

13 March 2020

## ASX ANNOUNCEMENT

### FURTHER ZERO COUPON AMORTISING SECURITY DRAWDOWN

engage:BDR Limited ("EN1" or "the Company") (ASX: EN1 and EN1O) is pleased to announce a drawdown of a zero coupon convertible amortising security ("ZCS") with a face value of US\$450,000 at an issue price of US\$382,500. The ZCS was issued to Alto Opportunity Master Fund SPC – Segregated Master Portfolio B ("the Investor") pursuant to the purchase agreement for zero coupon convertible amortising securities announced by the Company on 23 September 2019 ("the Agreement").

A cleansing notice for the ZCS, which contains further detail, is attached to this announcement.

#### **Key Terms:**

Drawdown:	Face Value: US\$450,000 (being part of the second tranche of zero coupon convertible amortising securities that may be issued under the Agreement).  Issue Price: US\$382,500.
Maturity Date:	31 May 2021 (being the date that is the last ASX trading day in the 14th calendar month after the date of issue of this ZCS).
Security:	The ZCS is secured by a general security interest over the assets and undertaking of the Company, and a guarantee by its wholly owned US subsidiary.
Interest rate:	As "zero coupon" securities, no interest is payable on the ZCS, unless a default event occurs.
Purpose of issue:	General corporate and working capital purposes, including: <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; and</li> <li>- general working capital.</li> </ul>
Redemption:	If redeemed by the Company at the maturity date for this ZCS, 103% of the aggregate face value of the ZCS then outstanding (plus any then outstanding costs or other amounts).  If redeemed by the Company prior to the maturity date for this ZCS, 107.5% of the aggregate face value of this ZCS outstanding

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	as at the date of redemption (plus any then outstanding costs or other amounts).
Conversion:	<p>The ZCS is 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 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 ZCS 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. <ul style="list-style-type: none"> <li>o Presently the Company would have sufficient capacity to issue shares to satisfy an amortisation instalment by issuing shares, based on recent share prices.</li> </ul> </li> <li>- Details of the method of calculation of the number of shares to be issued and the process that applies if an amortisation instalment is to be paid using shares is described in Section 7 of the cleansing notice attached to this announcement.</li> </ul>
Investor's holding limit:	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 shares despite exceeding 4.99%.
Defaults:	A summary of the events of default which would entitle the Investor to terminate the Agreement are set out in the cleansing notice attached to this announcement. Upon the occurrence of an event of default the Investor may require payment of 125% of

	the then outstanding face value of ZCSs. The Investor is also entitled to payment of its losses, default interest and costs.
Changes of Control or Fundamental Transactions:	The circumstances in which the Investor may require redemption of the then outstanding ZCSs at 125% of the face value (a "Fundamental Transaction") are described in Section 7 of the cleansing notice attached to this announcement.
Participation right:	The Investor has 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 until 25 September 2022 (three years after the issue of the first tranche of the ZCSs), on terms no less favourable to the Investor than the terms offered to third parties, for up to 50% of the applicable proposed financing.
Arranger's fee:	The company will pay Viriathus Capital or its nominee an arranger's fee of 4% of the face value of the ZCS.

- \* 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. See further below about events of default. If the Company issues shares to a third party at a price (or equivalent consideration) less than the conversion price applying at that 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.

Details of the conditions for issuing conversion shares, seeking to pay amortisation instalments using shares, capitalisation of Collateral Shares in lieu of issuing shares as conversion shares or to pay amortisation instalments, and for issuing further or replacement Collateral Shares are included in the cleansing statement for the issue of the ZCS that accompanies this announcement.

The Company will only seek to pay amortisation instalments using shares if it is able to satisfy the applicable requirements of the Agreement and the issue of the relevant 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.

The Agreement contains terms and conditions including warranties and indemnities in favour of the Investor in respect of matters expected to be addressed in an agreement of this type, and is governed by the laws of Victoria, Australia.

The Investor, Alto Opportunity Master Fund, SPC - Segregated Master Portfolio B, is a Cayman Islands incorporated fund focusing on credit and equity investments globally in the healthcare, technology and natural resources sectors.

The terms of the ZCS and of the shares that may be issued upon conversion or amortisation of the ZCS are described in more detail in Sections 7 and 8 of the attached cleansing statement. An Appendix 3B in respect of the ZCS will be issued in conjunction with this announcement and an Appendix 3G in respect of the ZCS accompanies this announcement.

On behalf of the Board

Authorised by:

Ted Dhanik

Co-Founder and Executive Chairman

engage:BDR Limited

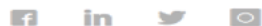
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#### Forward Looking Statements

Statements made in this release which are forward-looking statements and are based on the Company's expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. These words are not the exclusive means of identifying such statements. Any forward-looking statement made by the Company in this announcement is based only on information currently available to the Company and its current intentions (which may change) and speaks only as of the date on which it is made. Forward-looking statements are subject to a range of risks and uncertainties, some of which are beyond the Company's control. Risks and uncertainties can include matters inherent in the business of the Company, its management, its activities generally, and the market in which it operates. As a result, actual results could materially differ from those in the forward-looking statements. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company does not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring, or as a result of new information, future developments or otherwise after the date of this release except as required by the listing rules of ASX, by law or by appropriate regulatory authorities.

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## Appendix 3G

### Notification of issue, conversion or payment up of equity +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are issuing a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

\*Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

#### Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	<b>*Name of entity</b> <i>We (the entity here named) give notice of the issue, conversion or payment up of the following unquoted +securities.</i>	Engage:BDR Limited
1.2	<b>*Registration type and number</b> <i>Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).</i>	ACN 621 160 585
1.3	<b>*ASX issuer code</b>	EN1
1.4	<b>*This announcement is</b> <i>Tick whichever is applicable.</i>	<input checked="" type="checkbox"/> A new announcement <input type="checkbox"/> An update/amendment to a previous announcement <input type="checkbox"/> A cancellation of a previous announcement
1.4a	<b>*Reason for update</b> <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	N/A
1.4b	<b>*Date of previous announcement to this update</b> <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	N/A
1.4c	<b>*Reason for cancellation</b> <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.4d	<b>*Date of previous announcement to this cancellation</b> <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.5	<b>*Date of this announcement</b>	13 March 2020

## Part 2 – Type of issue

Question No.	Question	Answer
2.1	<p>*The +securities the subject of this notification are:</p> <p><i>Select whichever item is applicable.</i></p> <p><i>If you wish to notify ASX of different types of issues of securities, please complete a separate Appendix 3G for each type of issue.</i></p>	<p><input type="checkbox"/> +Securities issued as a result of options being exercised or other +convertible +securities being converted and that are not to be quoted on ASX</p> <p><input type="checkbox"/> Partly paid +securities that have been fully paid up and that are not to be quoted on ASX</p> <p><input type="checkbox"/> +Securities issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><input checked="" type="checkbox"/> Other [please specify]</p> <p><i>If you have selected 'other' please provide the circumstances of the issue here:</i></p> <p>Issue of unlisted zero coupon convertible amortising security (ZCS) Series B with a maturity date of 31 May 2021 under the Zero Coupon Amortising Securities Purchase Agreement announced to ASX on 23 September 2019.</p>
2.2a.1	<p>Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code if available)?</p> <p><i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i></p>	N/A
2.2a.2	<p>And the date the options were exercised or other +convertible securities were converted:</p> <p><i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.</i></p>	N/A
2.2b.1	<p>Please state the number and type of partly paid +securities that were fully paid up (including their ASX security code if available)?</p> <p><i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i></p>	N/A
2.2b.2	<p>And the date the +securities were fully paid up:</p> <p><i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.</i></p>	N/A

2.2c.1	<p>Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	N/A						
2.2c.2	<p>*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	N/A						
2.2c.3	<p>*Are any of these +securities being issued to +key management personnel (KMP) or an +associate</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	N/A						
2.2c.3.a	<p>*Provide details of the recipients and the number of +securities issued to each of them.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX" and your response to Q2.2c.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".</i></p> <table border="1"> <thead> <tr> <th>Name of KMP</th><th>Name of registered holder</th><th>Number of +securities</th></tr> </thead> <tbody> <tr> <td> </td><td> </td><td> </td></tr> </tbody> </table>		Name of KMP	Name of registered holder	Number of +securities			
Name of KMP	Name of registered holder	Number of +securities						
2.2d.1	<p>*The purpose(s) for which the entity is issuing the +securities is:</p> <p><i>Answer this question if your response to Q2.1 is "Other".</i></p> <p><i>You may select one or more of the items in the list.</i></p>	<p><input checked="" type="checkbox"/> To raise additional working capital</p> <p><input type="checkbox"/> To fund the retirement of debt</p> <p><input type="checkbox"/> To pay for the acquisition of an asset [provide details below]</p> <p><input type="checkbox"/> To pay for services rendered [provide details below]</p> <p><input type="checkbox"/> Other [provide details below]</p> <p><i>Additional details:</i></p>						
2.2d.2	<p>Please provide any further information needed to understand the circumstances in which you are notifying the issue of these +securities to ASX, including (if applicable) why the issue of the +securities has not been previously announced to the market in an Appendix 3B</p> <p><i>You must answer this question if your response to Q2.1 is "Other". If there is no other information to provide, please answer "Not applicable" or "N/A".</i></p>	N/A						

2.3	<p>*The +securities being issued are: <i>Tick whichever is applicable</i></p>	<p><input type="checkbox"/> Additional +securities in an existing unquoted class that is already recorded by ASX ("existing class")</p> <p><input checked="" type="checkbox"/> New +securities in an unquoted class that is not yet recorded by ASX ("new class")</p>
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## Part 3A – number and type of +securities being issued (existing class)

Answer the questions in this part if your response to Q2.3 is "existing class".

Question No.	Question	Answer
3A.1	*ASX security code & description	N/A
3A.2	*Number of +securities being issued	N/A
3A.3a	*Will the +securities being issued rank equally in all respects from their issue date with the existing issued +securities in that class?	N/A
3A.3b	<p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p><i>Answer this question if your response to Q3A.3a is "No".</i></p>	N/A
3A.3c	<p>*Provide the actual non-ranking end date</p> <p><i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "Yes".</i></p>	N/A
3A.3d	<p>*Provide the estimated non-ranking end period</p> <p><i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "No".</i></p>	N/A
3A.3e	<p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> <li>• in relation to the next dividend, distribution or interest payment; or</li> <li>• for any other reason</li> </ul> <p><i>Answer this question if your response to Q3A.3a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p>	N/A

## Part 3B – number and type of +securities being issued (new class)

Answer the questions in this part if your response to Q2.3 is "new class".

Question No.	Question	Answer
3B.1	*Security description	Unlisted Zero Coupon Convertible Amortising Security (ZCS) (Series B) with a maturity date of 31 May 2021



3B.2	<p><b>*Security type</b></p> <p>Select one item from the list that best describes the securities the subject of this form. This will determine more detailed questions to be asked about the security later in this section. Select "ordinary fully or partly paid shares/units" for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either "Convertible debt securities" or "Non-convertible debt securities". Select "Other" for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.</p>	<input type="checkbox"/> Ordinary fully or partly paid shares/units <input type="checkbox"/> Options <input checked="" type="checkbox"/> +Convertible debt securities <input type="checkbox"/> Non-convertible +debt securities <input type="checkbox"/> Redeemable preference shares/units <input type="checkbox"/> Other
3B.3	<p><b>ISIN code</b></p> <p>Answer this question if you are an entity incorporated outside Australia and you are issuing a new class of securities other than CDIs. See also the note at the top of this form.</p>	N/A
3B.4	<p><b>*Number of +securities being issued</b></p>	1 ZCS (Series B)
3B.5a	<p><b>*Will all the +securities issued in this class rank equally in all respects from the issue date?</b></p>	Yes
3B.5b	<p><b>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</b></p> <p>Answer this question if your response to Q3B.5a is "No".</p>	N/A
3B.5c	<p><b>*Provide the actual non-ranking end date</b></p> <p>Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "Yes".</p>	N/A
3B.5d	<p><b>*Provide the estimated non-ranking end period</b></p> <p>Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "No".</p>	N/A
3B.5e	<p><b>*Please state the extent to which the +securities do not rank equally:</b></p> <ul style="list-style-type: none"> <li>in relation to the next dividend, distribution or interest payment; or</li> <li>for any other reason</li> </ul> <p>Answer this question if your response to Q3B.5a is "No".</p> <p>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</p>	N/A
3B.6	<p><b>Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities being issued</b></p> <p>You may cross reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.</p>	Refer to the announcement and cleansing notice which this Appendix 3G accompanies.

3B.7	<p>*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1?</p> <p><i>Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).</i></p> <p><i>If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.</i></p>	Yes
3B.8a	<p><b>Ordinary fully or partly paid shares/units details</b></p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency</p> <p><i>This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.</i></p>	N/A
	<p>*Will there be CDIs issued over the +securities?</p>	N/A
	<p>*CDI ratio</p> <p><i>Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).</i></p>	N/A
	<p>*Is it a partly paid class of +security?</p>	N/A
	<p>*Paid up amount: unpaid amount</p> <p><i>Answer this question if answered "Yes" to the previous question.</i></p> <p><i>The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'</i></p> <p><i>The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.</i></p> <p><i>The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).</i></p>	N/A
	<p>*Is it a stapled +security?</p> <p><i>This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.</i></p>	N/A
3B.8b	<p><b>Option details</b></p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency</p> <p><i>This is the currency in which the exercise price is payable.</i></p>	N/A
	<p>*Exercise price</p> <p><i>The price at which each option can be exercised and convert into the underlying security. If there is no exercise price please answer as \$0.00.</i></p> <p><i>The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).</i></p>	N/A
	<p>*Expiry date</p> <p><i>The date on which the options expire or terminate.</i></p>	N/A

	<p>*Details of the number and type of +security (including its ASX security code if the +security is quoted on or recorded by ASX) that will be issued if an option is exercised</p> <p><i>For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".</i></p>	N/A
3B.8c	<p><b>Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units</b></p> <p><i>Answer the questions in this section if you selected one of these security types in your response to Question 3B.2.</i></p> <p><i>Refer to Guidance Note 34 and the "Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities" for further information on certain terms used in this section</i></p>	
	<p>*Type of +security</p> <p><i>Select one item from the list</i></p>	<p><input type="checkbox"/> Simple corporate bond</p> <p><input type="checkbox"/> Non-convertible note or bond</p> <p><input checked="" type="checkbox"/> Convertible note or bond</p> <p><input type="checkbox"/> Preference share/unit</p> <p><input type="checkbox"/> Capital note</p> <p><input type="checkbox"/> Hybrid security</p> <p><input type="checkbox"/> Other</p>
	<p>*+Security currency</p> <p><i>This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.</i></p>	US dollars
	<p>Face value</p> <p><i>This is the principal amount of each security.</i></p> <p><i>The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).</i></p>	US\$450,000
	<p>*Interest rate type</p> <p><i>Select one item from the list</i></p> <p><i>Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities</i></p>	<p><input type="checkbox"/> Fixed rate</p> <p><input type="checkbox"/> Floating rate</p> <p><input type="checkbox"/> Indexed rate</p> <p><input type="checkbox"/> Variable rate</p> <p><input checked="" type="checkbox"/> Zero coupon/no interest</p> <p><input type="checkbox"/> Other</p>
	<p>Frequency of coupon/interest payments per year</p> <p><i>Select one item from the list.</i></p>	<p><input type="checkbox"/> Monthly</p> <p><input type="checkbox"/> Quarterly</p> <p><input type="checkbox"/> Semi-annual</p> <p><input type="checkbox"/> Annual</p> <p><input checked="" type="checkbox"/> No coupon/interest payments</p> <p><input type="checkbox"/> Other</p>
	<p>First interest payment date</p> <p><i>A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments</i></p>	N/A
	<p>Interest rate per annum</p> <p><i>Answer this question if the interest rate type is fixed.</i></p>	N/A

	<p>*Is the interest rate per annum estimated at this time?</p> <p><i>Answer this question if the interest rate type is fixed.</i></p>	N/A
	<p>If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known)</p> <p><i>Answer this question if the interest rate type is fixed and your response to the previous question is "Yes".</i></p> <p><i>Answer "Unknown" if the date is not known at this time.</i></p>	N/A
	<p>*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)?</p> <p><i>Answer this question if the interest rate type is floating or indexed</i></p>	N/A
	<p>*What is the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	N/A
	<p>*Does the interest rate include a margin above the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed.</i></p>	N/A
	<p>*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum)</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	N/A
	<p>*S128F of the Income Tax Assessment Act status applicable to the +security</p> <p><i>Select one item from the list</i></p> <p><i>For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security:</i></p> <ul style="list-style-type: none"> <li>• "s128F exempt" means interest payments are not taxable to non-residents;</li> <li>• "Not s128F exempt" means interest payments are taxable to non-residents;</li> <li>• "s128F exemption status unknown" means the issuer is unable to advise the status;</li> <li>• "Not applicable" means s128F is not applicable to this security</li> </ul>	<p><input type="checkbox"/> s128F exempt</p> <p><input type="checkbox"/> Not s128F exempt</p> <p><input checked="" type="checkbox"/> s128F exemption status unknown</p> <p><input type="checkbox"/> Not applicable</p>
	<p>*Is the +security perpetual (i.e. no maturity date)?</p>	No
	<p>*Maturity date</p> <p><i>Answer this question if the security is not perpetual</i></p>	31 May 2021

	<p>*Select other features applicable to the +security</p> <p><i>Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.</i></p>	<input type="checkbox"/> Simple <input type="checkbox"/> Subordinated <input checked="" type="checkbox"/> Secured <input type="checkbox"/> Converting <input checked="" type="checkbox"/> Convertible <input type="checkbox"/> Transformable <input type="checkbox"/> Exchangeable <input type="checkbox"/> Cumulative <input type="checkbox"/> Non-Cumulative <input checked="" type="checkbox"/> Redeemable <input type="checkbox"/> Extendable <input type="checkbox"/> Reset <input type="checkbox"/> Step-Down <input type="checkbox"/> Step-Up <input type="checkbox"/> Stapled <input type="checkbox"/> None of the above
	<p>*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?</p>	No
	<p>*If yes, what is the first trigger date</p> <p><i>Answer this question if your response to the previous question is "Yes".</i></p>	N/A
	<p>Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if the securities to be quoted are converted, transformed or exchanged</p> <p><i>Answer this question if the security features include "converting", "convertible", "transformable" or "exchangeable".</i></p> <p><i>For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert "1,000 fully paid ordinary shares (ASX:ABC)".</i></p>	<p>If converted at the US\$/A\$ exchange rate applicable as at the day before issue at the conversion price of A\$0.35 per share: 1,991,194 EN1 fully paid ordinary shares.</p>

## Part 4 – Issue details

Question No.	Question	Answer
4.1	*Have the +securities been issued yet?	Yes
4.1a	*What was their date of issue? <i>Answer this question if your response to Q4.1 is "Yes".</i>	13 March 2020
4.1b	*What is their proposed date of issue? <i>Answer this question if your response to Q4.1 is "No".</i>	N/A
4.2	*Are the +securities being issued for a cash consideration? <i>If the securities are being issued for nil cash consideration, answer this question "No".</i>	Yes

4.2a	*In what currency is the cash consideration being paid <i>For example, if the consideration is being paid in Australian Dollars, state AUD. Answer this question if your response to Q4.2 is "Yes".</i>	USD
4.2b	*What is the issue price per +security <i>Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a. Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c.</i>	Issue price of US\$382,500 and with a face value of US\$450,000
4.2c	Please describe the consideration being provided for the +securities <i>Answer this question if your response to Q4.2 is "No".</i>	N/A
4.3	Any other information the entity wishes to provide about the issue	N/A

## Part 5 – Unquoted +securities on issue

Following the issue of the +securities the subject of this application, the unquoted issued +securities of the entity will comprise:

*Note: the figures provided in the table in section 5.1 below are used to calculate part of the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the table each class of unquoted securities issued by the entity.*

*Restricted securities should be included in table 5.1.*

5.1	*ASX security code and description		*Total number of +securities on issue
	EN1AA: UNLISTED ZCS ISSUED AT USD\$1,750,000 AT A CURRENT FACE VALUE OF US\$1,339,000. THE ZCS IS SECURED, WITH A MATURITY DATE OF 30.11.2020		1
	UNLISTED ZCS (Series B) ISSUED AT US\$382,500 AT A CURRENT FACE VALUE OF US\$450,000. THE ZCS IS SECURED, WITH A MATURITY DATE OF 31.05.2021		1
	EN1AB: OPTIONS EX 5.2C, EXP 26.01.2022		8,676,093
	EN1AB: OPTIONS EX 2.6C, EXP 30.09.2022		13,750,000

## Part 6 – Other Listing Rule requirements

The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:

- your response to Q2.1 is "+securities issued under an +employee incentive scheme that are not being immediately quoted on ASX"; or
- your response to Q2.1 is "Other"

Question No.	Question	Answer
6.1	<p>*Are the securities being issued under Listing Rule 7.2 exception 13<sup>1</sup> and therefore the issue does not need any security holder approval under Listing Rule 7.1?</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	No
6.2	<p>*Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No".</i></p>	No
6.2a	<p>*Date of meeting or proposed meeting to approve the issue under listing rule 7.1</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "Yes".</i></p>	N/A
6.2b	<p>*Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i></p>	Yes

<sup>1</sup> Exception 13

An issue of securities under an employee incentive scheme if within 3 years before the issue date:

- (a) in the case of a scheme established before the entity was listed – a summary of the terms of the scheme and the maximum number of equity securities proposed to be issued under the scheme were set out in the prospectus, PDS or information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to this rule. The notice of meeting must have included:
  - a summary of the terms of the scheme.
  - the number of securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
  - the maximum number of +equity securities proposed to be issued under the scheme following the approval; and
  - a voting exclusion statement.

Exception 13 is only available if and to the extent that the number of +equity securities issued under the scheme does not exceed the maximum number set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

6.2b.1	<p>*How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2b is "Yes".</i></p> <p><i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.</i></p>	<p>1 ZCS (Series B)</p> <p>If converted at the US\$/A\$ exchange rate applicable as at the day before issue at the conversion price of A\$0.35 per share: 1,991,194 EN1 fully paid ordinary shares.</p>
6.2c	<p>*Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i></p>	No
6.2c.1	<p>*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?</p> <p><i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2c is "Yes".</i></p> <p><i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.</i></p>	N/A

Introduced 01/12/19; amended 31/01/20



**ASX Release**  
13 March 2020

**Notice under Section 708A(12C)(e) of the *Corporations Act 2001* (Cth)**  
[Zero Coupon Amortising Securities]

**1. Cleansing Notice**

This notice (**Cleansing Notice**) is given by engage:BDR Limited (ASX: EN1 and EN1O) (the **Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**CI 2016/82**)).

The Company hereby gives notice that:

- (a) The ZCS (defined below) was issued without disclosure to investors under Part 6D.2 of the Corporations Act; and
- (b) This Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

This Cleansing Notice has been issued to enable shares issued on conversion or repayment of the ZCS (defined below) to be on sold without disclosure to retail investors.

This Cleansing Notice is important and should be read in its entirety. Neither the Australian Securities and Investments Commission (**ASIC**) nor ASX Limited or its subsidiaries (**ASX**) take responsibility for the contents of this Cleansing Notice.

**2. Background**

As announced to ASX on 23 September 2019, the Company entered into an agreement (the **Agreement**) with Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (the **Investor**) for the issue of zero coupon convertible amortising securities (being convertible notes within the meaning of CI 2016/82).

The Agreement provides for an initial drawdown (tranche) with the potential for further drawdowns.

The Company issued a further tranche, being a zero coupon convertible amortising security (the **ZCS**) with a face value of US\$450,000 and an issue price of US\$382,500 (A\$696,918 and A\$592,380, respectively, at an exchange rate of US\$0.6457 to A\$1.00, being the closing exchange rate published by the Reserve Bank Australia for the business day before the issue of the ZCS).

This Cleansing Notice is issued in respect of this ZCS only. The ZCS has been issued without disclosure under Part 6D.2 of the Corporations Act. This Cleansing Notice is to enable shares issued on conversion or amortisation of the ZCS to be on sold without disclosure to retail investors.

**3. Contents of this Cleansing Notice**

This Cleansing Notice sets out the following:

- (a) In relation to the ZCS:
  - (i) the effect of the issue on the Company;
  - (ii) a summary of the rights and liabilities attaching to the ZCS;

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- (iii) a summary of the rights and liabilities attaching to the shares that may be issued upon conversion or amortisation of the ZCS; and
- (b) Any information that:
  - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
  - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
    - a. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
    - b. the rights and liabilities attached to the securities noted above; and
- (c) Other information relating to the Company's status as a disclosing entity.

#### 4. Effect of the ZCS Issue on the Company

Issue of the ZCS will have the following key effects on the Company:

- (a) Increasing the cash reserves of the Company by approximately A\$554,500 (approximately US\$358,000 at an exchange rate of A\$1.00 to US\$0.6457), being the issue price of the ZCS, after costs of the issue;
- (b) Increasing the liabilities of the Company by A\$696,918, representing the face value of the ZCS. See the pro forma statement of financial position and accompanying notes in Section 6 for further detail;
- (c) Increasing the number of ZCS on issue from 1 to 2, with a present total face value of US\$1,789,000;
- (d) If the ZCS is converted to or repaid in shares, further increasing the number of shares on issue.

A pro forma statement of financial position is set out in section 6.

The terms of the ZCS and the shares that may be issued upon conversion or amortisation of the ZCS are set out in section 7.

#### 5. Effect of the Amortising Security Issue on capital structure

The table below sets out the capital structure of the Company at the date of this Cleansing Notice, after issue of the ZCS:

Type of Security	Number on issue
Shares <sup>1</sup>	769,791,175
Listed options	33,999,993
Unlisted options	22,426,093
Initial ZCS (maturity date 30 November 2020)	1 (face value at issue US\$2.06 million, present face value US\$1.339 million (equivalent to approximately A\$2.074 million at the above exchange rate))
2 <sup>nd</sup> ZCS (maturity date 31 May 2021) <sup>^</sup>	1 (face value at issue US\$450,000)

<sup>^</sup> The ZCS the subject of this Cleansing Notice.

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The Investor may elect to convert the then outstanding amount under the ZCS to shares at an issue price of A\$0.35 per share (subject to adjustments for issues of shares, options or other securities to third parties as referred to below, or as set out in the note on page 20 if an event of default occurs). Further details regarding conversion including the price at which the ZCS (or part thereof) may be converted are set out in section 7.

The ZCS is to be amortised by 12 monthly instalments commencing 60 days from issue of the ZCS (being 12 May 2020). Further details regarding amortisation instalments and how the Company may satisfy amortisation instalments are set out in Section 7.

The percentage shareholdings in the Company of existing shareholders will be diluted if the Investor elects to convert the then outstanding amount under the ZCS to shares. The table below shows examples of the dilutive impact on shareholders (using example holdings) if the Investor elects to convert the entire ZCS (at the A\$0.35 conversion price, and assuming the above exchange rate). The table assumes that no additional shares are issued prior to conversion of the ZCS, including conversion of any other existing or any future convertible securities.

Current shareholding	Existing % holding	% of shares following conversion by Investor of entire ZCS
2,000,000	0.26%	0.26%
5,000,000	0.65%	0.65%
10,000,000	1.30%	1.30%
20,000,000	2.60%	2.59%
50,000,000	6.50%	6.48%

**Note to table:** all percentages are rounded to two decimal places. Where no change is shown the effect is less than 0.01%

Shareholders will be further diluted if the Company elects to satisfy its amortisation repayment obligations by issuing shares (see section 7 for further details).

The Investor currently holds 38,412,539 shares representing approximately 4.99% of total currently issued shares).

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## 6. Pro-forma Statement of Financial Position

### Proforma Consolidated Statement of Financial Position of engage:BDR Limited and controlled entities

	Unaudited 31/12/2019 A\$	Pro forma adjustments A\$		Unaudited Proforma Financials A\$
		Step 1 Issue of ZCS	Step 2 Costs of issue	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,831,673	592,380	(37,877)	2,386,176
Trade and other receivables	5,786,531			5,786,531
Investments in equity instruments	51,692			51,692
Prepaid expenses	392,622			392,622
Related party receivables	2,311,510			2,311,510
Other assets	886,154			886,154
<b>Total current assets</b>	<b>11,260,182</b>	<b>592,380</b>	<b>(37,877)</b>	<b>11,814,685</b>
<b>Non-current assets</b>				
Right-of-use assets	670,430			670,430
Intangibles	3,032,083			3,032,083
Goodwill	1,468,517			1,468,517
<b>Total non-current assets</b>	<b>5,171,030</b>	<b>-</b>	<b>-</b>	<b>5,171,030</b>
<b>Total assets</b>	<b>16,431,212</b>	<b>592,380</b>	<b>(37,877)</b>	<b>16,985,715</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	5,896,438			5,896,438
Borrowings	6,791,258	696,918		7,488,176
Lease liabilities	222,218			222,218
Contract liabilities	81,518			81,518
<b>Total current liabilities</b>	<b>12,991,432</b>	<b>696,918</b>	<b>-</b>	<b>13,688,350</b>
<b>Non-Current liabilities</b>				
Lease liabilities	29,572			29,572
<b>Total non-current liabilities</b>	<b>29,572</b>	<b>-</b>	<b>-</b>	<b>29,572</b>
<b>Total liabilities</b>	<b>13,021,004</b>	<b>696,918</b>	<b>-</b>	<b>13,717,922</b>
<b>Net assets</b>	<b>3,410,208</b>	<b>(104,538)</b>	<b>(37,877)</b>	<b>3,267,793</b>
<b>Equity</b>				
Share capital	35,582,304			35,582,304
Share based payment reserve	603,739			603,739
Equity investment reserve	(2,441,343)			(2,441,343)
Foreign currency translation reserve	(1,424,773)			(1,424,773)
Accumulated losses	(28,909,719)	(104,538)	(37,877)	(29,052,134)
<b>Total equity</b>	<b>3,410,208</b>	<b>(104,538)</b>	<b>(37,877)</b>	<b>3,267,793</b>

Please refer to the notes on the following page.

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The pro-forma consolidated Statement of Financial Position shown in the table above has been prepared on the following basis:

- (a) The 31 December 2019 Unaudited Consolidated Balance Sheet, as included in the Company's Preliminary final report released to the market on 28 February 2020, has been used as a base position to illustrate the impact of the issue of the CZS. As at the date of this Notice, the audit of the 31 December 2019 Consolidated Balance Sheet is in progress.
- (b) The pro-forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian accounting standards. It has been prepared in accordance with the Company's normal accounting policies.
- (c) The issue of the ZCS raising total cash proceeds of A\$592,380 (before costs and expenses), issued with a face value of A\$696,918 (US\$450,000, assuming an exchange rate of US\$0.6457 to A\$1.00), is shown at Step 1 in the table. The difference between the cash proceeds and face value has been allocated to Accumulated losses, to reflect the expected accounting treatment for this amount over the expected life of the ZCS.
- (d) Estimated costs of the issue of the ZCS are shown at Step 2.
- (e) Cash and cash equivalents, trade and trade receivables, and other assets and liabilities have not been adjusted for expenditure and other activities since 31 December 2019.
- (f) Equity component of convertible notes are not considered material for the purposes of the pro-forma and have not been separately valued and identified in the balance sheet above.
- (g) Issuing conditions for subsequent tranches of convertible notes have not been assumed to have been met for the purposes of this pro forma.

## 7. Rights and liabilities attaching to the ZCS

<b>Face value and issue price:</b>	US\$450,000 face value; US\$382,500 issue price.
<b>Issue date:</b>	13 March 2020.
<b>Term &amp; maturity date:</b>	31 May 2021 (being the date that is the last ASX trading day in the 14th calendar month after the date of issue ( <b>Maturity Date</b> )).
<b>Security:</b>	A security interest over the assets and undertaking of the Company created by a general security deed, and a guarantee by the Company's wholly owned US subsidiary.
<b>Interest rate:</b>	As "zero coupon" securities, no interest is payable on the ZCS, unless a default event occurs in which case interest will be payable at 18% per annum on the then outstanding face value.
<b>Purpose of issue:</b>	General corporate and working capital purposes, including: <ul style="list-style-type: none"> <li>- advancing deployment of the Company's NetZero publisher payments product; and</li> <li>- general working capital.</li> </ul>
<b>Redemption:</b>	If redeemed by the Company at the maturity date, 103% of the aggregate face value of the ZCS then outstanding (plus any then outstanding costs or other amounts).

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	<p>If redeemed by the Company prior to the maturity date, 107.5% of the aggregate face value of the ZCS outstanding as at the date of redemption (plus any then outstanding costs or other amounts). The Company may only redeem the then remaining balance of the face value of the ZCS in full, and must give at least 30 ASX trading days notice if it seeks to redeem the ZCS prior to the maturity date. The Investor's ability to convert the ZCS (or part thereof) prior to the redemption notice taking effect will not be affected by notice of redemption.</p>
<b>Conversion:</b>	<p>The ZCS is convertible at the election of the Investor at the rate of one fully paid ordinary share (each a <b>Conversion Share</b>) for every A\$0.35 (35 Australian cents) (subject to adjustments for issues of shares, options or other securities to third parties as referred to below) 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 ZCS at the above conversion price, the issue of Conversion Shares will be within the Company's existing capacity to issue shares without requiring shareholder approval.</li> </ul>
<b>Amortisation:</b>	<p>The face value of the ZCS 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 (<b>Amortisation Shares</b>) instead of paying cash (if it chooses to do so), 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. <ul style="list-style-type: none"> <li>o Presently the Company would have sufficient capacity to issue shares to satisfy an amortisation instalment by issuing shares, based on recent share prices.</li> </ul> </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 (<b>VWAPs</b>) (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</li> </ul>

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	<p>instalment payment is due or the daily VWAP on the last trading day before the instalment payment is due.</p> <ul style="list-style-type: none"> <li>- The process for satisfying an instalment by issuing shares includes satisfying the conditions summarised below.</li> <li>- The process involves two steps: an initial issue based on an estimate of the number of shares required to be issued, and a “true up” adjustment issue if further shares are required to be issued once the result of the instalment pricing is known.</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> <li>- The Company will announce to ASX when an instalment is satisfied by issuing shares or the capitalisation of Collateral Shares, and provide details of the issue or capitalisation at that time.</li> </ul>
<b>Collateral Shares:</b>	<p>Collateral Shares are 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. The balance, if any, of Collateral Shares remaining at the maturity date of the last tranche of the zero coupon convertible amortising securities then on issue will either be purchased by the Investor at the lower of the conversion price (A\$0.35 (35 cents) and 85% of the average of the two lowest VWAPs per Share (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) during 20 Trading Days prior to the date on which such payment is made by the Investor, subject to adjustments for issues of shares, options or other securities to third parties as referred to below), or subject to compliance with the Corporations Act including</p>

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	obtaining any necessary shareholder approvals will be bought back by the Company for an aggregate total of A\$1.
<b>Investor's holding limit:</b>	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 shares despite exceeding 4.99%.
<b>Conditions for conversion, paying amortisation instalments by issuing shares, capitalisation, replacement or further issues of Collateral Shares, purchase of outstanding Collateral Shares, or redemption of the ZCS:</b>	<p>The following is a summary of the conditions for issuing Conversion Shares, seeking to pay amortisation instalments using Amortisation Shares, capitalisation of Collateral Shares in lieu of issuing shares as Conversion Shares or to pay amortisation instalments, and for issuing further or replacement Collateral Shares, the purchase of any outstanding Collateral Shares at the maturity of the last tranche of the zero coupon convertible amortising securities then on issue and redemption of the ZCS, in each case unless waived by the Investor:</p> <ul style="list-style-type: none"> <li>(a) the issue of any securities the subject of the proposed issue or conversion not resulting in the Investor and its associates holding a relevant interest of more than 19.99% in the Company's then issued voting shares;</li> <li>(b) the Company being entitled under the Agreement (on and subject to the terms of the Agreement) to require the Investor (as applicable) to accept the proposed issue of shares or conversion;</li> <li>(c) the Company being able to make the proposed issue or conversion without shareholder approval pursuant to Listing Rules 7.1 or 7.1A and the Corporations Act (as applicable) or having obtained the requisite approval;</li> <li>(d) the Company having performed or complied with the Agreement in all respects due to be performed or complied with by it as at or prior to the relevant date for the proposed issue or conversion, unless non-performance or compliance has previously been remedied or waived, and all representations and warranties by the Company being true and correct;</li> <li>(e) any and all authorisations, consents, permits, approvals, registrations, waivers (including if applicable waivers from ASX) and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the transactions contemplated by the Agreement that would be consummated at the relevant proposed issue or conversion, have been obtained and have been issued by the Company and received by the Investor and remain in full force and effect;</li> </ul>

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	<p>(f) the Investor having received all required documents from the Company including notices in respect of the proposed issue or conversion, copies of Board resolutions, certifications from officers, confirmations of representations and warranties and that there are no unremedied defaults, certification of and documents evidencing satisfaction of conditions in connection with the proposed issue or conversion, and other documents or certifications by the Company required by the Investor;</p> <p>(g) the Investor is of the opinion, acting reasonably, that:</p> <ul style="list-style-type: none"> <li>(i) any offer for sale by the Investor or its nominee of any Investors' shares, does not and will not need disclosure under Part 6D.2 of the Corporations Act (because a cleansing statement can and will be issued by the Company within the period permitted by the Corporations Act or a prospectus or other disclosure document for the shares or any securities pursuant to which they are issued has been issued by the Company);</li> <li>(ii) the issue of any securities in respect of the relevant proposed issue or conversion, has not and will not result in the Company being in breach of the Listing Rules, the Corporations Act, or any other law (including subordinate legislation and any regulations of ASX) (<b>Law</b>); and</li> <li>(iii) no event of default has occurred (unless previously remedied as provided for in the Agreement or waived by the Investor) or would result from the relevant proposed issue or conversion, or the issue of the relevant securities (see below for events of default).</li> </ul> <p>(h) ASX not having indicated to the Company that quotation of the shares to be issued to the Investor on the ASX will not be granted upon notification to the ASX of their issue;</p> <p>(i) any approval or notification that may be required pursuant to or for the purposes of the <i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i> having been obtained or given;</p> <p>(j) the Company having made amendments to its Constitution if required in order to complete the transactions contemplated by the Agreement;</p> <p>(k) the equity conditions summarised below (<b>Equity Conditions</b>) being satisfied (unless waived by the Investor), other than paragraph (f)(ii) of the summary of Equity Conditions, below, in the case of conversion of ZCS; and</p> <p>(l) the number of shares that would be calculated by dividing the then outstanding face value of the ZCS and any other outstanding</p>
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	<p>tranches of zero coupon convertible amortising securities issued under the agreement and any then proposed tranche of zero coupon convertible amortising securities then on issue by 85% of the average of the 2 lowest daily VWAPs per share (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) during the twenty (20) consecutive ASX trading days immediately prior to the relevant date not exceeding the Company's remaining placement capacity under Listing Rule 7.1.</p> <p>Issues or conversions are also subject to the Company, by the date 60 days after the issue of the ZCS (25 November 2019), being able to issue all of the shares that would be issued upon conversion or amortisation of the ZCS (and any other tranches of zero coupon convertible amortising securities then on issue for which the Company has given a notice requesting the Investor to subscribe for or shares that would be issued upon conversion or amortisation thereof) without shareholder approval or pursuant to Listing Rules 7.1 or 7.1A, and in accordance with the Corporations Act (as applicable), or the Company having obtained the requisite approval.</p> <p><u>Summary of Equity Conditions:</u></p> <p>(a) On each day during the 21 ASX trading days before the date the shares are due to be issued (the applicable <b>Equity Conditions Measuring Period</b>), all shares issuable pursuant to the Agreement or any related agreement or document (a <b>Transaction Document</b>), including, without limitation, any Amortisation Shares, Conversion Shares or Collateral Shares, being eligible for sale or resale without restriction or limitation pursuant to an effective cleansing statement, prospectus or other disclosure document (where issued or to be issued in accordance with the Agreement);</p> <p>(b) On each day during the applicable Equity Conditions Measuring Period:</p> <p>(i) the Company's shares having been quoted on ASX and not having been suspended from trading on ASX for more than 5 trading days in any 12 month period;</p> <p>(ii) no delisting or suspension by ASX having been threatened, commenced or pending either:</p> <p>(A) in writing by ASX; or</p> <p>(B) by falling below the then effective minimum listing maintenance requirements of ASX;</p> <p>(c) during the applicable Equity Conditions Measuring Period, the Company having delivered all Investor's shares pursuant to the</p>
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	<p>Agreement on a timely basis and not having indicated, orally or in writing, that it will be unable to deliver such shares;</p> <p>(d) the Investor's shares being able to be issued in full (subject to the issue of a cleansing statement, prospectus or other disclosure document and/or obtaining a shareholder approval provided for in the Agreement) without violating:</p> <ul style="list-style-type: none"> <li>(i) the Agreement; and</li> <li>(ii) the Corporations Act; and</li> <li>(iii) the Listing Rules;</li> </ul> <p>(e) during the applicable Equity Conditions Measuring Period, the Company not having failed to timely make any payments within 2 business days of when such payment is due pursuant to the Agreement or a Transaction Document nor having communicated either orally or in writing its intent to fail to make timely payments when such payment is due pursuant to any Transaction Document;</p> <p>(f) during the applicable Equity Conditions Measuring Period, there not having occurred either:</p> <ul style="list-style-type: none"> <li>(i) the public announcement of a pending, proposed or intended Fundamental Transaction (as that term is defined in paragraph 17(b) of the Option terms set out in the Company's announcement of 23 September 2019 regarding the entry into the Agreement), which has not been abandoned, terminated or consummated; or</li> <li>(ii) an event of default (see below for events of default);</li> </ul> <p>(g) the Company having no knowledge of any fact that would cause all Investor's shares issued and issuable pursuant to the Agreement or any Transaction Document, including, without limitation, the Amortisation Shares, Conversion Shares, Collateral Shares or shares upon exercise of the Options not to be eligible for sale without restriction or limitation and without the need for the issue of a prospectus or other disclosure document (other than a prospectus or other disclosure document provided for in the Agreement);</p> <p>(h) the Investor not being in possession of any material, non-public information regarding the Company or any of its subsidiaries received from the Company, any subsidiary or any of their respective agents, employees or affiliates acting, directly or indirectly, at the direction of the Company on each day during the applicable period since the later of the issue of the ZCS or the due date for payment of the last amortisation instalment;</p>
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	<p>(i) the Investor's shares then issued having been duly issued and quoted and eligible for trading without restriction on ASX;</p> <p>(j) the daily dollar trading volume of the Company's shares on ASX as reported by Bloomberg being at least AU\$350,000 (or such other amount as may be agreed by the parties in writing) on each trading day during the Equity Conditions Measuring Period;</p> <p>(k) during the applicable Equity Conditions Measuring Period, the Company's shares not having been in a trading halt on ASX without the prior written consent of the Investor;</p> <p>(l) the VWAP exceeding AU\$0.03 (as adjusted for any consolidation, subdivision or pro-rata cancellation of the Company's issued capital, or any payment of a dividend in ordinary shares of the Company or distribution of ordinary shares of the Company to holders of its outstanding ordinary shares, occurring after the execution of the Agreement, excluding a rights offering or a bonus issue) on each trading day during the Equity Conditions Measuring Period;</p> <p>(m) any custodian, prime broker or other nominee who custodies assets in or otherwise subscribes for or holds assets (whether directly or indirectly) on behalf of the Investor being able to accept custody and transact Collateral Shares, Conversion Shares or shares issued upon exercise of Options on behalf of the Investor in accordance with the policies or other investing procedures and protocols of such custodian, prime broker, nominee or investor, without any restriction or limitation (whether self-imposed or otherwise); or</p> <p>(n) no bona fide dispute existing, by and between the Investor, the Company, ASX (or any other applicable stock exchange on which the Securities are trading) and/or ASIC with respect to any term or provision of any securities that may be issued pursuant to any of the transactions contemplated by the Agreement or any other Transaction Document.</p> <p>The Company will only seek to pay amortisation instalments using shares if it is able to satisfy the applicable requirements of the Agreement and the issue of the 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.</p> <p>If for any reason the Company cannot issue shares to convert the ZCS or replace Collateral Shares if capitalised instead of new shares being</p>
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	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.
<b>Events of default</b>	<p>The following is a summary of the events of default provided for in the Agreement:</p> <ul style="list-style-type: none"> <li>(a) any representations, warranties, covenants, public filing, certificate, financial statements or other written statements being or becoming inaccurate, false or misleading in any material respect;</li> <li>(b) breach of or failure to comply a Transaction Document and either: <ul style="list-style-type: none"> <li>(i) the breach or failure is not capable of remedy; or</li> <li>(ii) the breach or failure is capable of remedy, and remains unremedied for a period of 3 business days;</li> </ul> </li> <li>(c) unless otherwise agreed to by the Investor, the Company does not maintain an unrestricted cash deposit of at least US\$700,000;</li> <li>(d) the 3-month trailing cash burn of the Company's group (on a consolidated basis) calculated using earnings before interest, tax, depreciation and amortisation (EBITDA) and other income, net financing cash flows (excluding principal and interest repaid to the Investor), and net changes in working capital, less capital expenditure and cash outflows for taxes and interest, exceeding US\$400,000 more than once during the term of the ZCS;</li> <li>(e) an insolvency event occurring, including Company and/or any of its subsidiaries being deemed to be, or stating that it is, unable to pay its debts when they fall due or resolving to enter into liquidation, appointment of a liquidator or other external administrator, or an application being made which is not dismissed or withdrawn within ten business days for an order, or resolution being passed or proposed, a meeting being convened or any other action being taken to cause or consider not paying debts when they fall due, entry into liquidation or appointment of a liquidator or other external administrator;</li> <li>(f) cessation or suspension of all or a substantial part of the Company's group's business, or the disposal of a substantial part of its assets (or threatening to any of these things);</li> <li>(g) the Company taking action without the prior consent of the Investor to undertake or give effect to a consolidation, subdivision or pro-rata cancellation of the Company's issued capital, or any payment of a dividend in ordinary shares of the Company or distribution of ordinary shares of the Company to holders of its</li> </ul>

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	<p>outstanding ordinary shares, excluding a rights offering or a bonus issue;</p> <p>(h) failure to issue a cleansing statement, prospectus or other disclosure document in respect of shares issued or to be issued to the Investor where required to enable the shares to be freely tradable or, despite issuing a cleansing statement, prospectus or other disclosure document, any of the Investor's shares cannot be freely traded following their quotation on ASX;</p> <p>(i) a cleansing statement issued by the Company is or becomes defective without an amendment or update required to be issued being issued within the time provided for in the Corporations Act;</p> <p>(j) any prospectus or other disclosure document issued by the Company under the Corporations Act contains (whether by omission or otherwise) any statement which is false, misleading or deceptive and materially adverse from the point of view of an investor, or otherwise does not comply with the Corporations Act or any other applicable Law and a replacement or supplementary prospectus or other disclosure document is not lodged in accordance with the Corporations Act;</p> <p>(k) the suspension of the Company's shares from trading on ASX for more than 5 trading days in any 12 month period, unless as agreed to by the Investor in writing;</p> <p>(l) the Company requesting a trading halt on ASX without the prior written consent of the Investor;</p> <p>(m) the failure of the Company's shares to be listed on ASX;</p> <p>(n) any shares issued or to be issued to the Investor not being quoted on ASX before the commencement of trading on the second trading day following the date of their issue;</p> <p>(o) a stop order, suspension of trading, cessation of quotation, or removal of the Company or its shares from the ASX Official List being requested by the Company or imposed by ASIC, the ASX, or any other government body with respect to public trading in the shares on the ASX, or a fact or circumstance that may cause the foregoing; except for a suspension of trading not exceeding five trading days in a rolling twelve month period or as agreed to by the Investor, which suspension of trading will be terminated prior to the next date upon which shares or other securities (including other zero coupon convertible amortising securities issued) are to be issued under the Agreement;</p> <p>(p) any of the following occurring:</p>
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	<ul style="list-style-type: none"> <li>(i) trading in securities generally in Australia or the United States has been suspended or limited;</li> <li>(ii) minimum prices being established on securities in Australia or the United States or on the ASX;</li> <li>(iii) a banking moratorium being declared by the Australian, the United States or the New York State authorities; or</li> <li>(iv) a material outbreak or escalation of hostilities or another national or international calamity of such magnitude in its effect on, or adverse change in, the United States or the Australian financial market, which in the reasonable judgment of the Investor, makes it impracticable or inadvisable for the Investor to subscribe for or be issued shares or other securities (including other zero coupon convertible amortising securities) under the Agreement;</li> </ul> <p>(q) any of the conditions for an issue of Conversion Shares or Amortisation Shares or to capitalise Collateral Shares (see above), not having been fulfilled in a timely manner or at the time prescribed, provided that the non fulfilment of Equity Conditions in the period leading up to a proposed issue of a subsequent tranche of zero coupon convertible amortising securities will not be an event of default (and for the avoidance of doubt, only results in the Investor not being required to subscribe and pay for the applicable further tranche of zero coupon convertible amortising securities);</p> <p>(r) the Company challenging, disputing or denying the right of the Investor to receive any securities, or otherwise dishonouring or rejecting any action taken, or document delivered, in furtherance of the Investor's rights to receive any securities (other than challenging actions not permitted under the Agreement);</p> <p>(s) a Transaction Document or a transaction contemplated by the Agreement becoming, or being claimed (other than in a vexatious or frivolous proceeding) by any person that is not the Investor or its affiliate to be, wholly or partly void, voidable or unenforceable;</p> <p>(t) any person having commenced any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted any claim before any government body, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or undertake any of the transactions contemplated by the Agreement (other than a vexatious or frivolous proceeding or claim);</p>
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	<p>(u) a Material Adverse Effect<sup>^</sup>, or an event, development or condition which, in the reasonable judgement of the Investor, would be likely to have a Material Adverse Effect, occurring;</p> <p>(v) there exists a Law which, or an official or reasonable interpretation of which, in the Investor's reasonable opinion makes it, or is more likely than not to make it, illegal or impossible for the Investor or the Company to undertake any of the transactions contemplated by the Agreement or transactions of similar kind (including acquisition and/or disposition, at a time of the Investor's choosing, of any securities), in accordance with the Agreement, or renders, or is more likely than not to render, consummation of any of the transactions contemplated by the Agreement in accordance with the Agreement unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law;</p> <p>(w) if:</p> <ul style="list-style-type: none"> <li>(i) a change in an interpretation or administration of a Law or a proposed Law introduced or proposed to be introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, or the House of Representatives or Senate of the United States of America, or by the ASX;</li> <li>(ii) compliance by the Investor or any of its affiliates with a Law or an interpretation or administration of a Law; or</li> <li>(iii) a change in a Law or an interpretation or administration of a Law,</li> </ul> <p>has, or is more likely than not to have, in the reasonable opinion of the Investor, directly or indirectly, the effect of:</p> <ul style="list-style-type: none"> <li>(iv) varying the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or transactions contemplated by the Agreement so that the Investor's rights, powers, benefits, remedies or economic burden (including any tax treatment in the hands of the Investor) are adversely affected (including by way of delay or postponement);</li> <li>(v) otherwise adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement); or</li> <li>(vi) otherwise making it impracticable for the Investor to undertake any of the transactions contemplated by the Agreement;</li> </ul>
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	<p>(x) any authorisation necessary or appropriate for the consummation of those the transactions contemplated by the Agreement that remain to be consummated at the applicable time, having not been issued or received at the time prescribed, or not remaining in full force and effect;</p> <p>(y) the transactions to be undertaken as a consequence of the Agreement, including issuing securities, would result in the Company breaching Listing Rule 7.1 unless a shareholder approval provided for in the Agreement is obtained;</p> <p>(z) the Investor not having received all items required to be delivered to it in accordance with the Agreement;</p> <p>(aa) a judgment (including a default judgement) and for the avoidance of doubt, cash and any other form of judgment of an amount of AU\$200,000 or greater being entered against the Company or any of its subsidiaries;</p> <p>(bb) the Company and/or any of its subsidiaries having defaulted in relation to any payment obligation under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party or otherwise breaching the covenants under any financial accommodation, and such breach not being cured during the specified cure period;</p> <p>(cc) any present or future liabilities, including contingent liabilities, and for the avoidance of doubt, cash and any other form of liabilities, of the Company or any of its subsidiaries for an amount or amounts totalling more than AU\$200,000 not being satisfied on time, or having become prematurely payable;</p> <p>(dd) a false or inaccurate certification (including a false or inaccurate deemed certification) by the Company that the Equity Conditions are satisfied or that there has been no failure to satisfy an Equity Condition or as to whether any event of default has occurred;</p> <p>(ee) the Company breaching its obligations pursuant to the agreement for the issue of the options;</p> <p>(ff) the Company's:</p> <ul style="list-style-type: none"> <li>(i) failure to issue any shares in accordance with the Agreement or any obligation provided for by it; or</li> <li>(ii) notice, written or oral, to the Investor, including by way of public announcement, or through any of its agents, at any time, of its intention not to comply, with the Agreement or any obligation provided for by it;</li> </ul> <p>(gg) the Company failing to pay to the Investor any amounts when and as due pursuant to the Agreement or any other Transaction</p>
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	<p>Document, or the Company giving a written or oral communication informing the Investor that it does not intend to pay to the Investor any amounts when and as due pursuant to the Agreement or any other Transaction Document, only if such breach remains uncured for a period of at least three (3) consecutive business days;</p> <p>(hh) any material damage to, or loss, theft or destruction of, any material amount of property of the Company, whether or not insured, or any strike, lockout, labour dispute, embargo, condemnation, act of God or public enemy, or other casualty causing, for more than 15 consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of the Company or any subsidiary, if any such event or circumstance would reasonably be expected to have a Material Adverse Effect;</p> <p>(ii) ASIC making any order or exercises any of its powers pursuant to Part 6D.4 of the Corporations Act (other than section 741 of the Act) in respect of or relating to any prospectus or other disclosure document issued by the Company; and</p> <p>(jj) Mr Ted Dhanik ceasing to be chief executive officer of the Company, without the prior written consent of the Investor, and a qualified replacement, acceptable to the Investor, in its sole discretion, not being appointed within 15 business days.</p> <p>The Investor may terminate the Agreement by written notice to the Company, effective as of the date stipulated (in the Investor's sole discretion), if, as a consequence of any change of Law, regulation or administrative action or policy relating to tax after the date of the Agreement (including any tax treaty between any of the United States and Australia), the tax liability of the Investor increases from the position that is applicable at the execution date, provided such increase is more than a <i>de minimus</i> increase. The Investor may terminate the Agreement or suspend or cancel some of its obligations under the Agreement if in the reasonable opinion of the Investor, at any time there exists a Law which, or an official or reasonable interpretation of which, makes it, or may make it, illegal or impossible in practice for the Investor to undertake any of the transactions contemplated by the Agreement, or render any of the transactions contemplated by the Agreement unenforceable, void or voidable.</p> <p>Upon the occurrence of an event of default the Investor may require payment of 125% of the then outstanding face value ZCS. The Investor is also entitled to payment of its losses, default interest and costs.</p>
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	<p><sup>^</sup> A “Material Adverse Effect” means, one or more occurrences or matters individually or in aggregate that:</p> <ul style="list-style-type: none"> <li>(a) have or could be expected to have a material adverse effect on the business, assets, condition (financial or otherwise), prospects or results of operations of the Company and its subsidiaries taken as a whole;</li> <li>(b) prevent or could be expected to prevent the Company from performing its obligations under the Agreement; or</li> <li>(c) have or could be expected to have a material adverse effect on the validity or enforceability of all or a material part of the Agreement.</li> </ul>
<p><b>Changes of control or Fundamental Transactions:</b></p>	<p>The Investor may require redemption of the ZCS at 125% of the face value if there a Fundamental Transaction other than:</p> <ul style="list-style-type: none"> <li>- any reorganisation or recapitalisation of the 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 Subject Entity (as that term is defined in paragraph 17(b) of the Option terms set out in the Company’s announcement of 23 September 2019 regarding the entry into the Agreement), 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 the Successor Entity (as that term is defined in paragraph 17(b) of the Option terms set out in the Company’s announcement of 23 September 2019 regarding the entry into the Agreement), 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 ZCS and any other zero coupon convertible amortising securities then on issue a security of the Successor Entity evidenced by a written instrument substantially</p>

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	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 ZCS and any other zero coupon convertible amortising securities then on issue and having similar conversion rights, dividend rights and ranking to the ZCS and those other zero coupon convertible amortising securities (respectively).
<b>Transferability:</b>	The ZCS and the Agreement (and all rights and/or obligations thereunder) are transferable by the Investor.  The Company cannot transfer the ZCS, the Agreement or any rights or obligations thereunder without the prior written consent of the Investor.
<b>Participation right:</b>	The Investor has 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 until 25 September 2022 (three years after the issue of the initial ZCS), on terms no less favourable to the Investor than the terms offered to third parties, for up to 50% of the applicable proposed financing.
<b>Arranger's fee:</b>	The Company will pay Viriathus Capital (or its nominee) an arranger's fee of 4% of the face value of ZCS.
<b>Costs:</b>	The Company shall bear all costs of itself and the Investor with respect to the Agreement.
<b>Other:</b>	The Agreement contains terms and conditions including warranties and indemnities in favour of the Investor in respect of matters expected to be addressed in an agreement of this type, and is governed by the laws of Victoria, Australia.

\* Note: 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. See further below about events of default. 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.

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## 8. Rights and liabilities attaching to shares

All shares that may be issued upon conversion or amortisation of the ZCS will be fully paid ordinary shares ranking equally with the existing fully paid ordinary shares of the Company. The Company will apply for quotation of the shares upon issue.

The following is a broad summary of the rights attaching to shares of the Company including shares issued upon conversion or amortisation of the ZCS and the Collateral Shares. This summary is not exhaustive and does not constitute a definitive statements of the rights and liabilities of shareholders:

<b>Variation of rights</b>	The rights of shares may only be varied by consent in writing of the holders of 75% of issued shares, or by the passing of a special resolution.
<b>General meetings and notice</b>	Each shareholder has the right to receive notice of and to attend and vote at general meetings of the Company.
<b>Dividends</b>	Dividends may be paid to shareholders as declared by the Board at its discretion.
<b>Rights on winding up</b>	If the Company is wound up, the shares attract the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to unpaid amounts on the share.
<b>Transfer</b>	Shareholders may transfer shares subject to the requirements of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board may do anything it considers necessary or desirable and which is permitted by the Corporation Act, the ASX Listing Rules or the ASX Settlement Operating Rules to facilitate the participation by the Company in any computerised or electronic system established or recognised by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules for the purposes of facilitating dealings in shares. The Board may refuse to register any transfer of shares if permitted or required to do so by the ASX Listing Rules.
<b>ASX Listing Rules</b>	To the extent of any inconsistency, the ASX Listing Rules prevail over the Company's constitution.

## 9. Compliance with continuous disclosure

The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of making that information available to the market.

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As at the date of this Cleansing Notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- (b) section 674 of the Corporations Act, as it applies to the Company.

Copies of any documents in relation to the Company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office. The Company will provide a copy of the following to any person on request free of charge:

- (a) the annual financial report most recently lodged with ASIC by the Company; and
- (b) any half-year report lodged with ASIC after lodgement of that annual financial report and before lodgement of this Cleansing Notice; and
- (c) any continuous disclosure notices given after the lodgement of that annual financial report and before lodgement of this Cleansing Notice.

#### **10. No excluded information**

As at the date of this notice, other than as set out in this Cleansing Notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the listing rules of the prescribed financial market whose operator was given the notice; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
  - (ii) the rights and liabilities attaching to the ZCS and the shares that may be issued upon conversion or amortisation of the ZCS.

#### **ENDS**

On behalf of the Board

Ted Dhanik  
Executive Chairman  
**engage:BDR Limited**

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