



**engage:BDR Limited**  
**ACN 621 160 585**

# **Notice of General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Wednesday, 18 March 2020**

Time of Meeting:  
**11.00am (AEDT)**

Place of Meeting:  
**William Buck**  
**Level 20**  
**181 William Street**  
**Melbourne Victoria 3000**

*This Notice of General Meeting and Explanatory Statement should be read in its entirety.  
If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other  
professional advisor without delay.*

# engage:BDR Limited

ACN 621 160 585

Registered Office: Scottish House, Level 4, 90 William Street, Melbourne, Victoria, 3000

## NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of engage:BDR Limited (the “Company”) will be held at the offices of William Buck, Level 20, 181 William Street, Melbourne, Victoria, 3000 at 11.00am (AEDT) on Wednesday, 18 March 2020 (“Meeting”).

### AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

#### ORDINARY BUSINESS:

##### **Resolution 1: Adoption of Engage:BDR Options and Performance Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That pursuant to and in accordance with ASX Listing Rule 7.2 Exception 13(b), and for all other purposes including section 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme, being the proposed “Engage:BDR Options and Performance Rights Plan”, and to issue under the Plan up to the greater of 122.1 million equity securities or the number of equity securities which is equal to 5% of the number of issued ordinary shares of the Company at the time of the applicable issue, as set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

##### **Resolution 2: Approval to Grant Options to Mr Thomas Anderson**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, subject to Resolution 1 being passed, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, approval be given to an issue under the Engage:BDR Options and Performance Rights Plan of a total of 5,700,000 unlisted options to Thomas Anderson (a Non-Executive Director of the Company), or his nominee, expiring three (3) years after issue, and having the exercise prices, vesting dates and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

##### **Resolution 3: Approval to Grant Options to Mr Robert Antulov**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That subject to Resolution 1 being passed pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, approval be given an issue under the Engage:BDR Options and Performance Rights Plan of a total of 5,700,000 unlisted options to Robert Antulov (a Non-Executive Director of the Company), or his nominee, expiring three (3) years after issue, and having the exercise prices, vesting dates and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

**Resolution 4: Approval to Grant Options to Mr Darian Pizem**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That subject to Resolution 1 being passed pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, approval be given to an issue under the Engage:BDR Options and Performance Rights Plan of a total of 5,700,000 unlisted options to Darian Pizem (a Non-Executive Director of the Company), or his nominee, expiring three (3) years after issue, and having the exercise prices, vesting dates and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

**Resolution 5: Approval to Grant Performance Rights to Mr Ted Dhanik**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, subject to Resolution 1 being passed, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, approval be given to an issue under the Engage:BDR Options and Performance Rights Plan of a total of 50,000,000 performance rights (each convertible to one fully paid ordinary share upon satisfaction of an applicable milestone prior to the expiry date) to Ted Dhanik (an Executive Director of the Company), or his nominee on and subject to the terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

**Resolution 6: Approval to Grant Performance Rights to Mr Kurtis Rintala**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, subject to Resolution 1 being passed, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, approval be given to an issue under the Engage:BDR Options and Performance Rights Plan of a total of 15,000,000 performance rights (each convertible to one fully paid ordinary share upon satisfaction of an applicable milestone prior to the expiry date) to Kurtis Rintala (an Executive Director of the Company), or his nominee on and subject to the terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 4.

**Resolution 7: Approval to issue Shares**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 100,000,000 fully paid ordinary shares as described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 5.

**Resolution 8: Ratification of prior issue of Shares**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of 26,975,464 fully paid ordinary shares to the Investor as described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 5.

**Resolution 9: Approval to issue Shares**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of fully paid ordinary shares to the Investor (and/or its nominee(s)) in satisfaction of amortisation instalments under the*

*zero coupon convertible amortising securities or to reinstate collateral shares capitalised to satisfy amortisation instalments (or a combination of both) as described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 5.

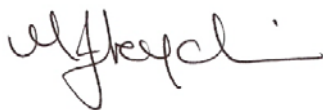
**Resolution 10:            Approval to issue potential further ZCSs**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to seven (7) ZCSs to the Investor (and/or its nominee(s)) as described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”*

A voting exclusion applies to this Resolution – see page 5.

**By order of the Board:**

A handwritten signature in black ink, appearing to read 'Melanie Leydin', written in a cursive style.

Melanie Leydin  
**Company Secretary**  
Dated: 7 February 2020

## Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Notes accompanying this Notice should be read together with, and form part of, this Notice.
2. **Record Date:** The Company has determined that for the purposes of the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Meeting. Only those persons will be entitled to vote at the Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting. On a poll, members have one vote for every fully paid ordinary share held.
3. **Proxies**
  - a. Votes at the Meeting may be given personally or by proxy, attorney or representative.
  - b. Each Shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a Shareholder of the Company.
  - d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
  - e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy form must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy.
  - i. To be effective, proxy forms must be received by the Company's share registry (Computershare Limited) no later than 48 hours before the commencement of the General Meeting, this is no later than 11.00am (AEDT) on Monday, 16 March 2020. Any proxy received after that time will not be valid for the scheduled meeting.

## 4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. How the Chairman will vote Undirected Proxies

Subject to any applicable restrictions, the Chairman will vote undirected proxies in favour of all of the proposed resolutions.

## 6. Voting Exclusion Statements:

### Resolution 1:

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- a person who is eligible to participate in the Engage:BDR Options and Performance Rights Plan;
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on Resolution 1 – see item 7, below.

### Resolutions 2, 3, 4, 5 and 6

The Company will disregard any votes cast in favour of each of Resolutions 2, 3, 4, 5 and/or 6 (respectively and separately) by or on behalf of:

- a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3<sup>^</sup> who is eligible to participate in the Engage:BDR Options and Performance Rights Plan;
- a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the applicable Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

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<sup>^</sup> Persons referred to in Listing Rules 10.14.1, 10.14.2 and 10.14.3 are Directors of the Company, their associates and persons whose relationship with the Company or to any of the Directors of the Company or their associates is such that, in ASX's opinion, the acquisition should be approved by shareholders.

- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on Resolutions 2, 3, 4, 5 and 6 – see item 7, below.

#### Resolutions 7, 9 and 10

The Company will disregard any votes cast in favour of Resolutions 7, 9 or 10 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the respective proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) and any associates of that person.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 8

The Company will disregard any votes cast in favour on Resolution 8 by or on behalf of any person who participated in the relevant issue and any associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **7. Restriction on KMPs voting undirected proxies:**

A vote must not be cast as proxy on any of Resolutions 1 to 6 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a “**Restricted Voter**”) may cast a vote on any of Resolutions 1 to 6 as a proxy if:

- a. The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution(s); or
- b. The Chairman is the Restricted Voter and the written appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution(s) or expressly authorises the Chairman to exercise the proxy even though the Resolution(s) is or are connected with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

### **8. Enquiries**

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

# engage:BDR Limited

ACN 621 160 585

Registered office: Scottish House, Level 4, 90 William Street, Melbourne, Victoria, 3000

## EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice for the Meeting to be held at the offices of William Buck, Level 20, 181 William Street, Melbourne, Victoria, 3000 on Wednesday, 18 March 2020 at 11.00am. The Notice incorporates, and should be read together with, this Explanatory Statement.

This Explanatory Statement and the Notice are important documents. Please read them carefully.

### RESOLUTION 1: ADOPTION OF ENGAGE:BDR OPTIONS AND PERFORMANCE RIGHTS PLAN

Resolution 1 seeks shareholder approval for the adoption of a proposed employee incentive scheme to be known as the “Engage:BDR Options and Performance Rights Plan” (“the Plan”).

The Plan would enable eligible directors, officers, employees and contractors (including executive and non-executive directors, officers, employees and contractors of the Company’s subsidiaries) to receive shares, options to acquire shares in the Company, other securities, or rights or interests such as performance rights.

No directors or their associates can or will be issued shares, options or other securities or rights under the Plan unless shareholder approval of specific issues to them is obtained. Under the Plan the Company may acquire shares on market to be held on trust for directors or their associates.

Resolutions 2 to 5 are proposed for the purposes of approving issues to Directors subject to Resolution 1 being passed. Approval is sought to issue up to 122.1 million equity securities (shares, options or other rights including performance rights each conditionally entitling the applicable holder to one fully paid ordinary shares upon exercise or achievement of the applicable milestone) . This number includes the options and performance rights which are the subject of Resolutions 2 to 6 with scope to issue a further up to 40 million equity securities to senior executives who are not directors of the Company. Any additional issues under the Plan above that number would require further shareholder approval, unless the total number of securities issued does not exceed 5% of the then issued shares of the Company.

A summary of the material terms of the proposed Plan is contained in Annexure A. A fully copy of the Plan terms can be obtained from the Company’s website at <https://engagebdr.com/board-management-and-corporate-governance/> under the Investors tab.

The objects of the Plan are to:

- provide eligible employees with an additional incentive to work to improve the performance of the Company;
- attract and retain eligible employees essential for the continued growth and development of the Company;
- promote and foster loyalty and support amongst eligible employees for the benefit of the Company;
- enhance the relationship between the Company and eligible employees for the long-term mutual benefit of all parties; and
- provide eligible employees with the opportunity to acquire shares, options or rights in the Company, in accordance with the Plan.

### ASX Listing Rules Chapter 7

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 exception 13 provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years after shareholder approval of the scheme. The Company therefore seeks approval of the Plan under ASX Listing Rule 7.2 Exception 13 so that issues of securities under the Plan do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

As the Plan will not commence until shareholder approval is obtained, no securities have been issued under the Plan.

A voting exclusion statement as set out in the Notice applies to Resolution 1.

#### Corporations Act

Approval is also sought under Resolution 1 for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The Plan provides for the Company to take security over shares issued under the Plan, and to place restrictions on transfer and voting which may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting. Resolution 2 seeks approval of the Plan for the purposes of section 259B(2) of the Corporations Act.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The Plan provides that the Company may make loans in respect of shares or other securities issued or to be acquired under the Plan and/or acquire shares or other securities to be held on trust for eligible participants. This may be considered to be the Company providing financial assistance for the acquisition of its own shares or other securities. Accordingly Resolution 2 seeks approval of the Plan for the purposes of section 260C(4) of the Corporations Act.

#### **RESOLUTIONS 2, 3 AND 4: APPROVAL TO GRANT OPTIONS TO NON-EXECUTIVE DIRECTORS**

Resolutions 2, 3 and 4 provide for a total of up to 17.1 million unlisted options (“the Options”) being granted under the Engage:BDR Options and Performance Rights Plan (subject to Resolution 1 being passed to approve adoption of the Plan) to three Non-Executive Directors of the Company (or their respective nominees) as described below:

<b>Director</b> (and/or his nominee)	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Vesting Date</b>	<b>Expiry Date</b>
<b>Mr Thomas Anderson</b>	1,900,000	25% premium to the 5-day VWAP <sup>^</sup>	Vesting upon issue	3 years after the date of issue
	1,900,000	35% premium to the 5-day VWAP <sup>^</sup>	Vesting 12 months after issue	3 years after the date of issue
	1,900,000	45% premium to the 5-day VWAP <sup>^</sup>	Vesting 24 months after issue	3 years after the date of issue
<b>Total</b>	<b>5,700,000</b>			
<b>Mr Robert Antulov</b>	1,900,000	25% premium to the 5-day VWAP <sup>^</sup>	Vesting upon issue	3 years after the date of issue
	1,900,000	35% premium to the 5-day VWAP <sup>^</sup>	Vesting 12 months after issue	3 years after the date of issue
	1,900,000	45% premium to the 5-day VWAP <sup>^</sup>	Vesting 24 months after issue	3 years after the date of issue
<b>Total</b>	<b>5,700,000</b>			
<b>Mr Darian Pizem</b>	1,900,000	25% premium to the 5-day VWAP <sup>^</sup>	Vesting upon issue	3 years after the date of issue
	1,900,000	35% premium to the 5-day VWAP <sup>^</sup>	Vesting 12 months after issue	3 years after the date of issue



	1,900,000	45% premium to the 5-day VWAP <sup>^</sup>	Vesting 24 months after issue	3 years after the date of issue
<b>Total</b>	<b>5,700,000</b>			

<sup>^</sup> The volume weighted average market price for the 5 days prior to the issue date of the Options upon which shares of the Company traded on ASX.

The following table sets out illustrative examples of the exercise prices at different 5-day VWAPs. The actual exercise prices will depend on the VWAP for the 5 days prior to the issue date of the Options upon which shares of the Company traded on ASX.

<b>Example 5-day VWAP:</b>	<b>\$0.017</b>	<b>\$0.020</b>	<b>\$0.023</b>	<b>\$0.026</b>	<b>\$0.02662</b>	<b>\$0.029</b>	<b>\$0.032</b>
<b>Options series (premium*):</b>							
25%	\$0.0213	\$0.0250	\$0.0288	\$0.0325	\$0.0333	\$0.0363	\$0.0400
35%	\$0.0230	\$0.0270	\$0.0311	\$0.0351	\$0.0359	\$0.0392	\$0.0432
45%	\$0.0247	\$0.0290	\$0.0334	\$0.0377	\$0.0386	\$0.0421	\$0.0464

\* To 5-day VWAP – see above.

The full terms of the Options are set out in Annexure B.

#### Directors' Remuneration Packages and Interests

As at the date of this Notice, the details (including the amount) of the current total remuneration package of each of the Directors to whom (or to whose nominees) Options would be issued if Resolutions 2, 3 and 4 are passed are:

<b>Director</b>	<b>Remuneration Package Details</b>
Mr Thomas Anderson	USD\$45,000
Mr Robert Antulov	AUD\$40,000 plus statutory superannuation entitlements per annum
Mr Darian Pizem	AUD\$40,000 plus statutory superannuation entitlements per annum

The above does not include the proposed Options.

The Company has obtained an independent assessment of the indicative fair value of the Options as summarised below. The values are indicative only based on assumptions relevant at the date of the calculation, being 10 December 2019. Different assumptions may be relevant at grant date which may alter the value of the Options for financial reporting purposes. The indicative values assume the 5 day VWAP at the time of the issue of the Options is \$0.02662. The total remuneration packages in the above table would be increased for each of the above Directors by the total per Director set out in the following table, based on the assumptions. The actual valuation amount will not be able to be calculated until the Options are issued, when the exercise price will be known (at which time other assumptions may also have changed).

<b>Options series:</b>	<b>25% premium*</b>	<b>35% premium*</b>	<b>45% premium*</b>	<b>Total</b>
<b>Assessment:</b>				
Value per Option	\$0.0101	\$0.0103	\$0.0108	n/a
Number per Director	1,900,000	1,900,000	1,900,000	5,700,000
Total \$ per Director	\$19,190	\$19,570	\$20,520	\$59,280
Total Options	5,700,000	5,700,000	5,700,000	17,100,000
Total \$	\$57,570	\$58,710	\$61,560	\$177,840

\* To 5-day VWAP – see above.

Vesting conditions of the Options are not reflected in the assessment of their value and the Hoadley Trading & Investment Tools ("Hoadley") ESO2 valuation model was used. Further information on Hoadley's employee option valuation models can be found at [www.hoadley.net](http://www.hoadley.net). The assumptions used in the valuation model were as follows:

<b>Options series:</b>	<b>25% premium*</b>	<b>35% premium*</b>	<b>45% premium*</b>
<b>Assumptions:</b>			
Valuation date	10-Dec-19	10-Dec-19	10-Dec-19
Spot price (9-Dec-19)	\$0.0220	\$0.0220	\$0.0220
Exercise price	\$0.0333	\$0.0359	\$0.0386

<b>Options series: Assumptions:</b>	<b>25% premium*</b>	<b>35% premium*</b>	<b>45% premium*</b>
Vesting date	Immediate	1 year from issue <sup>^</sup>	2 years from issue <sup>^</sup>
Expiry date	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>
Expected future volatility <sup>+</sup>	100%	100%	100%
Risk free rate	0.71%	0.71%	0.71%
Dividend yield	Nil	Nil	Nil
Early exercise multiple <sup>#</sup>	2.5x	2.5x	2.5x

\* To 5-day VWAP – see above.

<sup>^</sup> Based on the issue date being the valuation date.

+ Based on assessment of historical volatility over 1, 2 and 3 year trading periods, however historical volatility may not be a reasonable proxy for expected future volatility.

# Expected early exercise is factored into the valuation, by application of the binomial model (i.e. valuation of the option as an American style option – where early exercise is permitted). The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (e.g. 2.5 would mean that on average employees tend to exercise their options when the stock price reaches 2.5 times the exercise price). A number of historical studies are reported as having indicated that option holders early exercise options generally at between 2 to 3 times the exercise price, with the higher multiples generally attributable to more senior employees within a company. There is no certainty that the recipients of the Options will exercise the Options at those or higher or lower levels, or at all.

The above assumes a 5 day VWAP of \$0.02662 when the Options are issued. The exercise prices for the Options at that 5 day VWAP are included in the table on page 8 (and are rounded to 4 decimal places in the above assumptions table).

As at the date of this Notice, the Directors who are proposed to receive the Options have the following direct and indirect interests in shares and/or options of the Company:

<b>Director/Shareholder (and/or associate(s))</b>	<b>Existing</b>		<b>Options</b>
	<b>Shares</b>	<b>%</b>	
Mr Thomas Anderson	1,500,000	0.203%	Nil
Mr Robert Antulov	665,500	0.09%	Nil
Mr Darian Pizem	Nil	-	Nil

Following issue of the Options, each of the Directors in the above table (or their respective nominees) will hold 5,700,000 Options. If the respective Director's options were to be exercised (assuming no other director exercises options, and no other issues of shares), the above percentages would increase by 0.77%, to 0.97% in the case of Mr Anderson, by 0.76% to 0.85% in the case of Mr Antulov and by 0.77% to 0.77% in the case of Mr Pizem.

### Corporations Act

The Board has formed the view that the issue of Options to the above Directors (or their respective nominees) do not require Shareholder approval under section 208 of the Corporations Act as the issues constitute "reasonable remuneration" in accordance with section 211 of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes granting an option to a related party.

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Options aligns the interests of each of the above Directors with the interests of Shareholders. The grant of Options to each of the above Directors is a cost-effective form of remuneration when compared to the payment of cash consideration.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position and in order to compensate the above Directors in line with current market practices, Options provide an appropriate and meaningful remuneration component to the above Directors that is aligned with Shareholder interests.

Each Director who is proposed to receive Options was not present during the decision making process, including any decision to put to shareholders the proposed issue of their respective Options or otherwise regarding the proposed issue of their respective Options.

If Resolutions 1, 2, 3 and 4 are passed and the Options are issued, each of the Directors proposed to receive securities under Resolutions 1, 2, 3 and 4 (including direct and indirect interests) will have a relevant interest in 5,700,000 Options as set out in the table on page 7.

#### ASX Listing Rule 10.14

The Company is proposing to issue the Options under the Plan, which is an employee incentive scheme as defined in the Listing Rules.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1: a director of the company;
- 10.14.2: an associate of a director of the company; or
- 10.14.3: a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The proposed issue of the Options falls within Listing Rules 10.14.1 and/or 10.14.2 above and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

Resolutions 2, 3 and 4 seek the required shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolutions 2, 3 and 4 are passed, the Company will be able to proceed with the issue of the Options and the Directors (or their nominees) will receive the numbers of Options set out in the table on page 7, with the increase in their remuneration and potential increase in their shareholdings as described on page 9.

If Resolution 2, 3 or 4 is not passed, the Company will not be able to proceed with the issue of the Options to the applicable Director(s), and the applicable Director(s) (or their nominees) will not receive the Options or potential shareholdings as described on page 9. The Company may review the Non-Executive remuneration and compensate the equivalent valuation in cash.

If approval is given under ASX Listing Rule 10.14 approval is not required under ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.15 in respect of the proposed issues of Options to each Director under Resolutions 2, 3 and 4 (respectively):

- (a) the proposed recipients are Mr Thomas Anderson, Mr Robert Antulov and Mr Darian Pizem, each of whom is a Director of the Company, or their respective nominees (each of which would be an associate of the respective Director);
- (b) 5,700,000 unlisted Options are proposed to be issued to each of the proposed recipients, being a maximum aggregate of 17,100,000 Options;
- (c) the current total remuneration packages of each of Mr Thomas Anderson, Mr Robert Antulov and Mr Darian Pizem are set out on page 8, above;

- (d) no securities have previously been issued to Mr Thomas Anderson, Mr Robert Antulov and Mr Darian Pizem under the Plan;
- (e) each Option will have an exercise price calculated in accordance with the table on page 8 and will vest as set out in the table, will expire three (3) years after the date of issue and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the Options are set out in Annexure B;
- (f) the Company is issuing options as a form of equity security as a cost effective, non-cash incentive to non-executive Directors. The options will be recognised as an expense to the Company over the vesting period at the independent valuation outlined above.
- (g) the value the Company attributes to the Options is set out on page 8, above;
- (h) the Options will be issued no later than one month after the Meeting;
- (i) the Options will be issued as remuneration. As such there is no issue price for, and the Company will not receive cash from issue of the Options. Funds raised upon exercise of the Options will be applied to the working capital requirements of the Company at the time of exercise;
- (j) a summary of the material terms of the Plan is included in Annexure A. See the commentary on Resolution 1 for more detail;
- (k) no loans will be made to the Directors or their nominees in relation to the acquisition of the Options;
- (l) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after Resolutions 2, 3, 4 and 5 are approved and who are not named in this Notice and Memorandum will not participate until approval is obtained under that rule; and
- (n) a voting exclusion statement is contained within the Notice.

Resolutions 2, 3 and 4 are subject to Resolution 1 being passed to approve the adoption of the Plan. If Resolution 1 is not passed, Resolutions 2, 3 and 4 will be withdrawn.

## RESOLUTIONS 5 AND 6: APPROVAL TO GRANT PERFORMANCE RIGHTS

Resolutions 5 and 6 provides for the grant of 65 million Performance Rights under the Plan (subject to Resolution 1 being passed to approve adoption of the Plan) to the Chief Executive Officer, Mr Ted Dhanik (and/or his nominee) and the Chief Operating Officer, Mr Kurtis Rintala, as set out in the table below.

<b>Executive &amp; office held (and/or nominee)</b>	<b>Milestone (see corresponding numbered items below)</b>	<b>Number of Performance Rights &amp; %<sup>+</sup></b>	
<b>Ted Dhanik</b> Executive Chairman & Chief Executive Officer (CEO)	30% improvement in revenue <sup>1</sup>	15,000,000	1.99%
	25% improvement in gross profit <sup>2</sup>	5,000,000	0.67%
	50% improvement in profitability <sup>3</sup>	10,000,000	1.33%
	50% improvement in net assets <sup>4</sup>	10,000,000	1.33%
	50% improvement in market capitalisation <sup>5</sup>	10,000,000	1.33%
<b>Total Performance Rights (%if all above Milestones are achieved<sup>+</sup>)</b>		<b>50,000,000</b>	<b>6.33%</b>
<b>Kurtis Rintala</b> Executive Director & Chief Operating Officer (CEO)	30% improvement in revenue <sup>1</sup>	5,000,000	0.67%
	25% improvement in gross profit <sup>2</sup>	2,000,000	0.27%
	50% improvement in profitability <sup>3</sup>	2,000,000	0.27%
	50% improvement in net assets <sup>4</sup>	2,000,000	0.27%

<b>Executive &amp; office held (and/or nominee)</b>	<b>Milestone (see corresponding numbered items below)</b>	<b>Number of Performance Rights &amp; %<sup>+</sup></b>	
	50% improvement in market capitalisation <sup>5</sup>	4,000,000	0.54%
<b>Total Performance Rights (%if all above Milestones are achieved<sup>+</sup>)</b>		<b>15,000,000</b>	<b>1.99%</b>

+ The percentage the applicable tranche(s) would represent of existing issued shares plus the applicable tranche(s), upon issue, assuming only that specific Milestone is achieved at that time (or in the case of the total that all Milestones are achieved) and disregarding any other issues of shares. The total percentage if all Milestones are achieved is not a total of the percentages above it.

Milestones:

1. A 30% increase in audited operating revenue stated in an audited consolidated annual financial report of the Group (being the Company and its controlled entities) for a period up to and including the 2021 financial year (a "Future Report") over the audited revenue stated in the last audited consolidated annual financial report of the Company and its controlled entities (being the audited financial report for the year ended 31 December 2018) ("Base Report").
2. A 25% increase in audited gross profit (and/or reduction in gross loss) stated in a Future Report over the audited gross profit (loss) stated in the Base Report).
3. A 50% increase in audited earnings before interest, tax, depreciation and amortisation (EBITDA) (and/or reduction in a negative EBITDA) stated in a Future Report over the audited net profit (loss) before tax stated in the Base Report).
4. A 50% increase in audited net assets (and/or reduction in the net deficiency of assets if net assets are less than zero) stated in a Future Report over the audited net assets (deficiency) stated in the Base Report).
5. A 50% increase in the market capitalisation (number of ordinary shares on issue multiplied by the 20 day VWAP for days on which shares of the Company traded on ASX) up to and including the twentieth (20<sup>th</sup>) day on which shares of the Company traded on ASX after the release of the Future Report for the 2021 financial year, over the market capitalisation (calculated using the 20 day VWAP for days on which shares of the Company traded on ASX) on any prior day.

Lapse (cancellation) of Performance Rights if Milestone not achieved: Tranches of Performance Rights will lapse and be deemed to have been cancelled automatically if the Milestone applicable to that tranche is not achieved before or at the time the consolidated annual financial report of the Group for the 2021 financial year is released to ASX as an announcement in the case of Milestones 1, 2, 3 and 4, as above (or the twentieth trading day thereafter on which shares of the Company traded on ASX in the case of Milestone 5, as above). For the avoidance of doubt, a Milestone will be treated as achieved if the applicable result (revenue, profit, assets etc) is stated in the relevant Future Report, including the report for the 2021 financial year, in respect of Milestones 1, 2, 3 and 4, above, or the market capitalisation in respect of Milestone 5, above, is achieved for the twentieth trading day thereafter on which shares of the Company traded on ASX. If the financial year of the Group is changed and no longer ends on 31 December, the calculation of the relevant amount(s) will be adjusted for the short period which is deemed to be a financial year due to the change in the year end, and the lapse and cancellation date will be extended until the release of the Future Report for the first financial year ending after 31 December 2021 in the case of Milestones 1, 2, 3 and 4 (and the twentieth trading day thereafter on which shares of the Company traded on ASX in the case of Milestone 5).

Announcing achievement of Milestones and issue of shares, or lapse of Performance Rights: The Company will announce the achievement of a Milestone and issue the applicable shares as soon as practicable after the relevant Milestone is identified as having been achieved, or announce the non-achievement of a Milestone if not achieved (and lapse and cancellation of the applicable Performance Rights) by or before the last date upon which it may be achieved as soon as practicable after that date has occurred.

Milestones not cumulative: Each of the Milestones 1 to 5, above, applies and will be its achievement (or non-achievement) will be determined separately, independently of the other Milestones for tranches of Performance Rights. Milestones are not cumulative (that is, a lower number or other Milestone is not required to be achieved before a particular Milestone is achieved, and the achievement of one Milestone will not be a precondition for achievement of another Milestone). Accordingly, an Executive may receive different tranches of shares upon achievement of different Milestones at different times. Once a Milestone is achieved and the

applicable tranche of shares are issued subsequent achievement of the same Milestone will not result in further shares being issued.

#### Director's Remuneration Package and Interests

As at the date of this Notice, the details (including the amount) of the current total remuneration package of Mr Ted Dhanik and Mr Kurtis Rintala (the Directors to whom (or to whose nominees) Performance Rights would be issued if Resolutions 5 and 6 is passed are:

Director	Remuneration Package Details
Mr Ted Dhanik	USD\$235,000
Mr Kurtis Rintala	USD\$235,000

The above does not include the proposed Performance Rights.

The Company has obtained an independent assessment of the indicative fair value of the Performance Rights as summarised below. The values are indicative only based on assumptions relevant at the date of the calculation, being 10 December 2019. Different assumptions may be relevant at grant date which may alter the value of the Performance Rights for financial reporting purposes. The total remuneration package in the above table would be increased by the total set out in the following table based on those assumptions. The actual valuation amount will not be able to be calculated until the Performance Rights are issued (at which time the assumptions may have changed).

Performance Rights (by Milestone^): Assessment:	30% improvement in revenue	25% improvement in gross profit	50% improvement in profitability	50% improvement in net assets	50% improvement in market capitalisation	Total
Value per Right	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0193	n/a
<b>Ted Dhanik</b>						
Number	15,000,000	5,000,000	10,000,000	10,000,000	10,000,000	50,000,000
Total \$	\$330,000	\$110,000	\$220,000	\$220,000	\$193,000	\$1,073,000
<b>Kurtis Rintala</b>						
Number	5,000,000	2,000,000	2,000,000	2,000,000	4,000,000	15,000,000
Total \$	\$110,000	\$44,000	\$44,000	\$44,000	\$77,200	\$319,200

<sup>^</sup> See page 12 for details of the Milestones.

Vesting conditions of the Performance Rights other than the Performance Rights having a 50% improvement in market capitalisation Milestone are not reflected in the assessment of their value and the Hoadley Trading & Investment Tools ("Hoadley") ESO2 valuation model was used. As the vesting of the Performance Rights having a 50% improvement in market capitalisation Milestone Rights is dependent on the future market price of the Company's ordinary shares, the Hoadley Barrier1 trinomial option valuation model was used. Further information on Hoadley's employee option valuation models can be found at [www.hoadley.net](http://www.hoadley.net). The assumptions used in the valuation models were as follows:

Performance Rights (by Milestone^): Assumptions:	30% improvement in revenue	25% improvement in gross profit	50% improvement in profitability	50% improvement in net assets	50% improvement in market capitalisation
Valuation date	10-Dec-19	10-Dec-19	10-Dec-19	10-Dec-19	10-Dec-19
Spot price (9-Dec-19)	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220
Exercise price	Nil	Nil	Nil	Nil	Nil
Vesting date	N/A	N/A	N/A	N/A	N/A
Expiry date	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>	3 years from issue <sup>^</sup>

<b>Performance Rights (by Milestone<sup>^</sup>):</b>	<b>30%</b> improvement in revenue	<b>25%</b> improvement in gross profit	<b>50%</b> improvement in profitability	<b>50%</b> improvement in net assets	<b>50%</b> improvement in market capitalisation
<b>Assumptions:</b>					
Expected future volatility <sup>+</sup>	100%	100%	100%	100%	100%
Risk free rate	0.71%	0.71%	0.71%	0.71%	0.71%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Barrier price	N/A	N/A	N/A	N/A	\$0.0387*

<sup>^</sup> Based on the issue date being the valuation date.

<sup>+</sup> Based on assessment of historical volatility over 1, 2 and 3 year trading periods, however historical volatility may not be a reasonable proxy for expected future volatility.

<sup>\*</sup> Based on the terms of the vesting condition and the market capitalisation as at the valuation date.

As at the date of this Notice, Mr Ted Dhanik and Mr Kurtis Rintala have the following direct and indirect interests in shares and/or options of the Company:

<b>Director/Shareholder (and/or associate(s))</b>	<b>Existing</b>		<b>Options</b>
	<b>Shares</b>	<b>%</b>	
Mr Ted Dhanik	57,681,498	7.8%	Nil
Mr Kurtis Rintala	36,717,391	4.97%	Nil

Following issue of the Performance Rights, Mr Ted Dhanik (or his nominee(s)) will hold 50 million Performance Rights and Mr Kurtis Rintala will hold 15 million Performance Rights. If the Milestones applicable to all the Performance Rights were to be achieved in full before the respective Performance Rights' lapse or expiry dates, and all these Performance Rights were converted to fully paid ordinary shares in the Company (and assuming no other issues of shares), the above percentages would increase by 5.59% to 13.39% in the case of Mr Ted Dhanik and by 1.46% to 6.43% for Mr Kurtis Rintala.

#### Corporations Act

The Board has formed the view that the issue of the Performance Rights to Mr Ted Dhanik (or his nominee) and Mr Kurtis Rintala (or his nominee) do not require Shareholder approval under section 208 of the Corporations Act as the issues constitute "reasonable remuneration" in accordance with section 211 of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes granting a right to securities (such as a performance right) to a related party.

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Performance Rights aligns the interests of each of the Directors with the interests of Shareholders. The grant of Performance Rights to the Directors is a cost-effective form of remuneration when compared to the payment of cash consideration.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position and in order to compensate the Directors in line with current market practices, Performance Rights provide an appropriate and meaningful remuneration component to the Director that is aligned with Shareholder interests.

The Directors who are proposed to receive the Performance Rights were not present during the decision making process, including any decision to put to shareholders the proposed issue of the Performance Rights or otherwise regarding the proposed issue of the Performance Rights.

If Resolutions 1, 5 and 6 are passed and the Performance Rights are issued, the Directors proposed to receive securities under Resolutions 1, 5 and 6 (including direct and indirect interests) will have a relevant interest in 65 million Performance Rights as set out in the table on pages 11 to 12.

#### ASX Listing Rule 10.14

The Company is proposing to issue the Performance Rights under the Plan, which is an employee incentive scheme as defined in the Listing Rules.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1: a director of the company;
- 10.14.2: an associate of a director of the company; or
- 10.14.3: a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The proposed issue of the Performance Rights falls within Listing Rules 10.14.1 and/or 10.14.2 above and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

Resolutions 5 and 6 seek the required shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolutions 5 and 6 are passed, the Company will be able to proceed with the issue of the Performance Rights and Mr Ted Dhanik (or his nominee) and Mr Kurtis Rintala (or his nominee) will receive the numbers of Performance Rights set out in the table on pages 11-12, with the increase in their remuneration and potential increase in their shareholding as described on page 14.

If Resolutions 5 and 6 are not passed, the Company will not be able to proceed with the issue of the Performance Rights, and Mr Ted Dhanik (or his nominee) and Mr Kurtis Rintala will not receive the Performance Rights or potential increase in their shareholdings as described on page 14. The Company may consider additional cash compensation for each of the Executives should the resolution not be passed.

If approval is given under ASX Listing Rule 10.14 approval is not required under ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.15 in respect of the proposed issue of Performance Rights under Resolutions 5 and 6:

- (a) the proposed recipients are Mr Ted Dhanik and Mr Kurtis Rintala, Directors of the Company, or their respective nominee (which would be an associate of the Director);
- (b) 65 million unlisted Performance Rights are proposed to be issued;
- (c) the current total remuneration packages of Mr Ted Dhanik and Mr Kurtis Rintala is set out on page 13, above;
- (d) no securities have previously been issued to Mr Ted Dhanik or Mr Kurtis Rintala under the Plan;
- (e) each Performance Right will have the Milestones and expiry or lapse dates set out or described in and under the table on pages 11-12 and will, upon achievement of the applicable Milestone, entitle the holder to one fully paid ordinary share in the Company. The general terms of the Performance Rights will be as provided for in the Plan;
- (f) the Company is issuing Performance Rights as a form of security as a cost effective, non-cash incentive to Executive Directors. The Rights align the company's strategic goals with that of the executive. The



rights will be recognised as an expense to the Company over the vesting period at the independent valuation outlined above.

- (g) the value the Company attributes to the Performance Rights is set out on page 13, above;
- (h) the Performance Rights will be issued no later than one month after the Meeting;
- (i) the Performance Rights will be issued as remuneration. As such there is no issue price for, and the Company will not receive cash from issue of the Performance Rights. Funds raised upon exercise of the Performance Rights will be applied to the working capital requirements of the Company at the time of exercise;
- (j) a summary of the material terms of the Plan is included in Annexure A. See the commentary on Resolution 1 for more detail;
- (k) no loans will be made to the Directors or their nominees in relation to the acquisition of the Performance Rights;
- (l) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after Resolutions 2, 3, 4 and 5 are approved and who are not named in this Notice and Memorandum will not participate until approval is obtained under that rule; and
- (n) a voting exclusion statement is contained within the Notice.

Resolutions 5 and 6 are subject to Resolution 1 being passed to approve the adoption of the Plan. If Resolution 1 is not passed, Resolutions 5 and 6 will be withdrawn.

#### **Resolution 7: Approval to issue Shares**

Resolution 7 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 100,000,000 fully paid ordinary shares at an issue price to be determined following the Meeting but not less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date.

The shares the subject of this Resolution 7 may be issued in response to interest received in respect of investment in the Company's securities, including in settlement of outstanding creditor balances. The recipients of these shares are not known as at the date of the Meeting however it is anticipated to be a mix of existing shareholders and new investors, each of whom will be unrelated to the Company and will not require disclosure under Chapter 6D of the Corporations Act.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

While the maximum issue for which Resolution 7 seeks approval would not exceed the 15% limit in Listing Rule 7.1 if Resolution 8 is passed, and therefore could be made without breaching that rule (again, if Resolution 8 is passed), the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain further shareholder approval under Listing Rule 7.1. To do this, the Company is asking shareholders to approve the issue of shares under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

To this end, Resolution 7 seeks shareholder approval for the issue under and for the purposes of Listing Rule 7.1.

If shareholders pass Resolution 7, the Company will have the flexibility to issue these shares without using up any of its 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1. Issues of shares made under the approval will be excluded from the calculation of the number of equity securities the Company can issue without shareholder approval under Listing Rule 7.1. Receipt of shareholder approval does

not, however, mean the Company will issue all or any of these shares, and the decision to issue shares remains with the Board.

If shareholders do not pass Resolution 7, the Company will be able to issue the shares but it will reduce the Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for 12 months following the issue. The issue(s) would use then existing 15% capacity, and the Company would not be able to issue the shares to the extent the number of shares sought to be issued at the time exceeded the then available 15% capacity.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) the shares are anticipated to be issued to a mix of existing shareholders and new investors, each of whom will be unrelated to the Company and will not require disclosure under Chapter 6D of the Corporations Act;
- (b) the maximum number of shares that may be issued is 100,000,000. The shares will be fully paid ordinary shares;
- (c) the shares are proposed to be issued within three months of the date of the Meeting. Any shares issued more than three months after the date of the Meeting will be issued without shareholder approval and will use the Company's placement capacity. The Company may seek further shareholder approval to issue shares the subject of Resolution 7 in the event such shares are not issued within three months of the Meeting;
- (d) the issue price of shares will be not less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date;
- (e) the funds raised from the issue will be used for general working capital purposes; and
- (f) a voting exclusion statement is included in the Notice.

#### **Resolution 8: Ratification of Prior Issue of Shares**

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 26,975,464 fully paid ordinary shares.

The shares were issued without shareholder approval under the Company's 15% placement capacity under to ASX Listing Rule 7.1. The 15% placement capacity under to ASX Listing Rule 7.1 is described above (in the commentary on Resolution 7).

Resolution 8 therefore seeks shareholder ratification of the prior issue of the 26,975,464 shares in accordance with ASX Listing Rule 7.4.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity pursuant to ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

If shareholders pass Resolution 8 then these shares will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval. If shareholders do not pass Resolution 8 then these shares will continue to use the placement capacity available to the Company under the ASX Listing Rules.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the shares were issued to Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (the "Investor"), which is not a related party of the Company;
- (b) 26,975,464 fully paid ordinary shares were issued;

- (c) the shares were issued on 17 January 2020;
- (d) the shares were issued at a deemed issue price of \$0.017 (1.7 cents) per share. No funds were raised from the issue of the shares.
- (e) The shares were issued under the agreement between the Company and the Investor in respect of the zero coupon convertible amortising securities issued on 25 September 2019 which requires collateral shares to be maintained at approximately 4.9% of the total then issued shares of the Company by being replenished if the number of collateral shares falls below 2.5% of the total then issued shares of the Company. Further details of the terms of the agreement are set out in Annexure C and were set out in the Company's announcement to ASX on 23 September 2019; and
- (f) a voting exclusion statement is included in the Notice.

## RESOLUTIONS 9 AND 10 – RENEWAL OF ZCS APPROVALS

At the General Meeting held on 22 November 2019 Shareholders approved resolutions regarding the agreement ("the Agreement") with Alto Opportunity Master Fund SPC – Segregated Master Portfolio B ("the Investor"), who is not a related party of the Company, for the issue of zero coupon convertible amortising securities ("ZCS"). The approvals applied for three months after that General Meeting. Resolutions 9 and 10 are proposed for the renewal of those approvals for a further three months and to further provide for the reinstatement of collateral shares potentially used to meet amortisation instalments (as referred to in respect of Resolution 8).

The entry into the Agreement was announced by the Company on 23 September 2019.

The Agreement is structured as an initial drawdown (tranche) with the potential for a further 7 drawdowns (each with a face value of US\$4.12 million and issue price of US\$3.5 million (or such other amounts as the Company and the Investor may agree on a tranche by tranche basis)) subject to and conditional upon the satisfaction or waiver of conditions, including the agreement of the Investor, as set out in the announcement made by the Company and released to ASX on 23 September 2019.

If the conditions of all 7 subsequent tranches to be drawn down are satisfied or waived (including the Investor agreeing to proceed with individual tranches) the total potential value of the issue of all 8 drawdowns would be US\$30.9 million and the aggregate issue price before costs would be approximately US\$26.25 million.

On 25 September 2019, the Company announced that it had issued the initial tranche ZCS to the Investor with an issue price of US\$1.75 million and face value of US\$2.06 million. The ZCS is secured and has a maturity date of 30 November 2020. The ZCS is convertible at the election of the Investor at the rate of one fully paid ordinary share for every \$0.35 (35 cents) of the face value converted, at the US\$/A\$ exchange published by the Reserve Bank of Australia on the day before conversion.

Terms of the ZCS are set out in Annexure C, the announcement made by the Company on 23 September 2019 and in the cleansing notice in respect of the ZCS released by the Company to ASX on 25 September 2019.

The face value of the ZCSs will be amortised by 12 monthly instalments in shares or cash commencing 60 days from the issue date. The terms of payment of amortisation instalments are set out below:

- If the amortisation instalment is paid in cash, the amount payable is 103% of 1/12<sup>th</sup> of the face value of the relevant ZCS (plus any then outstanding costs or other amounts).
- If the Company wishes to satisfy an amortisation instalment by issuing shares instead of paying cash, its ability to do so will be subject to having obtained Shareholder approval in anticipation of the issue of shares to satisfy amortisation instalment(s), unless the Company's existing placement capacity is sufficient for the issue of the shares to satisfy amortisation instalment(s) without requiring further Shareholder approval. The number of shares to be issued to satisfy an amortisation instalment is calculated as follows:

$$A / P = S$$

Where:

**A** = the amortisation instalment amount.

**P** = the lower of \$0.35 (35 cents) or 85% of either the two lowest daily VWAP (in AUD to three decimal places provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places) in the 20 trading days before the

amortisation instalment is due or the daily VWAP on the last trading day before the instalment payment is due.

**S** = the number of shares to be issued to satisfy the amortisation instalment amount.

- If the Company chooses to satisfy amortisation instalment(s) by issuing shares but is unable to issue some or all of such shares, the instalment (or applicable part) is payable in cash at 110% of the face value amortised.

A summary of the terms of the ZCSs are set out in Annexure C and in the announcement released to ASX on 23 September 2019.

Since the issue of the initial tranche ZCS in September 2019 the Company has amortised US\$549,333.34 of the face value by a combination of cash payments and capitalisation of collateral shares. Resolution 7 seeks Shareholder ratification of shares issued to reinstate capitalised collateral shares. Further shares may be issued as part of amortising the ZCS or to replenish capitalised collateral shares after the date of this Notice of Meeting.

### **Resolution 9: Approval to issue Shares**

Resolution 9 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 to enable it to issue shares to satisfy amortisation instalments under the ZCS on issue as set out above, if it chooses to do so and the conditions for paying the applicable amortisation instalment by issuing shares are satisfied or waived. Shares may be issued to satisfy amortisation instalments, or to reinstate collateral shares capitalised to satisfy amortisation instalments (or a combination of both). Further information about capitalisation of collateral shares, and maintaining collateral shares, is set out above in respect of Resolution 8.

If Shareholders approve the issue of shares by passing Resolution 9, the Shareholder approval is only valid for three months from the Meeting in accordance with ASX Listing Rule 7.3.4. Accordingly, the Shareholder approval sought under Resolution 9 may be used by the Company to issue shares to satisfy or reinstate capitalised collateral shares during that period, and the Company will be likely to seek further Shareholder approvals in future to issue additional shares to satisfy amortisation instalments or reinstate capitalised collateral shares, whether under the existing ZCS or under the further ZCSs (the approval for the issue of which is sought under of Resolution 10) as an alternative to issuing shares to meet amortisation instalments under its placement capacity.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of Shareholders at a general meeting.

The potential issues of shares to satisfy amortisation instalments or to reinstate capitalised collateral shares may exceed the 15% limit in Listing Rule 7.1. The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain further Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue of shares under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1. The Company therefore proposes Resolution 9 to seek the approval of Shareholders under and for the purposes of Listing Rule 7.1.

If Resolution 9 is passed, the Company will be able to proceed with issues of shares to satisfy amortisation instalments or to reinstate capitalised collateral shares, if the conditions for issuing or capitalising shares to meet amortisation instalments are met and the Company chooses to satisfy amortisation instalments (in whole or in part) by issues of shares rather than by paying cash. This allows the Company greater flexibility, and may enable it to preserve its cash resources for other purposes. In addition, the issues will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. Receipt of Shareholder approval does not, however, mean the Company will issue all or any of the shares, and the decision to issue shares to satisfy amortisation instalments, if the conditions for issuing or capitalising shares to meet amortisation instalments are met, remains with the Board.

If Resolution 9 is not passed, the Company will not be able to make issues of shares to satisfy amortisation instalments or to reinstate capitalised collateral shares unless (and then only to the extent) that it has capacity under Listing Rule 7.1 at the time. It therefore may not have the flexibility of choosing whether to satisfy one or more, or all or part of, amortisation instalments by issuing shares and would be required to use cash to make the payments. It would also potentially reduce the Company's ability to issue shares or other equity securities for other purposes, if the 15% capacity under Listing Rule 7.1 were to be used to satisfy amortisation instalments or to reinstate capitalised collateral shares.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) the shares will be issued to Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (and/or its nominee(s)) (“the Investor”). The Investor is not a related party of the Company;
- (b) the number of shares to be issued is to be calculated in accordance with the formula set out on page 18 of this Explanatory Statement. If an amortisation instalment of US\$171,666.67, being 1/12<sup>th</sup> of the face value of US\$2.06 million, were to be paid by issuing shares at A\$0.016 (1.6 cents)<sup>1</sup> at the RBA’s exchange rate of US\$0.6884 to A\$1 for 20 January 2020 a total of approximately 15.59 million shares would be issued for that instalment. If collateral shares are capitalised to meet the payment, the number of capitalised collateral shares to be reinstated would be calculated in the same manner. The shares will be fully paid ordinary shares;
- (c) the Company proposes issuing the shares the subject of this Resolution 9 periodically to meet amortisation instalments under the ZCS or to reinstate capitalised collateral shares. No shares will be issued under the Shareholder approval sought under Resolution 9 more than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) fully paid ordinary shares shall be issued to satisfy amortisation instalments under the ZCS or to reinstate capitalised collateral shares. The shares will be issued at a deemed price calculated in accordance with “P” of the formula set out on page 18 in the case of shares issued to satisfy amortisation instalments under the ZCS or a deemed price reflecting the market price at the time of issue for shares issued to reinstate capitalised collateral shares;
- (e) no funds will be raised from the issue of shares. The shares are proposed to be issued to satisfy amortisation instalment(s) under the existing issued ZCS or reinstate collateral shares capitalised for that purpose;
- (f) the shares would be issued under the Agreement as described above. Further details of the terms of the agreement are set out in Annexure C and were set out in the Company’s announcement to ASX on 23 September 2019; and
- (g) a voting exclusion statement is included in the Notice.

#### **Resolution 10: Approval to issue potential further ZCSs**

Resolution 10 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 7 potential additional tranches of ZCSs under the Agreement to the Investor. The terms of the up to 7 potential additional tranches of ZCSs are set out in Annexure C and were set out in the announcement made by the Company to ASX on 23 September 2019.

Shareholders previously approved the issue of the up to 7 potential additional tranches of ZCSs at the Company’s General Meeting on 22 November 2019. None of the potential additional tranches of ZCSs have been issued since that meeting. The approval lapses 3 months after that meeting, and a refreshed approval is sought by the proposal of Resolution 10.

The issue of each of the additional tranches of ZCS is subject to and conditional upon the satisfaction or waiver of conditions as described in the announcement made by the Company on 23 September 2019, and the Investor agreeing to the issue of the applicable additional tranche.

If Shareholders approve the issue of the further ZCSs, the Shareholder approval is only valid for three months from the Meeting in accordance with ASX Listing Rule 7.3.2. The Company might not elect to issue any or all of the further ZCSs, the Investor might not agree to the issue of further ZCSs, or the conditions for the issue of further ZCSs might not be satisfied or waived, during the three month period after the Meeting for which the Shareholder approval applies.

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*1. For purposes of this example, the lowest closing price in the 20 trading days to and including 21 January 2020 of A\$0.19 (1.9 cents) has been used to represent the 2 lowest daily VWAPs. The full description of how the price to be applied is determined is set out in “P” the formula on page 18.*

Issues of further ZCSs more than three months after the Meeting would use placement capacity of the Company unless a further, refreshed Shareholder approval has been obtained at a later meeting. In addition, if Shareholders do not approve Resolution 10 then issues of further ZCSs would only be possible if sufficient placement capacity is available to the Company at the time (or a later approval were to be obtained).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of Shareholders at a general meeting.

The issues of further ZCSs could exceed the 15% limit in Listing Rule 7.1. The Company therefore seeks the approval of Shareholders under Listing Rule 7.1. While there has been no decision to issue further ZCSs, the Company wishes to retain as much flexibility as possible to issue further ZCSs into the future without having to obtain further Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the potential issue ZCS under Listing Rule 7.1.

Resolution 10 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1.

If Resolution 10 is passed, the Company will be able to issue further tranches of ZCSs within 3 months after the Meeting if the conditions for issuing ZCSs are met, the Company chooses issue one or more further ZCSs and the Investor agrees to the issue of one or more further ZCSs to it. In addition, any issues of ZCSs will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. Receipt of Shareholder approval does not, however, mean the Company will issue any further tranches of ZCSs.

If Resolution 10 is not passed, the Company will not be able to issue further tranches of ZCSs unless (and then only to the extent) that it has capacity under Listing Rule 7.1 at the time. It therefore may not have the flexibility of choosing whether to issue further tranches of ZCSs and as a result would not be able to use ZCSs to raise additional funds. It would also potentially reduce the Company's ability to issue shares or other equity securities for other purposes, if the 15% capacity under Listing Rule 7.1 were to be used to issue a ZCS, again if (and then only to the extent) that it has capacity under Listing Rule 7.1 at the time.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) the ZCSs will be issued to Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (and/or its nominee(s)) (“the Investor”). The Investor is not a related party of the Company;
- (b) the maximum number of securities that may be issued is 7 ZCSs. The ZCSs are zero coupon convertible amortising securities;
  - o If the face value of a further ZCS were to be US\$4.12 million (the maximum provided for above), conversion at A\$0.35 (35 cents) at the RBA's exchange rate of US\$0.6884 to A\$1 for 20 January 2020 would result in a total of approximately 17.1 million shares being issued. If an amortisation instalment of US\$343,300, being 1/12<sup>th</sup> of a face value of US\$4.12 million, were to be paid by issuing shares at A\$0.016 (1.6 cents)<sup>2</sup>, at that exchange rate a total of approximately 31.2 million shares would be issued for that instalment;
- (c) potential additional tranches of ZCSs shall have the same terms as the ZCS already issued, but for the conditions of issue and the total face value and issue price. The terms of any additional tranche of ZCS will be as set out in the announcement of the Company released to ASX on 23 September 2019;
- (d) none of the potential additional tranches of ZCSs will be issued under the Shareholder approval sought under Resolution 10 more than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As noted above, the Company might not choose to issue any or all of the further ZCSs the subject of Resolution 10 (whether within the three months of the Meeting or at all);

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*2. For purposes of this example, the lowest closing price in the 20 trading days to and including 21 January 2020 of A\$0.19 (1.9 cents) has been used to represent the 2 lowest daily VWAPs. The full description of how the price to be applied is determined is set out in “P” the formula on page 18.*

- (e) each further ZCS shall have a face value of up to US\$4.12 million and an issue price of up to US\$3.5 million (or such other amounts as the Company and the Investor may agree on a tranche by tranche basis);
- (f) purpose of the issue would be to raise funds which be used for the Company's general corporate and working capital purposes applying at the time;
- (g) the ZCSs would be issued under the Agreement as described above. Further details of the terms of the agreement are set out in Annexure C and were set out in the Company's announcement to ASX on 23 September 2019; and
- (h) a voting exclusion statement is included in the Notice.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**AEDT**” means Australian Eastern Daylight Time;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Company**” means engage:BDR Limited ACN 621 160 585;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Explanatory Statement**” means the explanatory statement which forms part of the Notice;

“**Group**” means the Company and its controlled entities;

“**Investor**” means Alto Opportunity Master Fund SPC – Segregated Master Portfolio B;

“**Listing Rules**” means the listing rules of ASX;

“**Milestone**” means a milestone (or condition for conversion of the applicable Performance Rights) described on page 12;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Option**” means an unlisted option to acquire by issue a fully paid ordinary share in the capital of the Company issued under the Plan;

“**Performance Right**” means a performance right issued under the Plan;

“**Plan**” means the proposed Engage Options and Performance Rights Plan, a summary of the terms of which is set out in Annexure A and fully copy of which can be obtained from the Company’s website at <https://engagebdr.com/board-management-and-corporate-governance/> under the Investors tab;

“**Proxy Form**” means the proxy form attached to or accompanying the Notice;

“**Resolution**” means a resolution referred to in the Notice;

“**Shareholder**” means shareholder of the Company; and

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules and

“**Trading Days**” has a corresponding meaning;

“**VWAP**” means “volume weighted average market price” as defined in the Listing Rules.



## Annexure A

### Resolution 1

#### Engage:BDR Options and Performance Rights Plan (“the Plan”)

A summary of material terms of the Plan is set out as follows. A fully copy of the Plan terms can also be obtained from the Company’s website at <https://engagebdr.com/board-management-and-corporate-governance/> under the Investors tab.

- the Plan sets out the framework for the offer of Shares, Options or Performance Rights by the Company, and is typical for a document of this nature;
- in making its decision to issue Shares, Options or Performance Rights, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has broad flexibility to issue Shares, Options or Performance Rights having regard to a range of potential vesting criteria and conditions;
- in certain circumstances, unvested Options or Performance Rights will immediately lapse and any unvested Shares held by the participant will be forfeited if the relevant person is a “bad leaver” as distinct from a “good leaver”;
- if a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or its subsidiaries, the Board may determine that any unvested Performance Rights or Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- in certain circumstances, Shares, Performance Rights or Options can vest early, including following a change of control or other events of a similar nature. For the purposes of this rule, a relevant control event occurs in a number of scenarios in which a third party may acquire 50% or more of the Company’s Shares;
- the total number of Shares that would be issued were each Option, Performance Right and Share under the Plan exercised or vested (as applicable), plus the number of Shares issued in the previous three years under the Plan, must not, at any time, exceed the greater of the last specific number approved by shareholders under the ASX Listing Rules or 5% of the total number of Company Shares then on issue. Shares issued under the Plan will rank equally in all respects with other Shares and the Company must apply for the quotation of such Shares;
- the Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares;
- in respect of vested Options or Performance Rights, if the Board becomes aware of an event which would have resulted in vesting criteria not being satisfied, such as a material misstatement in the Company’s financial statements during the vesting period, any affected vested Options or Rights may be cancelled for no consideration;
- in the event of any reorganisation of the issued capital of the Company on, or prior to, the expiry of the Performance Rights or Options, the rights of the relevant security holder can be changed in the discretion of the Board, including to comply with the applicable ASX Listing Rules in force at the time of the reorganisation; and
- the Board is granted a certain level of discretion under the Plan, including the power to amend the rules under which the Plan is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

## Annexure B

### Resolutions 2, 3 and 4

#### Option Terms

- 1 The Options shall be issued under the Engage:BDR Options and Performance Rights Plan (“the Plan”) for no cash consideration.
- 2 The Options will vest as set out in the table on page 7, above.
- 3 The exercise prices will be calculated as set out in the table on page 8, above, as adjusted in accordance with these terms from time to time (**Exercise Price**). The applicable exercise price payable in full on exercise.
- 4 The Options will expire the date three years after the issue date (**Expiry Date**) unless earlier exercised.
- 5 The Options are non-redeemable and transferable, subject to any securities laws (including subordinate legislation and the Listing Rules and any regulations of ASX).
- 6 The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Option to the Company at any time on or after the applicable vesting date of the Options exercised and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods. Cashless exercise of the Options is subject to prior written agreement with the Company.
- 7 Upon the valid exercise of Options and payment of the Exercise Price the Company will within two Trading Days issue fully paid ordinary shares ranking pari passu with the Company’s then issued ordinary shares.
- 8 Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise Options, in accordance with the requirements of the Listing Rules.
- 9 Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- 10 In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (a) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- 11 If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option will be reduced according to the following formula:

$$O^n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

$O^n$  = the new exercise price of the Option;

$O$  = the old exercise price of the Option;

$E$  = the number of underlying securities into which one Option is exercisable;

$P$  = the volume weighted average market price per security of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;

- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- 12 If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- 13 Subject to items 10, 11 and 12, the terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change by resolution. However, unless all necessary waivers of the ASX Listing Rules are obtained, the terms of the New shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
- 14 The Company does not intend to apply for listing of the Options on the ASX.
- 15 The Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Option within the time period specified in the Listing Rules (or if no period is specified, promptly).

## Annexure C

### Resolutions 9 and 10

**Summary of terms of the Zero Coupon Amortising Securities Agreement (“Agreement”) dated 23 September 2019 between Engage:BDR Limited (“the Company”) and Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (“the Investor”) for the issue by the Company to the Investor of Zero Coupon Convertible Amortising Securities (ZCSs)**

Initial tranche / drawdown:	<p>Face Value: US\$2,060,000.</p> <p>Issue Price: US\$1,750,000</p> <p>Issued 25 September 2019</p> <p>Amount of Face Value amortised at the date of this Notice: US\$549,333.34</p>
Up to 7 potential subsequent tranches / drawdowns:	<p>Face value: US\$4,120,000.</p> <p>Issue Price: US\$3,500,000 (or such other amounts as the Company and the Investor may agree on a tranche by tranche basis).</p> <ul style="list-style-type: none"> <li>- See further below about further drawdowns being conditional, including the Investor agreeing to proceed with a particular tranche.</li> <li>- Further announcements will be made to the market if subsequent drawdowns occur.</li> </ul>
Additional shares and options:	<p>Under the Agreement, the Company also issued to the Investor:</p> <ul style="list-style-type: none"> <li>- 13,750,000 unlisted options with an exercise price of \$0.026 (2.6 cents), and with an expiry date of 30 September 2022; and</li> <li>- 28.5 million fully paid ordinary shares (“Collateral Shares”) which may be used by the Investor to offset conversion or amortisation of the ZCSs.</li> </ul>
Maturity Date:	<p>Each tranche of ZCSs matures on the date that is the last ASX trading day in the 14th calendar month after the date of issue of the tranche (Maturity Date). For Tranche 1 the Maturity Date is 30 November 2020.</p>
Security:	<p>The ZCSs are secured by a general security interest over the assets and undertaking of the Company, and a guarantee by its wholly owned US subsidiary.</p>
Interest rate:	<p>As “zero coupon” securities, no interest is payable on the ZCSs, unless a default event occurs.</p>
Purpose of issue:	<p>General corporate and working capital purposes, including:</p> <ul style="list-style-type: none"> <li>- advancing deployment of the Company’s NetZero publisher payments product (a payment solution that aims to save publishers on finance costs they currently pay to invoice factoring partners) with the objective of attracting new publishers and their buyers as clients;</li> <li>- repaying a bridge loan previously issued by the Investor; and</li> <li>- general working capital.</li> </ul>
Redemption:	<p>If redeemed by the Company at the maturity date for a tranche of ZCSs, 103% of the aggregate face value of the applicable tranche of ZCSs then outstanding (plus any then outstanding costs or other amounts).</p> <p>If redeemed by the Company prior to the maturity date for a tranche of ZCSs, 107.5% of the aggregate face value of the applicable tranche of ZCSs outstanding as at the date of redemption (plus any then outstanding costs or other amounts).</p>

Conversion:	<p>The ZCSs are convertible at the election of the Investor at the rate of one fully paid ordinary share (each a Conversion Share) for every A\$0.35 (35 cents) of the face value converted, at the US\$/A\$ exchange rate published by the Reserve Bank of Australia on the day before the conversion.*</p> <ul style="list-style-type: none"> <li>- If the Investor elects to convert the initial ZCS, the issue of Conversion Shares will be within the Company's existing capacity to issue shares without requiring shareholder approval.</li> </ul>
Amortisation:	<p>The face value of the ZCSs will be amortised by 12 monthly instalments commencing 60 days after the issue date.</p> <ul style="list-style-type: none"> <li>- Amortisation instalments paid in cash are payable at 103% of 1/12<sup>th</sup> of the face value (plus any then outstanding costs or other amounts).</li> <li>- If the Company wishes to satisfy an amortisation instalment by issuing shares instead of paying cash, its ability to do so will be subject to having obtained shareholder approval in anticipation of the issue of amortisation shares, unless the Company's existing capacity to issue the amortisation shares without requiring further shareholder approval is sufficient to enable the issue of the amortisation shares.</li> <li>- The number of shares to be issued is calculated as the lower of the 35 cent conversion price or 85% of either the average of the two lowest daily volume weighted average prices ("VWAPs") (in Australian dollars, to three decimal places provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places) in the 20 trading days before the instalment payment is due or the daily VWAP on the last trading day before the instalment payment is due.</li> <li>- The process for satisfying an instalment by issuing shares includes satisfying conditions including that the Company's securities are tradable, minimum volume and price requirements, the Investor being satisfied with documents to be provided by the Company and that no provision of the Agreement has been breached, and all representations and warranties by the Company remaining true.</li> <li>- The Investor may, but is not obliged to, treat Collateral Shares as being capitalised to meet some or all of an instalment, with the Company then issuing replacement Collateral Shares to reinstate the Investor's holding of Collateral Shares to the applicable level.</li> <li>- The Investor may accelerate amortisation by share issues by increasing the amount of the instalment and the consequential number of shares to be issued, if an instalment is being satisfied by issuing shares. The Investor may also choose to defer some or all of an amortisation payment until a later date, in which case the amortisation instalment will be due at the later date in addition to the instalment due at that time.</li> <li>- If the Company chooses to pay amortisation instalments by issuing shares but is unable to issue some or all of the shares, the instalment (or applicable part) is payable in cash at 110% of the face value amortised.</li> </ul>
Collateral Shares:	<p>The Collateral Shares will be maintained at approximately 4.9% of the total of the then issued shares of the Company by being replenished if the number of Collateral Shares falls below 2.5% of the total of those issued shares of the Company. The balance, if any, of Collateral Shares remaining at the maturity date of the last of the ZCSs will either be</p>

	<p>purchased by the Investor at the lower of the conversion price (A\$0.35 (35 cents), subject to adjustments for issues of shares, options or other securities to third parties as referred to below) or 85% of the average of the two lowest daily VWAPs per share during the 20 ASX trading days prior to the date on which payment is made by the Investor, or subject to compliance with the Corporations Act including obtaining any necessary shareholder approvals will be bought back by the Company for an aggregate total of A\$1.</p>
Investor's holding limit:	<p>Unless otherwise agreed by the Investor, the Investor will not be required to accept shares if the Investor's shares would exceed 4.99% of the then issued shares of the Company. Issues of shares to the Investor may be postponed (in full or in part) until total number of shares would be below 4.99% or the Investor agrees to receive the despite exceeding 4.99%.</p>
Defaults:	<p>An event of default as per the Agreement (which includes the Company: making misleading or false statements; breaching the Agreement or associated documents; becoming insolvent; ceasing, suspending or disposing of its business or assets; failure to ensure that shares issues to the Investor can be freely traded; having its shares suspended for more than 5 trading days) would entitle the Investor to terminate the Agreement. Upon the occurrence of an event of default the Investor may require payment of 125% of the then outstanding face value ZCSs. The Investor is also entitled to payment of its losses, default interest and costs.</p>
Changes of Control or Fundamental Transactions:	<p>The Investor may require redemption of the then outstanding ZCSs at 125% of the face value if there is a Fundamental Transaction (which includes the Company, without the Investor's consent: consolidating or merging with a third party; disposing of its assets; facilitating a third party's acquisition of more than 50% of the Company's shares; or reorganisation of capital) other than:</p> <ul style="list-style-type: none"> <li>- any reorganisation or recapitalisation of shares in which holders of the Company's voting power immediately prior to such reorganisation or recapitalisation continue after such reorganisation or recapitalisation to hold publicly traded securities and, directly or indirectly, the voting power of the surviving entity or entities necessary to elect a majority of the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities; or</li> <li>- resulting from an issuance of securities by the Company pursuant to the Transaction Documents; or</li> <li>- resulting from one or more bona fide transactions the primary purpose of which is to raise capital, provided that no third party which is party to such bona fide transaction acquires either: <ul style="list-style-type: none"> <li>o 50% or more of the outstanding Shares; or</li> <li>o a relevant interest (as defined in Chapter 6 of the Corporation Act) in 50% or more of the Shares;</li> </ul> </li> </ul> <p>The Company must not enter into or be party to a Fundamental Transaction unless its successor assumes in writing all of the obligations of the Company under the Agreement and the Transaction Documents, and agrees to deliver to the Investor in exchange for the ZCSs then on issue a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Agreement and the Transaction Documents including, without limitation, having a face value equal to the face value of the ZCSs then on issue and having similar conversion rights, dividend rights and ranking to the ZCSs.</p>

Participation right:	For three years after the issue of the first tranche of ZCSs, the Investor shall have the right (but not the obligation) to participate in any financing transaction (such as an equity or debt raising, or fundraising by way of a convertible instrument or other fundraising, excluding pro-rata offers to shareholders) undertaken or proposed to be undertaken by the Company, on terms no less favourable to the Investor than the terms offered to third parties, for up to 50% of the applicable proposed financing.
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- \* If an event of default occurs, the conversion price will become the lower of A\$0.35 or 80% of the average of the two lowest daily VWAPs per share (in Australian dollars, to three decimal places, rounded down) during the twenty (20) consecutive trading days immediately prior to the date of conversion. If the Company issues shares to a third party at a price (or equivalent consideration) less than the conversion price applying at time (other than upon exercise of currently existing options or conversion of currently existing convertible notes), the conversion price will be reset to the price (or equivalent consideration) of the third party issue. The conversion price will also be reduced to take into account the difference between the then applicable conversion price and the value of options or other convertible securities or rights to shares if issued by the Company.

Issues of tranches of ZCSs subsequent to the first tranche will be subject to detailed conditions and requirements, and will only proceed if the Company decides to request the issue of a specific subsequent tranche of ZCSs, the Investor at its discretion agrees to subscribe for the specific subsequent tranche, and the detailed conditions and requirements are satisfied (or waived by the Investor). The conditions and requirements include minimum share prices and volumes in periods up to and including the relevant issue or conversion dates, limits on holdings by the Investor and its associates not being exceeded, face value to market capitalisation and other ratios, the Company having sufficient then existing capacity (or obtaining shareholder approvals) to issue the applicable ZCSs or shares, compliance with regulatory requirements, providing certifications and evidence of satisfaction of requirements, any necessary changes to the Company's constitution having been made, the Company not being in breach of the Agreement (or any breach having been remedied to the satisfaction of, or waived by, the Investor), representations and warranties by the Company remaining correct, cleansing statements or prospectuses or other disclosure documents having been (or being undertaken to be) lodged within applicable time limits, and other commercial, legal and procedural requirements having been met.

Similar requirements apply to issuing conversion shares, the Company seeking to pay amortisation instalments by issuing shares, capitalisation of Collateral Shares in lieu of issuing conversion shares or shares to pay amortisation instalments, and issuing further or replacement Collateral Shares.

The Company will only request the Investor to subscribe for subsequent tranches of ZCSs or seek to pay amortisation instalments using shares if it is able to satisfy the applicable requirements of the Agreement and either the issue of the relevant ZCSs or shares would not exceed its then capacity to issue securities without requiring shareholder approval, or if it has obtained shareholder approval enabling it to make the issue. This would be decided by the Company at the relevant time having regard to the then applicable circumstances, including but not only the trading prices and volumes of the Company's shares on ASX.

If for any reason the Company cannot issue shares to convert ZCSs or replace Collateral Shares if capitalised instead of new shares being issued, the Company must pay a cash sum in lieu of issuing the shares unable to be issued at the highest daily VWAP during the period between the conversion notice being given by the Investor and the date upon which the conversion shares were due to be issued.



EN1

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEDT) on Monday, 16 March 2020**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia

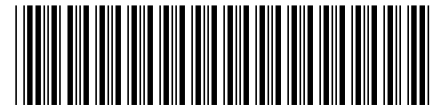


**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of engage:BDR Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of engage:BDR Limited to be held at the offices of William Buck, Level 20, 181 William Street, Melbourne, Victoria on Wednesday, 18th March 2020 at 11:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 2, 3, 4, 5 & 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 2, 3, 4, 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 2, 3, 4, 5 & 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Engage:BDR Options and Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Approval to issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Grant Options to Mr Thomas Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Grant Options to Mr Robert Antulov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval to issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Grant Options to Mr Darian Pizem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval to issue potential further ZCSs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Grant Performance Rights to Mr Ted Dhanik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Approval to Grant Performance Rights to Mr Kurtis Rintala	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

