

30 January 2019

## ASX ANNOUNCEMENT

### **EN1 Secures Additional Growth Capital of up to USD \$5.875 million (~AUD \$8.2m) & Significantly Improves Note Agreement**

engage:BDR Limited (“**EN1**” or “**Company**”) is pleased to announce that the Convertible Securities Agreement with CST Investment Fund (“**Investor**”) has been amended to provide for raising up to USD \$5.2 million (approx. AUD \$7.2 million) in addition to the USD \$675,000 already raised, for a total of USD \$5.875M (approx. AUD \$8.2M).

The revised terms provide immediate funding of an additional USD \$720,000 (approx. AUD \$1.0M) before costs which would provide opportunity to immediately significantly increase the Company’s revenue through additional publisher payments for incremental revenue growth. The Company will issue 800,000 loan notes to the Investor (increased from the previously announced “Second Purchase” figure of 750,000 notes). The 800,000 loan notes will be purely debt instruments, with no conversion rights, and will have a maturity date of 90 days from drawdown of funds.

The notes have an issue price of USD \$0.90 per note and a face value of USD \$1.00 per note and are secured.

The Company will seek shareholder approval within 60 days to issue convertible notes to the Investor in replacement for the loan notes. The convertible notes will have a maturity date 12 months from issue of the loan notes they replace. The Notice of Meeting for the proposed General Meeting is currently being prepared and will be released to ASX and sent to shareholders shortly.

The amended terms of the Convertible Securities Agreement also provide that until 29 January 2021 the Company may issue up to 6 further tranches of up to 800,000 convertible securities each to the Investor subject to:

- (a) the issue not causing the aggregate Face Value of all outstanding Convertible Securities to exceed the lesser of: (i) US\$950,000; and (ii) 12% of the Company’s market capitalization;
- (b) shareholder approval to issue the convertible notes in the tranche having been obtained;
- (c) the benefit of at least 5 million collateral shares being held by the Investor;
- (d) issue of a convertible securities cleansing statement to ASX in respect of the convertible securities to be issued; and
- (e) the daily VWAP on any day having not been equal to or less than 1.8 cents.

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Subject to the Company receiving further shareholder approvals to issue convertible notes as referred to above, and the Company issuing them to the Investor in replacement of the loan notes or as subsequent tranches of notes, the Investor will have the ability to convert the convertible notes into fully paid ordinary shares of the Company at a conversion price of the lower of a) 92% of the average of the two lowest daily volume-weighted average prices during the 5 trading days prior to the conversion notice date and b) 130% of the 5 day VWAP during the 5 trading days prior to the date of issue of the relevant convertible securities. A drawdown fee equivalent to 2% of the aggregate Face Value of the convertible securities will apply to the 800,000 loan notes and any subsequent issues of convertible notes under the revised Convertible Securities Agreement.

Every month commencing 120 days after the issue of the 800,000 loan notes and any subsequent issues of convertible notes (respectively), the Company is required to redeem an equal instalment of the Convertible Notes (to the effect that the notes will be fully redeemed on the maturity date), which the Company may do in cash (at 105% of Face Value) or (subject to shareholder approval and liquidity conditions) by the issue of shares at the above variable conversion price.

Under the revised terms of the Convertible Securities Agreement, there will no options issued on the second and subsequent tranches, a significant improvement to the previously agreed terms. The Investor also has trading restrictions and in the case of the First tranche, conversion restrictions which will mitigate the dilution following the Company's recently completed placement.

The 800,000 loan notes and any subsequent issues of convertible notes are in addition to the loan notes issued in November 2018, the replacement of which with convertible notes was approved at yesterday's general meeting.

The Company will issue the balance of 1.9 million collateral shares (being the balance of the total of 5 million collateral shares) as previously agreed..

The funds raised will be used for incremental revenue-generating publisher payments and for general working capital.

The terms of the Note applicable to the 800,000 loan notes and potential subsequent purchases of notes are outlined below:.

<b>Investor</b>	CST Investment Fund
<b>Company</b>	engage:BDR Limited
<b>Purchase Date:</b>	30 January 2019.

Any subsequent purchases will be at intervals of not less than 60 days after the previous tranche (see above for further details about pre-conditions to subsequent purchases).

<b>Purchase Price:</b>	US\$0.90 per convertible security
<b>Number of Convertible Securities</b>	800,000

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Provided that the number of Convertible Securities purchased cannot be such so as to cause the aggregate Face Value of all outstanding Convertible Securities to exceed the lesser of USD \$950,000 or 12% of the Company's market capitalization at the time, and provided that the maximum aggregate purchase price for the 800,000 loan notes and any subsequent purchases must not exceed USD \$5 million.

<b>Drawdown Fee:</b>	2% of the aggregate Face Value of the 800,000 loan notes and any subsequent convertible notes
<b>Face Value:</b>	USD \$1 per convertible security
<b>Maturity Date:</b>	The date which is 12 months after the applicable purchase date
<b>Conversion Price</b>	The lesser of: <ul style="list-style-type: none"> <li>(a) 92% of the lowest daily VWAP during the 5 Actual Trading Days prior to the conversion notice date, rounded down to the nearest A\$0.001; and</li> <li>(b) 130% of the 5 day VWAP during the 5 trading days prior to the date of issue of the relevant convertible securities</li> </ul>

The terms of the initial issue of notes described in the Company's announcement of 19 November 2018 remain unchanged (except that the "Lowest Share Price" in that announcement has been reduced to 1.8 cents as referred to above, and the 800,000 loan notes replace the second 750,000 convertible notes).

Viriathus Capital LLC is acting as placement agent to the Company.

Should you require any further information please contact Ted Dhanik.

On behalf of the Board



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