

19 November 2018

ASX ANNOUNCEMENT

Funding Agreement for up to USD \$1.5 million

Further to the announcement on 1 November 2018, engage:BDR Limited (“**EN1**” or “**Company**”) is pleased to announce that it has entered into a Convertible Securities Agreement with CST Investment Fund (“**Investor**”) to raise up to USD \$1.5 million (approx. AUD \$2.07 million) by way of convertible loan (“**Convertible Loan**”). This announcement provides further detail and updated information regarding the placement of notes, the terms of the notes, and associated issues of shares and options made on 1 November 2018.

All notes issued will be issued at USD \$.90 per note with a face value of USD \$1.00 cents per note and are secured.

Initially, the Company will issue 750,000 loan notes to the Investor which will be purely debt instruments, with no conversion rights, and will have a maturity date of 90 days from drawdown of funds.

The Company will seek shareholder approval within 60 days of the execution of the Agreement to issue convertible notes (“**Convertible Notes**”) to the Investor in replacement for the initial loan notes. The Convertible Notes will have a maturity date of 12 months from the initial drawdown.

The Company may subsequently issue a further 750,000 Convertible Notes to the Investor on the day which is 6 months after the initial issue of loan notes, by mutual agreement between the Company and the Investor.

The Notice of Meeting for the proposed General Meeting is currently being prepared and will be released to ASX and sent to shareholders shortly. The Company will make a separate announcement and lodge an Appendix 3B when the initial 3.1 million Collateral shares are issued.

Subject to the Company receiving shareholder approval for the issue of the Convertible Notes, and the Company issuing them to the Investor in replacement of the initial loan notes, the Investor will have the ability to convert the Convertible Notes into fully paid ordinary shares of the Company at a fixed conversion price of \$0.09 per share, except if at any time the daily VWAP of the Company’s shares is less than \$0.035, following which the conversion price will become a variable conversion price of the lower of a) 92% of the average of the two lowest daily volume-weighted average prices during the 10 trading days prior to the Conversion Notice Date and b) the Placement Price of \$0.09 per share. A drawdown fee equivalent to 3% of the aggregate Face Value of the Convertible Securities will apply to the transaction.

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Every 30 days, the Company is required to redeem 1/12 of the Convertible Notes, which the Company may do in cash (at 105% of Face Value) or (subject to shareholder approval and liquidity conditions) by the issue of shares at the variable conversion price.

The Company will also issue options with an exercise price equivalent to 135% of the 5-day volume weighted average price (VWAP) for the 5 Actual Trading Days immediately prior to the date of issue of the Options. The issue of options will also be subject to shareholder approval being obtained.

The Company will also issue a total of 5 million collateral shares at a non-cash deemed issue price of AUD \$0.06 cents (6 cents) per share, with 3.1 million being issued immediately upon the first drawdown and the remaining 1.9 million issued subject to shareholder approval being obtained at the General Meeting of shareholders.

For the avoidance of doubt no shares or options (other than the initial 3.1 million Collateral Shares to be issued under the Company's 15% placement capacity) will be issued under the Convertible Securities Agreement dated 15 November 2018 unless and until the approval of shareholders has been obtained at the upcoming General Meeting.

The funds raised will be used for the prepayment of digital advertising inventory in the traditionally busy Q4 period in the lead up to Christmas and for general working capital and increase the Company's flexibility to take advantage of additional opportunities that may arise.

The terms of the Note are outlined below in this announcement.

Investor	CST Investment Fund
Company	engage:BDR Limited
Purchase Date:	First Purchase (of loan notes): 2 Business Days after the date of this Agreement Second Purchase: The day which is 6 months after the First Purchase (subject to the mutual agreement of the parties).
Purchase Price:	First Purchase and Second Purchase: A\$0.90 per Convertible Security purchased
Number of Convertible Securities	First Purchase (of loan notes): 750,000 Second Purchase: 750,000
Drawdown Fee:	3% of the aggregate Face Value of the Convertible Securities purchased at a Purchase
Face Value:	USD \$1 per Convertible Security
Maturity Date:	Loan notes issued at First Purchase: The date which is 90 days after the Purchase Date for the First Purchase Replacement Convertible Securities: The date which is 12 months after the Purchase Date for the First Purchase

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Convertible Securities issued at Second Purchase: The date which is 12 months after the Purchase Date for the Second Purchase

Variable Conversion Price	The lesser of: (a) 92% of the lowest daily VWAP during the 10 Actual Trading Days prior to the Conversion Notice Date, rounded down to the nearest A\$0.001; and (b) the Fixed Conversion Price.
Fixed Conversion Price	A\$0.09
Collateral Shares	5,000,000 Shares (3.1 million to be issued under existing placement capacity at the time of First Purchase, and the balance 1.9 million to be issued subject to shareholder approval)
Lowest Share Price	A\$0.035

The Company will also issue additional options (subject to shareholder approval) on the terms as follows:

Option Expiration Date:	Three calendar years after the date of issue.
Option Exercise Price:	Exercise price of 135% of the 5 day VWAP for the 5 Actual Trading Days immediately prior to the date of issue.
Options to be issued:	That number obtained by dividing 50% of the relevant Purchase Price, by the 5 day VWAP for the 5 Actual Trading Days immediately prior to the date of issue of the relevant Options, rounded upward to the next whole number

“engage:BDR is extremely excited to be aligned closely with a top-tier U.S. institutional lender and looking forward to announcing more important updates for EN1 in the near future. EN1 is actively working to build its investor network in the U.S. further, to potentially add shareholdings in its home geography.” – Ted Dhanik, CEO and Chairman of EN1. Viriathus Capital LLC is acting as placement agent to the Company. Should you require any further information please contact Ted Dhanik.

On behalf of the Board

Ted Dhanik
Co-Founder and Executive Chairman
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