

19 February 2020

ASX Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

FOR IMMEDIATE RELEASE

Dear Sir/Madam,

Department 13 International Ltd (Subject to Deed of Company Arrangement)
A.C.N. 155 396 893 ("**the Company**")

ASX: D13 – Completion of sale of shares in, and loan to, D13Inc, New CEO & possible recapitalisation

On 14 February 2020, the Company completed the sale of 100% of the Company's shares in *Department 13, Inc.* ("**D13Inc**") and the assignment of the Company's loan to D13Inc, to Department 13 Pty Ltd ACN 638 457 637 ("**Buyer**"), in accordance with the Deed of Company Arrangement ("**DoCA**") executed on the 9th January 2020. Accordingly the Buyer is now the sole shareholder of D13Inc, and D13Inc has no further liability to the Company.

The Buyer is not a 'related party' as defined in Chapter 19 of ASX Listing Rules. The Buyer is as disclosed in the DoCA and its antecedent proposal, a nominee of the DoCA proponent, Domazet FT3 Pty Ltd ATF Domazet Family Trust No. 3 ("**Doma**") and the Buyer's acquisition is effectively the Company's former secured creditors converting their secured debt in the Company into equity of the Buyer. The majority shareholders of the Buyer are Doma and the Company's former convertible noteholders ("**Noteholders**").

The consideration for the loan assigned to the Buyer was the forgiveness of the Company's secured debts totalling circa \$22M owed separately to *Doma* and the Noteholders via *Sargon CT Pty Ltd as trustee of the 'D13 Security Trust' ("Sargon")*. At or following completion of the sale and assignment of the loan, both Doma and Sargon released their security against the Company. Further details were disclosed in second supplementary report to creditors dated 10 December 2019 and the DoCA, both of which may be purchased from the Australian Securities & Investments Commission.

Mr Lee Croft has been appointed CEO of D13Inc, he had previously served as its Acting CEO.

The next phase of the DoCA will involve the Company exploring opportunities for investment in and recapitalisation of the Company in connection with the acquisition of a new business, subject to the required ASX Listing Rules and Corporations Act provisions.

Shareholders are asked to monitor ASX releases for further information.

Yours faithfully

Department 13 International Ltd

Alan Hayes
Deed Administrator

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