:	138,987,197	Sections 1.4, 3.1 and 3.2
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<p>The Company also has 19,900,002 unquoted Options, 24,300,000 Performance Rights, and 100,000,000 Performance Shares on issue as at the date of this Prospectus.</p> <p>The indicative pro-forma balance sheet showing the effect of the Offers is in Section 3.2.</p>																								

¹ Assumes the necessary Shareholder approvals are received at the General Meeting and the Quoted Options are duly issued following the General Meeting. The Quoted Options are to be issued to participants in the February 2018 Placement and the Lead Manager. Refer to the Notice of General Meeting for further information.

² Assumes that no Securities are issued, exercised or converted prior to the Record Date and that the Entitlement Offer/Shortfall Offer is fully subscribed, and is subject to rounding.

³ Shareholder approval is being sought for the issue of the Committed Shortfall Securities pursuant to the Placement Offer at the General Meeting. If the necessary Shareholder approvals are not received, the Company intends to issue the Committed Shortfall Securities pursuant to the Placement Offer pursuant to the Company's placement capacity under Listing Rule 7.1 as and when available.

⁴ Assumes the Committed Placement Securities are subscribed for in full under the Shortfall Offer.

⁵ Assumes the Entitlement Offer/Shortfall Offer is subscribed for in full, and the Committed Placement Securities are subscribed for in full under the Placement Offer. Subject to rounding.

⁶ Assumes the Committed Placement Securities are subscribed for in full under the Shortfall Offer and that the necessary Shareholder approvals are not received at the General Meeting or the Quoted Options are not issued for any other reason. Subject to rounding.

⁷ Assumes the Entitlement Offer/Shortfall Offer is subscribed for in full, the Committed Placement Securities are subscribed for in full under the Placement Offer and the necessary Shareholder approvals are received at the General Meeting and the Quoted Options are duly issued following the General Meeting. Subject to rounding.

Key Information	Further Information																		
<p>Directors' interests in Shares and Entitlements</p> <p>The relevant interest of each of the Directors in Shares as at the date of this Prospectus, together with their respective Entitlement (assuming no Convertible Securities are converted), is set out in the table below:</p> <table border="1" data-bbox="197 439 1190 725"> <thead> <tr> <th data-bbox="197 439 445 573" rowspan="2">Name</th> <th data-bbox="445 439 692 573" rowspan="2">Existing Shares</th> <th colspan="2" data-bbox="692 439 1190 488">Entitlement</th> </tr> <tr> <th data-bbox="692 488 932 573">New Shares</th> <th data-bbox="932 488 1190 573">Attaching Options</th> </tr> </thead> <tbody> <tr> <td data-bbox="197 573 445 622">Adam Wellisch</td> <td data-bbox="445 573 692 622">4,856,115</td> <td data-bbox="692 573 932 622">971,223</td> <td data-bbox="932 573 1190 622">242,806</td> </tr> <tr> <td data-bbox="197 622 445 672">Dion Sullivan</td> <td data-bbox="445 622 692 672">7,344,388</td> <td data-bbox="692 622 932 672">1,468,878</td> <td data-bbox="932 622 1190 672">367,219</td> </tr> <tr> <td data-bbox="197 672 445 725">Mark Clements</td> <td data-bbox="445 672 692 725">6,856,115</td> <td data-bbox="692 672 932 725">1,371,223</td> <td data-bbox="932 672 1190 725">342,806</td> </tr> </tbody> </table> <p>Each of the Directors have indicated their intention to subscribe for part of their Entitlement.</p>	Name	Existing Shares	Entitlement		New Shares	Attaching Options	Adam Wellisch	4,856,115	971,223	242,806	Dion Sullivan	7,344,388	1,468,878	367,219	Mark Clements	6,856,115	1,371,223	342,806	<p>Section 5.9(a)</p>
Name			Existing Shares	Entitlement															
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Adam Wellisch	4,856,115	971,223	242,806																
Dion Sullivan	7,344,388	1,468,878	367,219																
Mark Clements	6,856,115	1,371,223	342,806																
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do 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 and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have 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.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. The principal risk factors which may impact the Company are summarised in Section 4.</p>	<p>Important Information and Section 4</p>																		

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1. Details of the Offers

1.1 Entitlement Offer

The Company is making a non-renounceable pro rata offer of ordinary fully paid Shares at an issue price of \$0.043 each to Eligible Shareholders on the basis of one New Share for every five Shares held on the Record Date, together with one free Attaching Option for every four New Shares issued (**Entitlement Offer**).

At the date of this Prospectus the Company has on issue 427,132,981 Shares, 65,880,548 Quoted Options, 19,900,002 unquoted Options, 24,300,000 Performance Rights and 100,000,000 Performance Shares.

On the assumption that:

- (a) no Convertible Securities are exercised or converted before the Record Date, the Company will offer 85,426,596 New Shares and 21,356,649 Attaching Options under the Entitlement Offer;
- (b) all of the Options are exercised before the Record Date, up to an additional 17,156,110 New Shares and 4,289,028 Attaching Options would be offered under the Entitlement Offer; or
- (c) all of the Convertible Securities of the Company (including all Options) are exercised before the Record Date, up to an additional 42,016,110 New Shares and 10,504,028 Attaching Options would be offered under the Entitlement Offer,

in each case, subject to rounding.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share or Attaching Option, such fraction will be rounded up to the nearest whole New Share or Attaching Option.

New Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares are contained in Section 5.1.

Attaching Options issued under the Entitlement Offer will be issued on the same terms and conditions as the existing Quoted Options. These terms and conditions are contained in Section 5.2.

1.2 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form part of the Shortfall.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Entitlement Offer Closing Date.

The issue price for each New Share to be issued under the Shortfall Offer will be \$0.043, being the price at which New Shares are offered under the Entitlement

Offer. Participants in the Shortfall Offer will also be issued one free Attaching Option for every four New Shares issued, as will the participants in the Entitlement Offer.

Eligible Shareholders may not apply for Shortfall unless invited by the Directors.

The Directors reserve the right to issue and allocate Shortfall Securities at their absolute discretion.

A customised Application Form will be provided to the Applicants under the Shortfall Offer, together with a copy of the Prospectus.

The Company has agreed to issue up to 79,000,000 Shares and 19,750,000 free-attaching Quoted Options to the Placement Subscribers (**Committed Placement Securities**) (subject to rounding). It is intended that the Committed Placement Securities will be issued to the extent that there is sufficient Shortfall, as part of the Shortfall allocated by the Directors. To provide for the circumstance where there is insufficient Shortfall as allocated by the Directors, the Company is also seeking Shareholder approval at the General Meeting for the issue of the Committed Placement Securities as a placement pursuant to Listing Rule 7.1. Refer to Section 5.3 for further information regarding the Committed Placement Securities.

The Company has also received commitments from Eligible Shareholders to apply for \$276,344 of their Entitlements. As a result of these commitments and the agreements with the Placement Subscribers, the Company has received commitments to subscribe for the full amount offered under the Entitlement Offer.

New Shares issued pursuant to the Shortfall Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares are contained in Section 5.1.

Attaching Options issued pursuant to the Shortfall Offer will be issued on the same terms and conditions as the existing Quoted Options. These terms and conditions are contained in Section 5.2.

1.3 Placement Offer

If there is insufficient Shortfall as allocated by the Directors to issue the Committed Placement Securities as part of the Shortfall Offer, the Directors intend to issue the balance of the Committed Placement Securities as a placement, pursuant to the Placement Offer.

The Placement Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Entitlement Offer Closing Date.

The issue price for each New Share to be issued under the Placement Offer will be \$0.043, being the price at which New Shares are offered under the Entitlement Offer. Participants in the Placement Offer will also be issued one free Attaching Option for every four New Shares issued, as will the participants in the Entitlement Offer.

Only the Placement Subscribers may participate in the Placement Offer. A customised Application Form will be provided to the Applicants under the Placement Offer, together with a copy of the Prospectus.

New Shares issued pursuant to the Placement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares are contained in Section 5.1.

Attaching Options issued pursuant to the Placement Offer will be issued on the same terms and conditions as the existing Quoted Options. These terms and conditions are contained in Section 5.2.

1.4 Previous and proposed issues of Shares and Quoted Options

(a) Placement

Over 20 and 21 February 2018, the Company issued an aggregate of 40,000,000 Shares at an issue price of \$0.043 per Share to sophisticated and professional investors to raise \$1.72 million (before costs) (**February 2018 Placement**).

The participants in the February 2018 Placement agreed not to on-sell the Shares issued under the February 2018 Placement until such time as a disclosure document had been issued by the Company in accordance with section 708A(11) of the Corporations Act (that is, this Prospectus).

The participants in the February 2018 Placement are entitled to be issued one free-attaching Quoted Option for every two Shares issued under the February 2018 Placement, subject to receipt of Shareholder approval, which is being sought at the General Meeting. If such Shareholder approval is obtained, it is intended that these Quoted Options will be issued before the Closing Date of the Offers under this Prospectus.

(b) Plan Shares

The Company has recently issued the following Shares to participants in the Company's Stock Incentive Plan approved by Shareholders at the annual general meeting held on 29 November 2016:

- (i) 273,405 Shares issued on 23 February 2018;
- (ii) 687,102 Shares issued on 5 January 2018;
- (iii) 176,999 Shares issued on 22 December 2017; and
- (iv) 228,827 Shares issued on 28 March 2018,

(together, **Plan Shares**). The holders of the Plan Shares agreed not to on-sell the Plan Shares until such time as a disclosure document had been issued by the Company in accordance with section 708A(11) of the Corporations Act (that is, this Prospectus).

(c) Consultant Shares

On 17 April 2018, the Company issued 56,700 Shares to a consultant of the MSM Group (**Consultant Shares**).

The holder of the Consultant Shares agreed not to on-sell the Consultant Shares until such time as a disclosure document had been issued by the

Company in accordance with section 708A(11) of the Corporations Act (that is, this Prospectus).

1.5 Additional purpose of this Prospectus

A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act so that any trading restrictions on the February 2018 Placement Securities, Plan Shares and Consultant Shares may be removed.

Generally, section 707(3) of the Corporations Act requires a prospectus to be issued if securities are offered for sale within 12 months from their issue and the issue of those securities was made without disclosure (for example, under a prospectus) to investors under Chapter 6D of the Corporations Act.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from this general requirement, and accordingly, a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

As mentioned above, a secondary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act and to relieve the holders of the February 2018 Placement Securities, Plan Shares and Consultant Shares from the obligation to issue a prospectus if they wish to sell those Securities within 12 months of issue.

1.6 Underwriting

The Offers are not underwritten.

CPS Capital has been appointed as the lead manager to the Offers. A summary of the Lead Manager's engagement terms is in Section 5.4.

1.7 Closing Dates

The Closing Date for the Entitlement Offer is 7.00pm (AEST) on 8 June 2018. All

applications by Eligible Shareholders under the Entitlement Offer must be received by the Company by no later than this time.

The Closing Date for the Shortfall Offer Placement Offer is 7.00pm (AEST) on the date that is three months after the Closing Date for the Entitlement Offer, unless closed earlier at the discretion of the Directors.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to vary the Closing Dates without prior notice. If the Closing Dates are varied, subsequent dates may also be varied accordingly.

1.8 Proposed use of funds

The Company intends to apply the funds raised from the Offers together with existing funds, in the 12 months following completion of the Offers as detailed below.

Allocation of funds	\$
Product development, enhancement and improvement	900,000
General business operations ¹	700,000
Business development ²	400,000
Developing potential Token system ³	150,000
Legal, tax and compliance advice ⁴	150,000
Costs of the Offers ⁵	278,498
Repayment of loans ⁶	237,934
Corporate costs and general working capital ⁷	856,912
TOTAL	\$3,673,344

Notes:

¹ General business operations include, amongst other things, including the running of competitions using the Company's existing platform.

² Business development expenses include, amongst other things, development of strategic partnerships, new market entries and the business development costs associated in undertaking the MSM-US capital raising.

³ Developing the potential Token system includes costs associated with investigating, planning and obtaining all necessary regulatory approvals to proceed with development of securitised Tokens.

⁴ Legal, tax and compliance advice includes, amongst other things, advice required in connection with the proposed MSM-US capital raising.

⁵ Refer to Section 5.12 for details relating to the estimated expenses of the Offers.

⁶ The Company has entered into a series of loan arrangements pursuant to which an aggregate of \$216,304 of interim loan funding from several parties has been advanced to date, including a loan amount of US\$50,000 advanced by Dion Sullivan, a Director. A flat interest rate of 10% is payable on these loans, which are unsecured. The maturity date for the loans is the earlier of completion of a capital raising by the Company of at least A\$3 million, six months after drawdown or at the lender's

request in the event of default. The loans and interest are intended to be repaid from the proceeds of the Offers. The Company may enter into additional interim loan funding arrangements on similar terms to provide working capital funding during the period of the Offers. The Company will provide updates on any such loan arrangements in accordance with its disclosure obligations.

⁷ Corporate costs and general working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The above is a statement of current intentions at the date of this Prospectus. 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 the funds are applied on this basis.

If there is insufficient Shortfall as allocated by the Directors to issue the Committed Placement Securities in full, the Company may also issue up to 79,000,000 Shares and 19,750,000 Quoted Options to the Placement Subscribers, which would raise up to an additional \$3,397,000 (before costs). The Company intends to apply any such funds raised towards working capital costs. Refer to Section 5.3 for further details.

1.9 Effect on control of the Company

The total number of New Shares proposed to be issued under the Entitlement Offer and the Shortfall Offer is 85,426,596 which will constitute approximately 16.67% of the Shares on issue following completion of the Entitlement Offer and the Shortfall Offer (assuming no other Shares are issued or Convertible Securities exercised or converted prior to the Record Date and that the Entitlement Offer/Shortfall Offer are fully subscribed).

If the Committed Placement Securities are issued in full under the Placement Offer, an additional 79,000,000 Shares will be issued.

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company.

No nominee has been appointed for Ineligible Foreign Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement, they must have regard to section 606 of the Corporations Act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Application Form.

The only persons who, together with their associates, are expected to hold a relevant interest in 5% or more of the Shares on issue following completion of the Offers is Riva Digital FZ LLC, which will hold a relevant interest in 37,000,000 Shares (comprising a maximum voting power of approximately 7.22%).

No other Placement Subscriber will hold a relevant interest in 5% or more of the Shares on issue following completion of the Offers.

1.10 Potential dilution to Shareholders

Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement to Shares	% post-Offers if Entitlement not taken up
Shareholder 1	20,000,000	4.68%	4,000,000	3.90%
Shareholder 2	10,000,000	2.34%	2,000,000	1.95%
Shareholder 3	5,000,000	1.17%	1,000,000	0.98%
Shareholder 4	2,000,000	0.47%	400,000	0.39%

Notes:

1. The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are subscribed for pursuant to the Shortfall Offer. The dilution effect also assumes that no other Shares are issued.
2. In the event that some or all of the Shares comprising the Committed Placement Securities are issued pursuant to the Placement Offer, rather than as part of the Shortfall, Shareholders will be diluted further.

1.11 Substantial Shareholders

Based on available information as at the date of this Prospectus, there are no persons whom, together with their associates, have a relevant interest in 5% or more of the Shares on issue.

The only persons who, together with their associates, are expected to hold a relevant interest in 5% or more of the Shares on issue following completion of the Offers is Riva Digital FZ LLC, which will hold a relevant interest in 37,000,000 Shares (comprising a maximum voting power of approximately 7.22%).

1.12 Minimum subscription

There is no minimum subscription to the Offers.

1.13 No rights trading

The rights to Securities under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your Entitlement to any other party. If you do not take up your Entitlement by the Entitlements Offer Closing Date, the Entitlement Offer to you will lapse.

1.14 Issue date and dispatch

All Securities offered under the Offers are expected to be issued on or before the relevant date specified in the proposed timetable in this Prospectus.

Security holder statements will be dispatched at the end of the calendar month following the issue of the relevant Securities.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

1.15 Application Monies held on trust

All Application Monies received for the Securities offered under this Prospectus will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued under the relevant Offer. All Application Monies received in respect of an Offer will be returned (without interest) if the Securities under the relevant Offer are not issued.

1.16 ASX quotation

Application has been or will be made for the official quotation of the Securities offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Securities offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.17 CHESS

The Company participates in the Clearing House Electronic Sub-register System known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities pursuant to their acceptance of the Offers.

Shareholders who are broker sponsored will receive a CHESS statement from ASX Settlement Pty Limited.

The CHESS statement will specify the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Security holders at the end of any calendar month during which the balance of their Security holding changes. Security holders may request a statement at any other time, however, a charge may be made for additional statements.

1.18 Ineligible Foreign Shareholders

This Prospectus, and any accompanying Application Form, does not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or

to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and 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.

The Company believes that it is unreasonable to extend the Entitlement Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the Securities that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Entitlement Offer.

1.19 New Zealand offer restrictions

The Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.20 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

1.21 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities.

1.22 Major activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2017 and the half-year ended 31 December 2017 can be

found in the Company's 2017 Annual Financial Report and the Half Yearly Report for the period to 31 December 2017 lodged with ASX. The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Financial Report on 30 September 2017 are listed in Section 5.6.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that potential Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.23 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant 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 do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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

1.24 Enquiries concerning this Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 3 9015 4036. For general shareholder enquiries, please contact the Share Registry on +61 8 9389 8033.

2. Action required by Eligible Shareholders

2.1 Action in relation to the Entitlement

Should you wish to acquire Securities as part of the Entitlement Offer, you may either take up all or part of your Entitlement as shown on the accompanying personalised Application Form.

Refer to Section 2 for details on how to take up all or part of your Entitlement.

If you do not wish to take up any of your Entitlement, you may allow your Entitlement to lapse (refer to Section 2.4).

2.2 If you wish to take up your Entitlement in full

(a) Payment by BPAY®

Applicants are encouraged to pay by BPAY®. You will be treated as applying for as many Securities as your payment will pay for in full (subject to a maximum equal to your Entitlement). If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Application Form and you will not need to return the Application Form.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the Entitlement Offer Closing Date.

(b) Payment by cheque, bank draft or money order

Should you wish to accept all of your Entitlement and you are not paying by BPAY®, then Applications for Securities under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully. Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "MSM Corporation International Limited" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at:

By Post	By Hand
MSM Corporation International Limited c/- Advanced Share Registry Limited PO Box 1156 NEDLANDS WA 6009	MSM Corporation International Limited c/- Advanced Share Registry Limited 110 Stirling Highway NEDLANDS WA 6009

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

2.3 If you wish to take up only part of your Entitlement

(a) Payment by BPAY®

Applicants are encouraged to pay by BPAY®. You will be treated as applying for as many Securities as your payment will pay for in full.

If you pay by BPAY® and you subscribe for less than your Entitlement or you do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of New Shares and Attaching Options that is covered in full by the funds transferred.

Please refer to Section 2.2(a) for further details regarding payment by BPAY®.

(b) Payment by cheque, bank draft or money order

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are not paying by BPAY®, then Applications for Securities under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully. Please complete the Application Form by filling in the details in the spaces provided including the number of Securities you wish to accept and the amount payable (calculated at \$0.043 per New Share accepted), and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "MSM Corporation International Limited" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at the address specified in Section 2.2(b).

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

2.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.5 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with an Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Entitlement Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Securities to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or subject to the offer restrictions in Section 1.19, New Zealand;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

2.6 Enquiries concerning your Entitlement or an Application Form

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 3 9015 4036.

For general shareholder enquiries, please contact the Share Registry on +61 8 9389 8033.

3. Effect of the Offers

3.1 Capital structure on completion of the Offers

		Shares	Quoted Options
Balance at the date of this Prospectus		427,132,981	65,880,548
To be issued following the General Meeting ¹		Nil	32,000,000
To be issued under Entitlement /Shortfall Offers ²		85,426,596	21,356,649
To be issued under Placement Offer ³	Minimum ⁴ :	Nil	Nil
	Maximum ⁵ :	79,000,000	19,750,000
TOTAL	Minimum ⁶ :	512,559,577	119,237,197
	Maximum ⁷ :	591,559,577	138,987,197

¹ Assumes the necessary Shareholder approvals are received at the General Meeting and the Quoted Options are duly issued following the General Meeting. Quoted Options to be issued to participants in the February 2018 Placement and the Lead Manager. Refer to the Notice of General Meeting for further information.

² Assumes that no Securities are issued, exercised or converted prior to the Record Date and that the Entitlement Offer/Shortfall Offer is fully subscribed, and is subject to rounding.

³ Shareholder approval is being sought for the issue of the Committed Shortfall Securities pursuant to the Placement Offer at the General Meeting. If the necessary Shareholder approvals are not received, the Company intends to issue the Committed Shortfall Securities pursuant to the Placement Offer pursuant to the Company's placement capacity under Listing Rule 7.1 as and when available.

⁴ Assumes the Committed Placement Securities are subscribed for in full under the Shortfall Offer

⁵ Assumes the Entitlement Offer/Shortfall Offer is subscribed for in full, and the Committed Placement Securities are subscribed for in full under the Placement Offer. Subject to rounding.

⁶ Assumes the Committed Placement Securities are subscribed for in full under the Shortfall Offer and that the necessary Shareholder approvals are not received at the General Meeting or the Quoted Options are not issued for any other reason. Subject to rounding.

⁷ Assumes the Entitlement Offer/Shortfall Offer is subscribed for in full, the Committed Placement Securities are subscribed for in full under the Placement Offer and the necessary Shareholder approvals are received at the General Meeting and the Quoted Options are duly issued following the General Meeting. Subject to rounding.

In addition to the Securities specified in the above table, the Company also has on issue as at the date of this Prospectus:

- (a) 19,900,002 unquoted Options, comprised of:
 - (i) 900,000 Options exercisable at \$0.15 each on or before 18 March 2020;
 - (ii) 8,000,000 Options exercisable at \$0.35 each on or before 19 September 2018;

- (iii) 3,500,000 Options exercisable at \$0.40 each on or before 19 September 2019;
 - (iv) 3,500,000 Options exercisable at \$0.45 each on or before 19 September 2019;
 - (v) 1,500,000 Options exercisable at \$0.55 each on or before 19 September 2019;
 - (vi) 1,000,002 Options exercisable at \$0.125 each on or before 18 March 2020; and
 - (vii) 1,500,000 Options exercisable at \$0.043 each on or before 2 May 2028, subject to vesting conditions.
- (b) 24,300,000 Performance Rights, comprised of:
- (i) 7,800,000 class C Performance Rights vesting in various tranches and expiring on 29 December 2021;
 - (ii) 2,500,000 class D Performance Rights vesting in various tranches and expiring on 29 December 2021;
 - (iii) 5,000,000 class E Performance Rights vesting in various tranches and expiring on 29 December 2018;
 - (iv) 5,000,000 class F Performance Rights vesting in various tranches and expiring on 29 December 2020; and
 - (v) 4,000,000 class G Performance Rights vesting in various tranches and expiring on 20 November 2022; and
- (c) 100,000,000 Performance Shares, comprised of:
- (i) 50,000,000 class A Performance Shares that will convert into 50,000,000 Shares if the Company achieves \$5,000,000 in earnings before interest, tax, depreciation and amortisation (EBITA) or the Megastar platform achieves a number of unique registered users of at least 1,000,000 as determined by Google Analytics; and
 - (ii) 50,000,000 class B Performance Shares that will convert into 50,000,000 Shares if the Company achieves \$15,000,000 in EBITDA or the Megastar platform achieves a number of unique registered users of at least 2,000,000 as determined by Google Analytics.

3.2 Pro-forma consolidated statement of financial position

Set out below is:

- (a) the reviewed consolidated statement of financial position of the Company as at 31 December 2017 (**Balance Date**); and
- (b) the unaudited significant changes since the Balance Date;
- (c) the unaudited effects of the Offers; and

- (d) the unaudited pro forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraphs 3.2(b) and (c) and the Offers, assuming the Offers are fully subscribed.

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form; it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Reviewed balance Sheet as at 31/12/17	Significant changes since 31/12/17	Effect of Offers	Unaudited Pro Forma Balance Sheet Post Significant Changes and Offers
	(A\$)	(A\$)	(A\$)	(A\$)
Current Assets				
Cash & cash equivalents	1,432,415	(795,415)	3,673,283	4,310,283
Trade & other receivables	453,609	-	-	453,609
Non Current Assets				
Other receivables	91,071	-	-	91,071
Investments	595,954	-	-	595,954
TOTAL ASSETS	2,573,049	(795,415)	3,673,283	5,450,917
Current Liabilities				
Trade & other payables	1,774,328	-	-	1,774,328
Provisions	51,502	237,934	-	289,436
TOTAL LIABILITIES	1,825,830	237,934	-	2,063,764
NET ASSETS	747,219	(1,033,349)	3,673,283	3,387,153
EQUITY				
Issued capital	31,160,498	1,720,000	3,673,283	36,553,781
Capital raising costs	(922,009)	(126,300)	-	(1,048,309)
Other contributed equity	-	-	-	-
Reserves	6,769,987	-	-	6,769,987
Accumulated Losses	(36,261,257)	(2,627,049)	-	(38,888,306)
TOTAL EQUITY	747,219	(1,033,349)	3,673,283	3,387,153

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between 31 December 2017 and the completion of the Offers except for:

- (a) the issue of 40,000,000 Shares at \$0.043 each to raise approximately \$1.72 million, under the Placement, over 20 and 21 February 2018;

- (b) the receipt of an aggregate of \$216,304 of interim loan funding from several parties to date including US\$50,000 advanced by Dion Sullivan, a Director. A flat interest rate of 10% is payable on these loans, which are unsecured. The maturity date for the loans is the earlier of completion of a capital raising by the Company of at least A\$3 million, six months after drawdown or at the lender's request in the event of default. The loans and interest are intended to be repaid from the proceeds of the Offers. The Company may enter into additional interim loan funding arrangements on similar terms to provide working capital funding during the period of the Offers. The Company will provide updates on any such loan arrangements in accordance with its disclosure obligations; and
- (c) movements in working capital from transactions incurred in the normal course of business including corporate costs and general working capital.

The pro forma statement of financial position assumes that the Entitlement Offer is fully subscribed (or that the Shortfall is placed in full) and that no additional Securities are issued pursuant to the Placement Offer.

3.3 Market price of Shares

The Company's Shares have been suspended from official quotation on ASX since 17 January 2018 until the date of this Prospectus.

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding 17 January 2018 and the respective dates of those sales were:

Highest:	\$0.265 (on 23 October 2017)
Lowest:	\$0.041 (on 12 January 2017)

The closing price of the Shares on ASX on 17 January 2018 was \$0.043.

3.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Risk Factors

An investment in Securities offered by this Prospectus should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the MSM Group's existing and planned operations

(a) Additional requirements for capital

Additional funding will be required to effectively implement the business and operations of the Company, as well as its plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities.

Additional funding may also be required to meet any unanticipated liabilities or expenses, which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its activities and potential development programs. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

The Company has entered into interim loan arrangements pursuant to which an aggregate of \$216,304 of funding has been provided. These loans are intended to be repaid from the proceeds of the Offers. The Company may enter into additional interim loan arrangements on similar terms to provide working capital funding during the period of the Offers. The Company will provide updates on any such loan arrangements in accordance with its disclosure obligations.

(b) Failure to attract, retain and engage consumers

The revenue streams for the Company depend on the MSM Group's ability to attract, retain and engage consumers to the MSM Group's product offerings. There is a risk that the MSM Group may be unable to attract, retain and engage sufficient consumers for the potential revenue streams to materialise or be sufficient for the continued operation of the business.

(c) **Maintenance of key, influential business partner relationships**

The MSM Group relies on relationships with key, influential business partners (including but not limited to ToneDen, Digital Riot Media, ROAR, Traction, Manifeste Marketing, Hub Entertainment Research, Dance-On, and influential and celebrity mentors and judges) to enable it to operate and maintain the Megastar platform and run the contests.

The MSM Group will also rely on these and other business partner relationships as part of its expansion plans.

In the event that any of these relationships are terminated, the MSM Group would seek to replace them with alternate business partners, however such alternates may not be readily available, or available on reasonable terms, and this could impact the Company's financial position and expansion strategy.

(d) **New market risk**

The MSM Group is seeking to expand its business into additional jurisdictions and types of contests, as well as products complementary to the MSM Group's existing business.

There can be no certainty that the MSM Group's product offerings will meet the needs or demands of these new markets. New markets usually cost substantially more to penetrate than a known market and may also result in a diversion of the attention and time of management. Accordingly, such efforts may have a materially adverse effect on the value and prospects of the MSM Group.

(e) **Reliance on key personnel**

The success of the MSM Group business depends on the ability of the MSM Group's key employees, directors and consultants to develop the business and manage operations, and on their ability to attract and retain key product development, technical, engineering, business development and marketing staff, as well as key providers such as talent managers and judges for the contests.

The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff can be intense and no assurance can be provided that the MSM Group will be able to attract or retain key personnel in the future. A shortage of qualified staff could also cause wage inflation, which may impact on the Company's profitability.

(f) **Regulatory risks**

The environment in which the MSM Group's business operates is subject to complex and evolving policies, laws and regulations regarding privacy, data protection, defamation, obscene material, content regulation, intellectual property (see further above), competition, distribution of electronic contracts and other communications, protection of minors, consumer protection, taxation, online payment services and advertising and marketing standards.

In addition, the MSM Group faces additional regulatory risks associated with the proposed US Capital Raising and Tokens strategy. Refer to Sections 4.2(a) and 4.2(b) for a detailed summary of these specific risks.

Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in Australia. In some cases, laws or regulations in one country may be inconsistent with, or contrary to, those of another country.

The media and technology industries in the United States, Great Britain, Australia, Canada, New Zealand, India and South Africa and other places around the world within which the MSM Group's product offering may extend to have the potential to become subject to even higher levels of regulation by government. It is likely applicable laws and regulations will continue to change in an effort to keep up with the rapidly evolving industry. Due to their evolving nature, many of these laws and regulations are subject to uncertain interpretation. It is difficult to predict how existing and new laws and regulations will be applied to the MSM Group or its business. It is possible that they may be interpreted and applied in a manner that is inconsistent with current practices or detrimental to the MSM Group.

Existing and new laws and regulations applicable to the media and technology industry can be costly to comply with, delay or impede the development of new products and services, require changes to business practices, result in negative publicity, lead to declines in user growth or engagement, require significant time and attention of management and technical personnel and subject the MSM Group to inquiries or investigations, claims or other remedies, including monetary penalties, or otherwise harm the MSM Group's business.

The MSM Group has considered the key laws and regulations in the United States, Great Britain, Australia, Canada, New Zealand, India and South Africa which are likely to apply to the MSM Group's business and is not aware of any potential issues.

Any expansion of the MSM Group's business into other jurisdictions will be subject to the relevant MSM Group entity being able to operate the business within the jurisdiction's legal and regulatory framework.

(g) **Risk of third party competitors**

The industry in which the MSM Group is involved is subject to increasing global competition which is fast-paced and fast-changing. While the MSM Group undertakes all reasonable due diligence in its business decisions and operations, the MSM Group has no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the MSM Group's business. For instance, new technologies and products could overtake the innovativeness of the MSM Group's product offerings. In that case, the Company's revenues and profitability could be adversely affected.

The cost and time for a competitor to develop a competing product offering to that offered by the MSM Group may not be significant (particularly for a larger competitor with access to funding and resources). This may result in a heightened risk of competition to the MSM Group. If a person or entity

successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of the Company.

(h) Technology and development risks

The current and planned product offerings of the MSM Group are subject to a number of technological and development risks which may result in unforeseen and unavoidable delays in ongoing developments, updates to the existing product offerings and future products. These risks include, amongst other things, overestimating the ease at which the technology can be developed for the products, issues in developing the code, availability of appropriately skilled third parties, and unforeseen bugs and errors.

While the development of the technology per se is not considered to be particularly difficult or unique, the risk lies in developing a quality product. In order for the Company's business plan to succeed, the MSM Group must offer quality products. Products which may be functional, but of a low quality, are unlikely to result in the consumer retention and engagement required for the MSM Group's business plan to succeed.

(i) Reliance on core information technology and other systems

The operation of the MSM Group's products are dependent upon the performance, reliability and availability of its information technology and security systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The MSM Group's disaster recovery plans may not cover loss or damage that is suffered as a result of such a system failure.

Any damage to, or failure of, the key systems of the MSM Group's products may affect the MSM Group's ability to operate its business. Such disruptions have the potential to reduce the MSM Group's ability to generate revenue, impact consumer service levels and damage the brand of the MSM Group.

The media and technology industry is also subject to rapid and significant changes in technology and the impact of these changes on the MSM Group cannot be predicted. The costs associated with implementing emerging and future technology changes may be significant.

(j) Reliance on third party platforms

The MSM Group utilises third party hardware ('smartphones'), software ('mobile operating systems') and distribution ('app stores') platforms for commercialisation of its products. If access to these third party platforms were terminated or reduced, the Company's operations and business would be adversely affected.

The business model of the MSM Group is dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not

be replaced by alternative devices upon which the MSM Group's products may not function as intended, which could impact on the profitability of the MSM Group.

(k) Licensing risk

As previously announced on 5 December 2017, the MSM Group is proposing to enter into licence agreements with Riva Digital FZ LLC (**Riva Digital**), who is part of The Riva Group, regarding the launch, and operation, of Megastar in India. The MSM Group may also enter into further licensing arrangements in the future. Under any such licence agreements, the relevant MSM Group entity and the counterparty may have a number of performance obligations including to use reasonable efforts at all times to market, promote, distribute and support the launch and operation of relevant product offering. Maintenance of such agreements will be dependent upon compliance with such terms. There is a risk that the MSM Group or the counterparty may not comply with the terms of the licence agreements and that the licence agreements are terminated which could have a significant negative impact on the MSM Group and an adverse impact of the financial position of the MSM Group. Where the counterparty fails to comply with any licence agreements, the MSM Group may then need to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(l) Outsourcing to third parties

The MSM Group is required to outsource key components of the development of its products to third party consultants and experts and organisations. There is no guarantee that such consultants and experts or organisations will be available as required or will meet expectations.

(m) Reputational risks

The MSM Group operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled consumers about the MSM Group and its key management personnel and other persons involved in the MSM Group or its products, such as celebrity judges, may have a disproportionate effect on the MSM Group's reputation and its ability to earn revenues and profits. Additionally, complaints by such consumers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's profitability.

(n) Security breaches and hacker attacks

A malicious attack on the MSM Group's products, systems, processes or people from external or internal sources could put the integrity and privacy of consumers' data and business systems used by the MSM Group at risk.

The impact of loss or leakage of consumer or business data could include costs for rebates, potential service disruption, litigation and brand damage, resulting in reduced or failing revenues.

The MSM Group will continue to follow best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise risks.

(o) **Increased investment in product development and support**

There is a risk that maintaining and upgrading the MSM Group's product offering as required on an ongoing basis as well as new product development may lead to a higher than anticipated investment spend on information technology development.

(p) **Foreign exchange risks**

As most of the MSM Group's current operations are based out of the United States and are intended to be offered on a global basis in the future, it is likely that the MSM Group's costs and expenses will be denominated in foreign currency. Accordingly, the depreciation and/or the appreciation of the relevant foreign currency relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue, profit and earning. The Company could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the relevant foreign currency, and will have to monitor this risk on an ongoing basis.

(q) **Legacy mining interest**

The Company continues to hold a minority interest in the Skardon Kaolin Project in Cape York Peninsula, Queensland (**Skardon Project**). As previously disclosed, it is the Company's intention to dispose of its interest in the Skardon Project, ideally in a manner which realises some value for Shareholders. There is a risk that the Company will not be able to dispose of this interest on favourable terms. There is also a risk that the Company may incur liabilities in respect of the interest.

4.2 **Risks specific to the MSM Group's United States capital raising and securities strategy**

(a) **US Capital Raising**

As announced by the Company on 21 May 2018, the MSM Group is proposing to undertake a two-stage capital raising in the United States through MSM-US (or potentially a subsidiary of MSM-US incorporated for this purpose) (**US Capital Raising**).

As detailed below, the proposal for the US Capital Raising is at an early stage, and remains subject to a number of key risks. Successful completion of the US Capital Raising is therefore inherently uncertain. The Company cautions investors against making investment decisions based on the potential US Capital Raising.

(i) **Stage 1 capital raising: Regulation D**

The first stage of the US Capital Raising is intended to comprise an offering of securities to raise between US\$3 million and US\$5 million, pursuant to Rule 506(c) of Regulation D under the US

Securities Act of 1933, as amended (**US Securities Act**). All investors in the first stage of the capital raising must be "accredited investors" under the US Securities Act.

This offering requires a pre-transaction notification (a "Form 99") to be filed with the Investor Protection Bureau of the State of New York Department of Law, and a post-transaction filing (a "Form D") with the SEC and certain US states. Additional other internal governance documents and procedures must also be complied with. SEC approval is not required for conducting the offering.

(ii) Stage 2 capital raising: Regulation A+

After the consummation of the first stage of the US Capital Raising, it is intended to undertake a second capital raising through another offering of securities, which may also include Tokens (see Section 4.2(b) below) pursuant to the recently amended provisions of Regulation A, or "Reg A+", under the US Securities Act to both accredited and non-accredited investors using the "Tier 2" format. The quantum of the stage 2 capital raising is not confirmed at this stage.

This process requires audited financials, ongoing reporting and allows the offering to pre-empt State "blue-sky" law review requirements (although notice filings will still be required).

Accredited and non-accredited investors who qualify may participate in the Reg A+ offering.

This offering requires the drafting and filing of a Form 1-A (which is subject to SEC review and comment) and subscription documents and the "qualification" of the offering by the SEC, among other internal governance documents and procedures.

(iii) Risks

The key risks associated with the proposed US Capital Raising in the United States through MSM-US are as follows:

(A) Investor support

Based on the support communicated by targeted investors to the MSM Group and its representatives to date, the Directors consider that there is presently adequate investor support for the two-stage US Capital Raising.

However, there can be no certainty of such investor support if and when the US Capital Raising is launched. If there is inadequate investor support if and when the US Capital Raising is launched, the MSM Group will be required to adjust its capital raising and development strategies.

(B) Legal and regulatory requirements

The MSM Group has engaged United States legal advisors to assist in the structuring and undertaking of the US Capital Raising.

The MSM Group, in consultation with its United States legal advisers, has considered the key laws and regulations in the United States which are presently considered applicable to the US Capital Raising and does not have any reason to believe that the current proposal would be inconsistent with these laws and regulations. However, in the event of a change in the applicable laws, policies or regulations or application of existing laws, policies or regulations, the MSM Group will be required to revise the structure of, or potentially discontinue, the US Capital Raising.

The US Capital Raising (in particular, stage two) will require various United States regulatory approvals. Although the MSM Group currently has no reason to believe that such approvals will not be granted as required, there can be no certainty that these approvals will be granted on acceptable conditions, or at all. The approvals may also not be granted on a timely basis. Any failure to obtain necessary regulatory approvals, or delays in such approvals being granted, will likely result in costly revisions to the structure or potential discontinuation of all or a stage of the US Capital Raising.

There are also additional legal and regulatory requirements related to the fact that the securities to be issued in the US Capital Raising may include Tokens (see Section 4.2(b) below for a discussion of risks related to the Tokens).

(C) Dilution

Currently, MSM-US is a wholly owned subsidiary of the Company. As a result of the US Capital Raising, a non-controlling portion of the ordinary stock in MSM-US will be subscribed for by the incoming investors. Although the Company will retain a controlling interest in MSM-US, it will no longer be a wholly owned subsidiary of the Company.

(b) Token risk

As announced by the Company on 21 May 2018, the Company is investigating the potential for the creation, issuance and exchange of a form of digital security in the United States which may be utilised within the Megastar platform owned and operated by MSM-US (Tokens).

The offering and exchange of the Tokens is intended to occur within the United States. The offer and exchange of Tokens will therefore be required to comply with United States securities laws (namely, the US Securities Act).

In addition, regulation of tokens, token offerings, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is currently

undeveloped and is likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions, and is subject to significant uncertainty. If the Tokens are deemed to be virtual currencies, state regulators have created new regulatory frameworks which may require MSM-US to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. In addition, US federal regulators have published guidance on the treatment of virtual currencies. For example, the Commodity Futures Trading Commission has publicly taken the position that certain blockchain assets are commodities. In addition, the US Financial Crimes Enforcement Network, has taken the position that entities that exchange virtual currency for real currency, and "administrators" who engage in the business of issuing and putting into circulation a virtual currency and who have the authority to redeem or withdraw such virtual currency from circulation (in exchange for fiat or in some cases even goods and services) are "money transmitters" that must register with the agency as a money services business. Depending on the features ultimately included in the Tokens, they may be deemed to be the equivalent of virtual currencies and MSM-US may be required to register prior to issuance of the Tokens and/or make periodic filings with the state and federal regulators.

On the basis of the features presently intended to be included in the Tokens, it is considered that they will be classed as digital securities regulated under Reg A+ of the US Securities Act, rather than a virtual currency or other form of asset. It is the intention of the MSM Group that the Tokens will continue to be classed as digital securities, and the above risk disclosure is provided as a matter of completeness in the event that this intention changes. Offers of Tokens will not be received in Australia, and therefore will not be an offer subject to the Corporations Act.

The MSM Group and its United States legal advisors are working towards finalising the structure of the Token system. The MSM Group will continue to seek legal and regulatory advice as it progresses through the various stages of development culminating in the launch of the Token system. The MSM Group will ensure that it complies with all existing and new regulations that may be brought in from time to time to further regulate the Token system.

The environment in which the Token system will operate is subject to complex and evolving policies, laws and regulations. It is likely that the laws and regulations applicable to the Token system will continue to change in an effort to keep up with the rapidly evolving industry. Due to their evolving nature, many of these laws and regulations are subject to uncertain interpretation. It is difficult to predict how existing and new laws and regulations will be applied to the Token system. It is possible that they may be interpreted and applied in a manner that is inconsistent with current practices or the practices on which the Token system is developed to comply with and in particular, the features, use and underlying business model that MSM-US decides it wants to implement with respect to the structure of its Token system.

Existing and new laws and regulations applicable to the Tokens may be costly to comply with or delay or impede the development of the Token system. This may require significant time and attention of management and technical personnel, and subject the MSM Group to inquiries or

investigations, claims or other remedies, including penalties, or otherwise harm the business.

The MSM Group, in consultation with its United States legal advisers, has considered the key laws and regulations in the United States which are likely to apply to the Token system and does not have any reason to believe that the current proposal would be inconsistent with the current United States laws and regulations.

The Token system will likely require various United States regulatory approvals. Although the MSM Group currently has no reason to believe that such approvals will not be granted as required, there can be no certainty that these approvals will be granted on acceptable conditions, or at all. The approvals may also not be granted on a timely basis. Any failure to obtain necessary regulatory approvals, or delays in such approvals being granted, will likely result in costly revisions to the structure, or the MSM Group potentially discontinuing with the Token system.

It is currently anticipated that the marketplace for the exchange of the Tokens would be one or more of the third-party securities exchanges or alternative trading systems registered (or in the process of being registered) with the SEC that may be available. Currently, there are only a few existing potential alternative trading systems providers that the MSM Group may partner with. There is no certainty that the MSM Group will be able to engage these parties (or any new alternative trading systems that become registered), or engage them on reasonable terms.

The strategy for the Token system is in its early stages, and in addition to satisfying the legal regulatory requirements described above, will require technological integration within the Megastar platform. This integration remains subject to technological and development risks which may result in unforeseen and unavoidable delays. These risks include, amongst other things, overestimating the ease at which the technology can be integrated within the Megastar platform, issues in developing the code, availability of appropriately skilled third parties, and unforeseen bugs and errors. See Sections 4.1(h) and 4.1(i) for more information on the specific risks relating to the Company's existing and planned operations.

Investments into assets such as the Tokens are high risk in nature as assets of this nature have shown to be highly speculative.

As detailed above, the development and launch of the Token system remains subject to a number of key risks. The structure of the Token system therefore remains inherently uncertain. The Company cautions investors against making investment decisions based on the potential launch of the Token system.

4.3 Intellectual property risks

(a) MSM Group intellectual property rights

MSM-US has lodged a non-provisional patent application under the Patent Cooperation Treaty (PCT) having a priority date of 2 October 2016. Currently there are approximately 152 countries/regions contracted under the PCT, including Australia and the United States, for which protection can be sought. One or more "national phase entry" patent application are then to be

filed in desired regions/countries within at least thirty (30) months or thirty-one (31) months in some jurisdictions from the priority date.

Furthermore, MSM-US has lodged two additional provisional applications in the United States to protect its intellectual property interests in the United States while also securing foreign priority for its patent rights. The United States provisional application process provides MSM-US with foreign priority for subsequent patent applications filed in countries that are signatories to the Paris Convention which recognise patent priority in each of those signatory countries. The provisional patent applications in the United States creates a priority date that can be used to establish priority in any Paris Convention country. The two US provisional patent applications have been converted into US non-provisional patent application. Prior to the foreign filing deadline and in the coming months, MSM-US plans to file each of the two non-provisional patent applications under the PCT that claim priority to its United States provisional patent application filings.

The prospect of attaining patent protection for products such as those to be used in the business of the MSM Group is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the MSM Group's ability to obtain patents for its products.

MSM Holdings Pte. Ltd., a wholly owned subsidiary of the Company, has lodged applications for registration of trademarks for "Megastar Millionaire", "Megastar", "Megastar Live", "MSM", and the "M" logo in with the United States Patent and Trademark Office. These applications were also lodged in foreign jurisdictions pursuant to the international Madrid-Protocol.

In the United States, "Megastar Millionaire" is a fully registered trademark, "Megastar" and the "M" logo have each been reviewed by the Examiner and published for opposition, and a notice of allowance has been issued for "MSM". So long as no outside party opposes "Megastar" or the "M" logo within the statutory opposition period, each will proceed to registration. The Company believes it is unlikely to face opposition.

In Australia, "Megastar Millionaire" has been accepted by the Australian Trademark Office, and has been published for opposition. So long as no outside party opposes the "Megastar Millionaire", it will proceed to registration. The Company believes it unlikely to face opposition. The "MSM" mark is a fully registered trademark, and all other listed marks are pending under the Madrid Protocol.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement or to establish validity of its rights. Any litigation, whether or not successful, could result in significant expense to the Company and cause a distraction to management.

Any expansion of the MSM Group's product offering into other jurisdictions will be subject to the MSM Group being able to secure sufficient intellectual property protection.

(b) **Infringement of third party intellectual property or restraints of trade**

Third parties may from time to time accuse the MSM Group or its personnel or contractors of infringing that third party's intellectual property rights, or commence legal action against the MSM Group for intellectual property infringement and related claims.

Similarly, third parties may from time to time accuse the MSM Group or its personnel or contractors of contravening restraint of trade or non-compete contractual obligations, or commence legal action against the MSM Group for claims of such nature.

If a third party makes such an accusation or commences such a legal action, the MSM Group may incur significant costs in defending such accusation or action, whether or not it ultimately prevails. Costs that the MSM Group may incur in defending such third party accusations or actions would also include diversion of management's and technical personnel's time and potential reputational damage.

In addition, parties who commence legal proceedings against the MSM Group or its personnel or contractors may be able to obtain injunctive or other equitable relief that could prevent the MSM Group from using its developed products. In the event of a successful claim for infringement against the MSM Group, it may be required to pay damages and obtain one or more licenses or consents from the prevailing third party. If it is not able to obtain these licenses or consents at a reasonable cost, or at all, it could encounter a loss of substantial resources while it attempts to rebrand or adjust its product offering.

Defence of any lawsuit or failure to obtain any of these licenses or consents could prevent the MSM Group from using its products and could cause it to incur substantial expenditure.

Although the MSM Group has taken steps to protect and confirm its interest in the required intellectual property rights and does not consider that any of its personnel or contractors are subject to relevant restraint of trade or non-compete restrictions, there is always a risk of third parties alleging that such rights or restrictions have been infringed.

In particular, the Company notes that it is aware of the existence of registered trademarks which may be considered similar to those trademarks used by the MSM Group. If all or some of the MSM Group's trademark applications are not granted, the MSM Group may consider "rebranding" the business to, amongst other things, reduce the risk of a claim of trademark infringement.

(c) **Subsidiary intellectual property risks**

Certain intellectual property rights in the digital video competition platform known as "Megastar" and the "Megastar" brand and competition format are currently held in MSM-US. Accordingly, to ensure that the Company is able to continue to commercialise its intellectual property throughout the world independently of MSM-US, it is intended that prior to undertaking the US Capital Raising, the Company and MSM-US will enter into certain licensing agreements.

These licensing agreements are summarised in the Company's announcement released on 21 May 2018.

These license agreements are intended to clearly provide the Company with the right to use the intellectual property rights of MSM-US.

There are inherent risks associated with the fact that these intellectual property rights are held in MSM-US, rather than the Company. These risks are not presently considered by the Directors to be likely to materialise however, due to the fact that the Company will retain control over MSM-US upon completion of the US Capital Raising.

Notwithstanding the above, the risk of non-performance by either party under the license agreements remain. Such a breach would likely have a significant negative impact on the Company and an adverse impact of the financial position of the Company. Where the counterparty fails to comply with any licence agreements, the Company may then need to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

4.4 General Risks

(a) Investment risk

The Securities to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Securities may be above or below the price paid for the Securities. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(b) Share market

Share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the Company.

(c) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the media and technology industries including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the media and technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Taxation**

The acquisition and disposal of the Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

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

(e) **Insurance risks**

The Company insures its operations in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company affected.

(f) **Litigation risks**

The Company is exposed to possible litigation risks. The Company may in the ordinary course of business be involved in litigation and disputes (for example, with suppliers, customers, competitors and/or regulators). Further, the Company may be involved in disputes with other parties in the future, which may result in litigation. Any litigation or dispute could be costly and damaging to the Company's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not currently engaged in any litigation that is material for the purposes of this Prospectus.

4.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. 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 Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

5. Additional information

5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings)**: Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels)**: The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up)**: If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed irrespective of the amount paid up or credited as paid up on the Shares.

5.2 Terms and conditions of Quoted Options

The terms and conditions of the Quoted Options are provided below. The Attaching Options to be issued under the Offers will be issued on the same terms and conditions as the existing Quoted Options.

- (a) **(Entitlement)**: Each Quoted Option entitles the holder to subscribe for one fully paid ordinary Share.
- (b) **(Exercise Price and Expiry Date)**: The Quoted Options are exercisable at \$0.10 each at any time up to 5.00pm (WST) on 7 November 2019 (**Expiry Date**). Any Quoted Option not exercised by the Expiry Date will automatically expire.
- (c) **(Exercise)**: The Quoted Options are exercisable by delivering to the registered office of the Company a notice in writing (**Notice of Exercise**) stating the intention of the holder to exercise a specified number of Quoted Options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Quoted Options held does not affect the holder's right to exercise the balance of any Quoted Options remaining.
- (d) **(Timing of issue of Shares upon exercise)**: After a Quoted Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the subscription monies due:
- (i) issue the Shares;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX by no later than 5 Business Days after the date of exercise of the Quoted Option;
- (e) **(Ranking of Shares):** Subject to the Constitution, all Shares issued on the exercise of Quoted Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- (f) **(Transferability):** Subject to the Corporations Act, Constitution and the Listing Rules, the Quoted Options are transferable.
- (g) **(Quotation of Options):** The Company will apply to ASX for quotation of the Quoted Options.
- (h) **(Quotation of Shares on exercise):** The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Quoted Options.
- (i) **(Participation rights):** The holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Quoted Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
- (j) **(Reorganisation):** If there is a reorganisation (including consolidation, subdivision, reduction or return) of the share capital of the Company, then the rights of the holder (including the number of Quoted Options to which the holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) **(Amendments):** There will be no change to the exercise price of the Quoted Options in the event the Company makes a pro rata rights issue of Securities.
- (l) **(Adjustments):** Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the holder.
- (m) **(Governing law):** These terms and the rights and obligations of the holder are governed by the laws of Western Australia. The holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

5.3 Committed Placement Securities

The Company has entered into agreements with the Placement Subscribers pursuant to which the Placement Subscribers have agreed to subscribe for, and the Company has agreed to issue, an aggregate of \$3,397,000 worth of Shares and Quoted Options (together, **Committed Placement Securities**).

The number of Committed Placement Securities to be issued is to be calculated based on an issue price of \$0.043 per Share, together with one free attaching Quoted Option for every four Shares issued (that is, the same terms as the Entitlement Offer).

It is intended that the Committed Placement Securities will be issued to the extent that there is sufficient Shortfall, as part of the Shortfall allocated by the Directors.

To provide for the circumstance where there is insufficient Shortfall as allocated by the Directors, the Company is also seeking Shareholder approval at the General Meeting for the issue of the Committed Placement Securities as a placement pursuant to Listing Rule 7.1. Such Committed Placement Securities would be issued pursuant to the Placement Offer under this Prospectus. A customised Application Form will be provided to the Placement Subscribers together with a copy of the Prospectus in this circumstance.

5.4 Lead Manager mandate

On or around 22 January 2018, the Company entered into a mandate with CPS Capital, pursuant to which CPS Capital was engaged as corporate advisor and broker to the Company.

Pursuant to this mandate, CPS Capital lead managed the February 2018 Placement and the Offers under this Prospectus, and has provided additional corporate advisory services.

The Company agreed to pay CPS Capital (or its nominees) the following in consideration for the services provided under the mandate.

- (a) Fees in connection with the February 2018 Placement:
 - (i) \$20,000 cash (which has been paid in full);
 - (ii) 6% of all funds raised under the February 2018 Placement (which has been paid in full); and
 - (iii) the issue of 6,000,000 Quoted Options (which remain to be issued).

The Company will seek shareholder approval for the issue of the Quoted Options at the General Meeting. If the resolution seeking the approval is not passed by the requisite majority at the General Meeting, the Company must issue the Quoted Options when it has sufficient placement capacity under Listing Rule 7.1.

- (b) Fees in connection with the Offers:
 - (i) 6% of all funds raised under the Offers; and
 - (ii) the issue of 6,000,000 Quoted Options (which remain to be issued).

The Company will seek shareholder approval for the issue of the Quoted Options at the General Meeting. If the resolution seeking the approval is not passed by the requisite majority at the General Meeting, the Company must issue the Quoted Options when it has sufficient placement capacity under Listing Rule 7.1.

- (c) Ongoing corporate advisory fees

The Company must pay CPS Capital a monthly corporate advisory fee of \$4,000 plus GST (where applicable), payable in cash, for the services performed by CPS Capital under the mandate, for a minimum term of 12

months from the date of the Mandate (that is, expiring on 15 January 2019) and if terminated by either party (except as specified below) the full amount of the outstanding balance of the 12 month term (**Outstanding Balance**) is due and payable in full.

The Outstanding Balance will not be payable if:

- (i) the engagement of CPS Capital under the mandate is terminated by CPS Capital without cause; or
- (ii) the engagement of CPS Capital under the mandate is terminated by the Company with cause.

5.5 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.6 below). Copies of all documents announced to the ASX can be found at www.msmpi.com.au.

5.6 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the half-year ended 31 December 2017 and the financial year ended 30 June 2017, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
17/05/2018	Market Update
3/05/2018	Appendix 3B
3/05/2018	Cancellation of Options

Date lodged	Subject of Announcement
1/05/2018	Quarterly Activities and Cashflow Reports - March
20/04/2018	Extension to Suspension
17/04/2018	Placement to Cornerstone Strategic Investor-The Riva Group
5/04/2018	Extension to Voluntary Suspension
22/03/2018	Extension to Voluntary Suspension
15/03/2018	Extension to Voluntary Suspension
9/03/2018	MSM Engages Goodwin Procter LLP
8/03/2018	Extension to Voluntary Suspension
1/03/2018	Appendix 4D
1/03/2018	Half Year Accounts
27/02/2018	Extension to Voluntary Suspension
27/02/2018	Response to Appendix 3Z Query Letter
26/02/2018	MSM Patent Portfolio - Video Competition Platform
26/02/2018	Final Director's Interest Notice
26/02/2018	Appendix 3B
26/02/2018	Change of Director's Interest Notices
22/02/2018	Appendix 3B
22/02/2018	Appendix 3B
21/02/2018	Placement Completed
14/02/2018	Response to Appendix 4C Query
8/02/2018	Extension to Voluntary Suspension
8/02/2018	Capital Raising and 2018 Strategy
1/02/2018	Extension to Voluntary Suspension
31/01/2018	Quarterly Activities and Cashflow Report - December
24/01/2018	Extension to Voluntary Suspension
19/01/2018	Extension to Voluntary Suspension
17/01/2018	Suspension from Official Quotation

Date lodged	Subject of Announcement
15/01/2018	Trading Halt
5/01/2018	Appendix 3B
29/12/2017	Escrow Expiry
22/12/2017	Appendix 3B
21/12/2017	MSM Investor Briefing
19/12/2017	Megastar WWT1 Finale
15/12/2017	Change of Director's Interest Notice
12/12/2017	Megastar Metrics Worldwide Tournament 1
8/12/2017	CEO & Co-Founder Presents MSMCI Growth Strategy
07/12/2017	MSM CEO & Co-Founder Presents Statistics for WWT1
05/12/2017	MSM Signs Agreement to Launch Megastar India
01/12/2017	Trading Halt
29/11/2017	Successful Completion of \$3.4 Million Capital Raising
27/11/2017	Cleansing Prospectus
27/11/2017	Megastar Success Continues
24/11/2017	Change to Director's Interest Notice
24/11/2017	Appendix 3B
21/11/2017	Placement Completed to Accelerate Growth
20/11/2017	Results of Meeting
17/11/2017	Trading Halt
6/11/2017	Extremely Successful First Month for Megastar
3/11/2017	Appendix 3B
31/10/2017	Quarterly Activities and Cashflow Report - September
24/10/2017	TechKnow Invest Conference Presentation
23/10/2017	Megastar Engagement Exceeds Expectations
20/10/2017	Notice of Annual General Meeting/Proxy Form
20/10/2017	Appendix 3B

Date lodged	Subject of Announcement
17/10/2017	Megastar Marketing Program Yielding Strong Results
11/10/2017	Jeb Corliss Appointed Megastar Judge
6/11/2017	Extremely Successful First Month for Megastar
3/11/2017	Appendix 3B
31/10/2017	Quarterly Activities and Cashflow Report - September
24/10/2017	TechKnow Invest Conference Presentation
10/10/2017	Trading Halt
9/10/2017	Completion of Unmarketable Share Sale
9/10/2017	Appendix 3B
6/10/2017	Global Media Program Yields Early Results
4/10/2017	Megastar App Released in US/AUS - Global Auditions Commenced
3/10/2017	Megastar Managing Director Highlights Global Launch
29/09/2017	Appendix 4G and Corporate Governance Statement

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

5.7 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

5.8 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

5.9 Interests of Directors

- (a) **Security holdings**

The relevant interest of each of the Directors in Securities as at the date of this Prospectus is set out below:

Director	Shares	Quoted Options	Performance Rights	Performance Shares
Adam Wellisch ¹	4,856,115	4,500,000	1,200,000 ²	12,949,640 ³
Dion Sullivan ⁴	7,344,388	6,000,000	6,400,000 ⁵	9,352,517 ⁶
Mark Clements ⁷	6,856,115	Nil	1,200,000 ⁸	7,808,152 ⁹

Notes:

¹ Mr Wellisch's interests are held indirectly by the Welson Family A/C, of which Adam Wellisch is a beneficiary.

² Comprised of 1,200,000 class C Performance Rights subject to vesting conditions to be satisfied on or before 29 December 2021.

³ Comprised of 6,474,821 class A Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2018, and 6,474,819 class B Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2020.

⁴ Mr Sullivan's interests are held directly by Mr Sullivan.

⁵ Comprised of 2,400,000 class C Performance Rights subject to vesting conditions to be satisfied on or before 29 December 2021, and 4,000,000 class G Performance Rights subject to vesting conditions to be satisfied on or before 20 November 2022.

⁶ Comprised of 4,676,259 class A Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2018 and 4,676,258 class B Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2020.

⁷ Mr Clements' interests are held indirectly by Balion Pty Ltd as trustee for the Clements Family Trust, of which Mark Clements is a director and beneficiary, and Beretta Nickel Pty Ltd, of which Mr Clements is sole director and shareholder.

⁸ Comprised of 1,200,000 class C Performance Rights subject to vesting conditions to be satisfied on or before 29 December 2021.

⁹ Comprised of 3,904,076 class A Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2018, and 3,904,076 class B Performance Shares subject to vesting conditions to be satisfied on or before 29 December 2020.

The Directors have indicated their intention to subscribe for part of their Entitlement.

(b) Remuneration of Directors

The Constitution provides that the Non-Executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, or until so determined, as the Directors resolve. The current aggregate amount to be paid to non-executive Directors is \$250,000. The Board may allocate this pool (or part of it) at its discretion.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The remuneration of Executive Directors must, subject to the provisions of any contract between each of them and the Company, be fixed by the Board. Mr Dion Sullivan (Managing Director) is the only Executive Director of the Company. Mr Sullivan's remuneration is outlined below:

- (i) The total annual base salary payable to Mr Sullivan is US\$275,000 per annum.
- (ii) The total annual base salary payable to Mr Sullivan shall be reviewed annually, and must be increased by at least 3% and no more than 10% for the second and third 12-month periods of employment.
- (iii) Mr Sullivan shall also be paid a performance bonus of up to 40% of his base salary upon performance milestones each calendar year. The determination of whether a performance milestone has been satisfied shall be made by the Company, acting reasonably. The performance milestone may be issued in cash or Shares at the discretion of the Company, however the maximum proportion that may be paid in equity each year is 50%, unless otherwise agreed by the Company and Mr Sullivan.
- (iv) Mr Sullivan is also entitled to vacation, accident, disability, dental and life insurance, 401(k) (a retirement savings plan) and other benefits available to other Company employees.

The table below sets out the remuneration provided to the Directors and their associated companies during the last two financial years, inclusive of directors fees, consultancy fees, share-based payments and superannuation.

Director	Financial Year ended 30 June 2017			
	Short-Term Benefits (\$)	Post-Employment Benefits (\$)	Share Based Payments (\$)	TOTAL (\$)
Adam Wellisch	120,000	-	17,077	137,077
Dion Sullivan	445,911 ¹	-	34,153	480,064
Sophie McGill ²	263,044 ³	-	211,268	474,312
Mark Clements	99,000	-	17,077	116,077

Notes:

¹ Includes a performance bonus of US\$38,500 (AUD: \$50,683). \$A/\$US 0.7891 exchange rate used to convert salaries paid in \$US.

² Ms McGill resigned as an Executive Director on 15 January 2018.

³ Includes a performance bonus of \$50,000.

Director	Financial Year ended 30 June 2016			
	Short-Term Benefits (\$)	Post-Employment Benefits (\$)	Share Based Payments (\$)	TOTAL (\$)
Adam Wellisch ¹	60,000	-	235,116	295,116
Dion Sullivan ¹	163,694	-	235,116	398,810
Sophie McGill ²	27,885	-	23,927	51,812
Mark Clements ³	50,805	-	-	50,805
Matthew Foy ⁴	15,000	-	-	15,000
Andrew Tunks ⁵	12,000	-	-	12,000
Nicholas Ong ⁵	9,000	-	-	9,000
TOTAL	338,384	-	494,159	832,543

Notes:

¹ Mr Wellisch and Mr Sullivan were both appointed 29 December 2015.

² Ms McGill was appointed 26 April 2016.

³ Mr Clements was appointed 12 January 2016.

⁴ Mr Foy resigned 12 January 2016.

⁵ Mr Tunks and Mr Ong both resigned effective 29 December 2015.

(c) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with ASIC, 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 its formation or promotion, or the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (i) as an inducement to become, or to qualify as, a Director; or
- (ii) for services provided in connection with the formation or promotion of the Company, or the Offers.

5.10 Related party transactions

There are no related party transactions involved in the Offers that are not otherwise described in this Prospectus.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

5.11 Interests of other persons

Except as disclosed in this Prospectus, no underwriter, expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last 2 years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

5.12 Expenses of Offers

Estimated expenses of the Offers	\$
ASIC lodgment fee	2,400
ASX quotation fee ¹	20,698
Legal fees and expenses	20,000
Lead Manager fees ²	220,400
Share registry, printing, mailing, advertising & miscellaneous	15,000
TOTAL	278,498

Notes:

¹ If the Committed Placement Securities are issued in full pursuant to the Placement Offer, rather than as part of the Shortfall Offer, an additional \$19,778 of ASX quotation fees will be payable.

² If the Committed Placement Securities are issued in full pursuant to the Placement Offer, rather than as part of the Shortfall Offer, an additional \$203,820 of fees will be payable to the Lead Manager.

5.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bellanhouse has given its written consent to being named as the Australian corporate solicitors to the Company in this Prospectus. Bellanhouse has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Goodwin Procter LLP has given its written consent to being named as the United States solicitors to the Company in this Prospectus. Goodwin Procter LLP has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

CPS Capital has given its written consent to being named as the Lead Manager of the Offers in this Prospectus. CPS Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Advanced Share Registry Limited has given its written consent to being named as the share registry to the Company in this Prospectus. Advanced Share Registry Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:


Mark Clements
Non-Executive Director

Dated: 21 May 2018

7. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ or \$A means Australian dollars.

\$US means United States dollars.

AEST means Australian Eastern Standard Time.

Applicant means a person who submits an Application Form.

Application Form means an application form provided by the Company with a copy of this Prospectus.

Application Monies means the amount of money in dollars and cents payable for Securities pursuant to the Offers.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Attaching Options means free-attaching Quoted Options to be issued under the Offers on the basis of one Attaching Option for every four New Shares issued, and which have the terms and conditions in Section 5.2.

Balance Date has the meaning given in Section 3.2.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Sub-register System.

Closing Date means the closing date identified in the proposed timetable for the Entitlement Offer and/or the Placement Offer (as applicable), and **Entitlement Offer Closing Date** and **Placement Offer Closing Date** have corresponding meanings.

Committed Placement Securities means the Securities proposed to be issued to the Placement Subscribers either as part of the Shortfall or under the Placement Offer, as summarised in Section 5.3.

Company means MSM Corporation International Limited (ACN 002 529 160).

Constitution means the constitution of the Company as at the date of this Prospectus.

Consultant Shares has the meaning given in Section 1.4(c).

Convertible Securities means all Securities (excluding Shares) which are convertible or exercisable into Shares in accordance with the terms and conditions applicable to

the relevant Security (including, for the avoidance of doubt, Options, Performance Rights and Performance Shares).

Corporations Act means the *Corporations Act 2001* (Cth).

CPS Capital means CPS Capital Group Pty Ltd (ACN 088 055 636).

Directors mean the directors of the Company as at the date of this Prospectus.

EBITA has the meaning given in Section 3.1.

Eligible Shareholder means a person registered as the holder of Shares as at the Record Date whose registered address is in Australia or, subject to the offer restrictions in Section 1.19, New Zealand.

Entitlement means the number of Securities for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being one New Share for every existing five Shares held on the Record Date, together with free Attaching Options on the basis of one Attaching Option for every four New Shares issued.

Entitlement Offer has the meaning given in Section 1.1.

February 2018 Placement has the meaning given in Section 1.4(a).

February 2018 Placement Securities means the Shares issued under the February 2018 Placement, and the Quoted Options to be issued to participants in the February 2018 Placement, subject to the receipt of Shareholder approval being sought at the General Meeting.

General Meeting means the meeting of Shareholders to be held on 22 June 2018 (or any date to which the meeting is adjourned).

Ineligible Foreign Shareholder means a person registered as the holder of Shares as at the Record Date who is not an Eligible Shareholder.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lead Manager means CPS Capital.

Listing Rules means the listing rules of ASX.

MSM Group means the Company and its subsidiaries.

MSM-US means MSM Music, Inc., a wholly owned subsidiary of the Company incorporated in Delaware, United States.

New Share means a Share issued pursuant to the Offers.

Offers means the Entitlement Offer and the Placement Offer, and **Offer** means either one of them.

Official Quotation means the quotation of Securities on the official list of ASX.

Option holder means the holder of an Option.

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share, subject to the satisfaction or waiver of certain performance conditions and the terms and conditions attaching to that performance right.

Performance Share means a share convertible into an ordinary Share, subject to the satisfaction or waiver of certain performance conditions and the terms and conditions attaching to that performance share.

Placement Offer means the offer under this Prospectus of up to 85,426,596 Shares and 21,356,649 Attaching Options to the Placement Subscribers at an issue price of \$0.043 per New Share, with one Attaching Option for every four New Shares issued.

Placement Subscribers means strategic investors who are not related parties of the Company or associates of related parties of the Company.

Plan Shares has the meaning given in Section 1.4(b).

Prospectus means this prospectus dated 21 May 2018.

Quoted Options means Options issued on the terms and conditions in Section 5.2.

Record Date means 7:00pm (AEST) on the record date identified in the proposed timetable.

Section means a section of this Prospectus.

SEC means the US Securities and Exchange Commission as constituted from time to time or any successor performing substantially the same functions.

Securities means Shares, Options, Performance Shares or Performance Rights.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Advanced Share Registry Limited (ACN 127 175 946).

Shareholder means the holder of a Share.

Shortfall or **Shortfall Securities** means Entitlements not subscribed for under the Entitlement Offer.

Token has the meaning given in Section 4.2(b).

United States or **US** means the United States of America.

US Capital Raising has the meaning given in Section 4.2(a).

US Securities Act means the Securities Act of 1933, as amended (United States).