



**ASX Release**  
25 September 2019

## Section 708A Cleansing Notice

This notice is given by engage:BDR Limited (**Company**) under Section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company hereby confirms that:

- (a) it has issued 28,500,000 fully paid ordinary shares (**Collateral Shares**) to Alto Opportunity Master Fund SPC – Segregated Master portfolio B in accordance with the terms and conditions of Convertible Securities Purchase Agreement at a nil issue price.
- (b) the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (c) the Company is providing this notice under paragraph 5(e) of section 708A of the Corporations Act;
- (d) as at the date of this notice the Company, as a disclosing entity under the Corporations Act, has complied with:
  - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (ii) section 674 of the Corporations Act as it applies to the Company; and
- (e) as at the date of this announcement, there is no excluded information of the type referred to in Section 708A(7) and 708A(8) of the Corporations Act.

An Appendix 3B relating to the issue of shares noted above is attached.

### ENDS

On behalf of the Board

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

**engage:BDR Limited (ASX:EN1 and ENO)**  
**ACN 621 160 585**

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**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 has 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 convertibles note within the meaning of CI 2016/82).

The Agreement provides for an initial drawdown (tranche) with the potential for a further 7 drawdowns.

The Company has issued the initial drawdown (tranche), being a zero coupon convertible amortising security (the **ZCS**) with a face value of US\$2.06 million and an issue price of US\$1.750 million (approximately A\$2.58 million at an exchange rate of US\$0.6781 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).

The Agreement provides for up to seven subsequent tranches/drawdowns of zero coupon convertible amortising securities, each with a face value of US\$4.12 million and issue price of US\$3.5 million (or such other amounts as the Company and the Investor may agree on a tranche by tranche basis). If the conditions for a potential subsequent tranche to be drawn down are satisfied, including the Investor agreeing to proceed with the individual tranche, and a further drawdown occurs, the Company will make a further announcement to ASX and will issue a further cleansing notice for the applicable tranche. Each subsequent tranche of zero coupon convertible amortising securities will be treated as a separate and distinct issue. Potential further tranches of

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zero coupon convertible amortising securities are referred to for information only, and are not the subject of this Cleansing Notice.

This Cleansing Notice is issued in respect of the initial 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.

Under the Agreement the Company has, simultaneously with the issue of the ZCS the subject of this Cleansing Notice, issued 13,750,000 unlisted options with an exercise price of A\$0.26 (26 cents) each and an expiry date of 30 September 2022 (the **Options**) and 28,500,000 fully paid ordinary shares (the **Collateral Shares**). The Company has lodged a prospectus for the Options with ASIC (and released a copy to ASX) and will release a separate cleansing statement in respect of the Collateral Shares to ASX. Information regarding the Options and Collateral Shares is included for information only, and the Options and the Collateral Shares are not the subject of this Cleansing Notice.

### 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;
  - (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 and the related issue of Options and Collateral Shares will have the following key effects on the Company:

- (a) Increasing the cash reserves of the Company by approximately US\$658,000 (approximately A\$970,000 at an exchange rate of US\$0.6781 to A\$1.00), being the issue price of the ZCS after offsetting an existing loan from the Investor and paying accrued interest thereon in the total sum of approximately US\$1.091 million;
- (b) Increasing the liabilities of the Company by A\$978,638, representing the face value of the ZCS after taking into account offsetting the reduction of liabilities from offsetting the existing an loan

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from the Investor and paying accrued interest thereon as referred to above. See the pro forma statement of financial position and accompanying notes in Section 6 for further detail;

- (c) The grant of a general security interest over the assets and undertaking of the Company in favour of the Investor on account of the ZCS, and a guarantee of the Company's obligations by a wholly owned US subsidiary of the Company;
- (d) Increasing the number of ZCS on issue from 0 to 1;
- (e) Increasing the number of unlisted options on issue by 13,750,000 (being the Options);
- (f) Increasing the number of shares on issue by 28,500,000 (being the Collateral Shares); and
- (g) 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 assuming issue of the ZCS, Options and Collateral Shares:

Type of Security	Number on issue
Shares <sup>1</sup>	611,641,170
Listed options	33,999,993
Unlisted options	8,676,093
New unlisted Options	13,750,000
Unlisted Series 3 Convertible Notes	235,000 (issued at \$0.90 each with a face value US\$1.00 each)
ZCS <sup>2</sup>	1 (face value US\$2.06 million)

### Notes to table:

[1] Includes the issue of 28,500,000 Collateral Shares. The Company had 583,141,170 fully paid ordinary shares on issue prior to the issue of the Collateral Shares; and

[2] Relates only to the ZCS the subject of this Cleansing Notice.

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 #23 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 24 November 2019). 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 below table

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shows examples of the dilutive impact on shareholders of the Investor elects to convert the entire ZCS (at the A\$0.35 conversion price, and assuming the above exchange rate).

The below table includes the Collateral Shares in the calculation of the existing percentage holdings, and assumes that no additional shares are issued prior to conversion of the ZCS, including upon conversion of any existing or future convertible securities (including the Options). The Investor currently holds 28,500,000 shares, being the Collateral Shares, representing approximately 4.9% of total currently issued shares).

Current shareholding	Existing % holding	% of shares following conversion by Investor of entire ZCS
2,000,000	0.33%	0.32%
5,000,000	0.82%	0.81%
10,000,000	1.63%	1.61%
20,000,000	3.27%	3.22%
50,000,000	8.17%	8.06%

**Note to table:** all percentages are rounded to two decimal places.

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

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## 6. Pro-forma Statement of Financial Position

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

	Audited		Pro forma adjustments				Unaudited Proforma Financials
	30 June 2019	Step 1 Issue of CZS	Step 2 28.5 million Collateral Shares issued	Step 3 13.75 million Options issued	Step 4 Repayment of existing loan & ZCS related fees	Step 5 Issue of shares to settle creditors and employee bonuses	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	2,694,331	2,580,740			(1,713,529)		3,561,542
Trade and other receivable	3,821,640						3,821,640
Prepaid expenses	382,184						382,184
Related party receivables	2,413,021						2,413,021
Investments in equity instruments	51,738						51,738
<b>Total current assets</b>	<b>9,362,914</b>	<b>2,580,740</b>	-	-	<b>(1,713,529)</b>	-	<b>10,230,125</b>
<b>Non-current assets</b>							
Property, plant and equipment	126,802						126,802
Intangibles	2,556,816						2,556,816
Goodwill	1,468,517						1,468,517
Right to use asset	210,921						210,921
Investments in equity instruments	-						-
<b>Total non-current assets</b>	<b>4,363,056</b>	-	-	-	-	-	<b>4,363,056</b>
<b>Total assets</b>	<b>13,725,970</b>	<b>2,580,740</b>	-	-	<b>(1,713,529)</b>	-	<b>14,593,181</b>

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	Audited	Pro forma adjustments					Unaudited Proforma Financials
	30 June 2019	Step 1 Issue of CZS	Step 2 28.5 million Collateral Shares issued	Step 3 13.75 million Options issued	Step 4 Repayment of existing loan & ZCS related fees	Step 5 Issue of shares to settle creditors and employee bonuses	
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	7,500,020					(1,168,505)	6,331,515
Employee benefits	52,578						52,578
Lease Liability	388,744						388,744
Borrowings	4,862,217				(1,346,762)		3,515,455
Convertible Notes		3,037,900	(712,500)				2,325,400
<b>Total current liabilities</b>	<b>12,803,559</b>	<b>3,037,900</b>	<b>(712,500)</b>	<b>-</b>	<b>(1,346,762)</b>	<b>(1,168,505)</b>	<b>12,613,692</b>
<b>Non-Current liabilities</b>							
Employee benefits	64,515						64,515
<b>Total non-current liabilities</b>	<b>64,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,515</b>
<b>Net liabilities</b>	<b>12,868,074</b>	<b>3,037,900</b>	<b>(712,500)</b>	<b>-</b>	<b>(1,346,762)</b>	<b>(1,168,505)</b>	<b>12,678,207</b>
<b>Net assets</b>	<b>857,896</b>	<b>(457,160)</b>	<b>712,500</b>	<b>-</b>	<b>(366,767)</b>	<b>1,168,505</b>	<b>1,914,975</b>
<b>Equity</b>							
Share capital	28,461,455					1,168,505	29,629,960
Collateral shares			712,500				712,500
Share based payment reserve	3,679,530			289,300			3,968,830
Equity investment reserve	(2,476,582)						(2,476,582)
Foreign currency translation reserve	(213,898)						(213,898)
Accumulated losses	(28,592,609)	(457,160)		(289,300)	(366,767)		(29,705,835)
<b>Total equity</b>	<b>857,896</b>	<b>(457,160)</b>	<b>712,500</b>	<b>-</b>	<b>(366,767)</b>	<b>1,168,505</b>	<b>1,914,975</b>

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

- (a) The 30 June 2019 Reviewed Consolidated Balance Sheet has been used as a base position to illustrate the impact of the issue of the CZS and contemporaneous issue of the Collateral Shares and the Options.

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- (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 a total of A\$2,580,740, (before costs and expenses), issued with a face value of US\$2,060,000, assuming an exchange rate of US\$0.6781 to A\$1.00, is shown at Step 1 in the table.
- (d) The issue of the Collateral Shares in conjunction with the ZCS. 28.5 million ordinary shares to be issued at a deemed issue price of \$0.025, is shown at Step 2 in the table
- (e) The issue of 13,750,000 Options having an exercise price of \$0.026 is shown at Step 3 in the table.
- (f) Repayment of the existing loan from the Investor (including any interest incurred from 1 July to date of settlement) from the proceeds of the ZCS and recognition of fees associated with capital raising (noting these will be payable from other sources not from the proceeds of the issue) is shown at Step 4 in the table.
- (g) The issue of fully paid ordinary shares to settle outstanding creditor balances of the Company during the period 1 July 2019 to 30 August 2019, as shown at Step 5 in the table
- (h) Cash and cash equivalents, trade and trade receivables, and other assets and liabilities have not been adjusted for expenditure and other activities since 30 June 2019.
- (i) 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.
- (j) Issuing conditions for subsequent tranches of convertible notes have not been assumed to have been met for the purposes of this pro forma.
- (k) Shares issued subsequent to 30 June in settlement of creditors and employee bonuses have been assumed to have NIL impact on statement of profit and loss and have been used 100% to settle liabilities existing at 30 June.

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## 7. Rights and liabilities attaching to the ZCS

<b>Face value and issue price:</b>	US\$2,060,000 face value; US\$1,750,000 issue price.
<b>Issue date:</b>	25 September 2019.
<b>Term &amp; maturity date:</b>	The ZCS matures on the date that date that is the last ASX trading day in the 14th calendar month after the date of issue, being 30 November 2020 ( <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;</li> <li>- repaying a bridge loan recently issued by the Investor; and</li> <li>- general working capital.</li> </ul>
<b>Redemption:</b>	<p>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).</p> <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</li> </ul>

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	existing capacity to issue shares without requiring shareholder approval.
<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 one 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 instalment payment is due or the daily VWAP on the last trading day before the instalment payment is due.</li> <li>- The process for satisfying an instalment by issuing shares includes satisfying 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</li> </ul>

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	<p>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.</p> <ul style="list-style-type: none"> <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>The Collateral Shares will 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 obtaining any necessary shareholder approvals will be bought back by the Company for an aggregate total of A\$1.</p>
<b>Investor's holding limit:</b>	<p>Unless otherwise agreed by the Investor, the Investor will not be required to accept shares if the Investor's shares would exceed 4.99% of the then issued shares of the Company. Issues of shares to the Investor may be postponed (in full or in part) until total number of shares would be below 4.99% or the Investor agrees to receive the despite exceeding 4.99%.</p>
<b>Conditions for conversion, paying amortisation instalments by issuing shares, capitalisation, replacement or further issues of Collateral Shares, purchase of outstanding</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>

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<p><b>Collateral Shares, or redemption of the ZCS:</b></p>	<p>(a) the issue 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;</p> <p>(b) the Company being entitled under the Agreement (on and subject to the terms of the Agreement) to require the Investor to (as applicable) to accept the proposed issue of shares or conversion;</p> <p>(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;</p> <p>(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;</p> <p>(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 those 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;</p> <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> <p>(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);</p>
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	<p>(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</p> <p>(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).</p> <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 waved 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 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</p>
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	<p>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 Agreement on a timely basis pursuant 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> <p>(i) the Agreement; and</p> <p>(ii) the Corporations Act; and</p> <p>(iii) the Listing Rules;</p> <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 with the Agreement or a Transaction Document nor having communicated either orally or in writing its intent to fail to make timely payments</p>
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	<p>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> <p>(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</p> <p>(ii) an event of default (see below for events of default);</p> <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> <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</p>
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	<p>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 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.</p>
<p><b>Events of default</b></p>	<p>The following is a summary of the events of default provided for in the Agreement:</p> <p>(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;</p> <p>(b) breach of or failure to comply a Transaction Document and either:</p> <p>(i) the breach or failure is not capable of remedy; or</p> <p>(ii) the breach or failure is capable of remedy, and remains unremedied for a period of 3 business days;</p>

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	<p>(c) unless otherwise agreed to by the Investor, the Company does not maintain an unrestricted cash deposit of at least US\$700,000;</p> <p>(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;</p> <p>(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;</p> <p>(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);</p> <p>(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 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</p>
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	<p>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 existing; 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> <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</p>
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	<p>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> <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> <p>(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</p>
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	<p>any State or Territory of Australia, or the House of Representatives or Senate of the United States of America, or by the ASX;</p> <p>(ii) compliance by the Investor or any of its affiliates with a Law or an interpretation or administration of a Law; or</p> <p>(iii) a change in a Law or an interpretation or administration of a Law,</p> <p>has, or is more likely than not to have, in the reasonable opinion of the Investor, directly or indirectly, the effect of:</p> <p>(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);</p> <p>(v) otherwise adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement); or</p> <p>(vi) otherwise making it impracticable for the Investor to undertake any of the transactions contemplated by the Agreement;</p> <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</p>
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	<p>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 complying, 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 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>
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	<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> <p>^ 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</li> </ul>

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	<p>board of directors (or their equivalent if other than a corporation) of such entity or entities; or</p> <ul style="list-style-type: none"> <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 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).</p>
<b>Transferability:</b>	<p>The ZCS and the Agreement (and all rights and/or obligations thereunder) are transferable by the Investor.</p> <p>The Company cannot transfer the ZCS, the Agreement or any rights or obligations thereunder without the prior written consent of the Investor.</p>
<b>Participation right:</b>	<p>For three years after the issue of the ZCS, the Investor shall have the right (but not the obligation) to participate in any financing transaction (such as an equity or debt raising, or fundraising by way of a convertible instrument or other fundraising, excluding pro-rata offers to shareholders) undertaken or proposed to be undertaken by the Company, on terms no less favourable to the Investor than the terms offered to third parties, for up to 50% of the applicable proposed financing.</p>

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+61 396 927 222  
[info@EN1.com](mailto:info@EN1.com)

<b>Arranger's fee:</b>	The Company will pay Viriathus Capital (or its nominee) 4% of the face value of ZCS issued (payable from other sources, not from the issue proceeds) and 4% of any other amount received under the Agreement (including the exercise price of the options, if exercised).
<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 be 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.

## 8. Rights and liabilities attaching to the shares and Options

### 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.

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<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.

### Options

Each option entitles the holder upon valid exercise to one fully paid ordinary share. The exercise price is A\$0.026 (2.6 cents) and the expiry date is 30 September 2022. Options not validly exercised before the expiry date will lapse and be cancelled automatically. The Company does not intend applying for quotation of the Options. The Company will apply for quotation of the shares issued upon valid exercise of the Options. The Options have been or are to be issued pursuant to a prospectus lodged or to be lodged with ASIC by the Company at or about the time of the issue of this Cleansing Notice. A copy of the prospectus can be or will be able to be obtained from the Company's website, [www.engagebdr.com](http://www.engagebdr.com), or the ASX website ([www.asx.com.au](http://www.asx.com.au)) as an announcement under the Company's ASX code "EN1". The full terms of the Options are set out in the Company's announcement to ASX of 23 September 2019 regarding the entry into the Agreement, and in the prospectus.

As referred to above, this Cleansing Notice is issued in respect of the initial ZCS and not Options. Information regarding the Options and Collateral Shares (including the above) is included for information only, and the Options and the Collateral Shares are not the subject of this Cleansing Notice.

## 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 above specified events and matters as they arise for the purposes of making that information available to the market.

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

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- (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;
- (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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## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*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.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

engage:BDR Limited

ABN

621 160 585

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | 1. Fully Paid Ordinary Shares<br>2. Unlisted Options<br>3. Unlisted zero coupon convertible amortising security ("ZCS") (a convertible note)  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 1. 28,500,000<br>2. 13,750,000<br>3. 1 (see item 6(c) for further detail)   |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Fully paid ordinary shares<br>2. Unlisted Options exercisable at 0.026 (2.6 cents) expiring on 30 September 2022<br>3. Unlisted zero coupon convertible amortising security (the ZCS), a convertible note, with an issue price of USD\$1,750,000 and with a face value of USD\$2,060,000. The ZCS is secured with a Maturity date of 30 November 2020. The ZCS is convertible at the election of the Investor at the rate of one fully paid ordinary share (each a Conversion Share) for |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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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. Refer to the Company's announcement of 23 September 2019 and the cleansing notice in respect of the ZCS accompanying this Appendix 3B for further details of terms including the potential payment of amortisation instalments by issuing shares.

- 4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

1. Yes
2. No. However fully paid ordinary shares issued pursuant to conversion of unlisted options will rank in all respects pari passu with existing shares at the date of issue.
3. No – The unlisted ZCS is not quoted. Upon conversion of the ZCS, the ordinary shares issued will rank equally with fully paid shares currently on issue.

- 5 Issue price or consideration

1. Nil
2. \$0.026 (2.6 cents)
3. Issue price of USD\$1,750,000

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+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<ol style="list-style-type: none"> <li>1. Issue of fully paid ordinary shares (Shares) to Alto Opportunity Master Fund SPC – Segregated Master portfolio B in accordance with the Convertible Securities Purchase Agreement dated 23 September 2019 (refer to the release to ASX on 23 September 2019)</li> <li>2. Issue of Unlisted Options to Alto Opportunity Master Fund SPC – Segregated Master portfolio B in accordance with the Convertible Securities Purchase Agreement dated 23 September 2019</li> <li>3. Issue of the unlisted ZCS to Alto Opportunity Master Fund SPC – Segregated Master portfolio B in accordance with the Zero-Coupon Amortising Securities Purchase Agreement</li> </ol>
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	31 May 2019
6c	Number of +securities issued without security holder approval under rule 7.1	<ol style="list-style-type: none"> <li>1. 28,500,000 Fully paid ordinary shares</li> <li>2. 13,750,000 Unlisted Options</li> <li>3. The ZCS, which if converted as described in item 3, above, at the US\$/A\$ exchange rate applicable as at the day before issue, would equate to 8,679,714 ordinary shares</li> </ol>
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

6f Number of +securities issued under an exception in rule 7.2 Nil

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. N/A

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements Refer to Annexure 1

7 +Issue dates  
 Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  
 Cross reference: item 33 of Appendix 3B. 25 September 2019

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	611,641,170	Ordinary fully paid shares
	33,999,993	Listed Options exercisable at \$0.25 (25 cents) per option by 14 December 2020 (ENiO).
	Number	+Class

+ See chapter 19 for defined terms.

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	235,000	Unlisted convertible notes issued at USD\$0.90 per Note with a face value of USD\$1.00 per Note. Notes are unsecured, with a maturity date of 8 April 2020. <b>(Series 3 Notes)</b>
		8,676,093	Unlisted options exercisable at \$0.052, expiring 26 January 2022
		13,750,000	Unlisted options exercisable at \$0.026(2.6 cents), expiring on 30 September 2022.
		1	The unlisted ZCS issued at USD\$ 1,750,000 at a face value of US\$2,060,000. The ZCS is secured, with a maturity date of 30 November 2020.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Pro rata issue

SECTION NOT APPLICABLE

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a)  <sup>+</sup>Securities described in Part 1

(b)  All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or*

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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*documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- |    |   |     |
|----|---|-----|
| 38 | Number of +securities for which +quotation is sought  | N/A |
| 39 | +Class of +securities for which quotation is sought   | N/A |
| 40 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | N/A |
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>  | N/A |

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+ See chapter 19 for defined terms.



42 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (*including* the <sup>+</sup>securities in clause 38)

Number	<sup>+</sup> Class

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
.....  
(Director)

Date: 25 September 2019

Print name: Ted Dhanik

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	285,504,644
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	3,100,000 – 30 November 2018 25,099,423 – 25 January 2019 1,900,000 – 30 January 2019 13,471,396 – 30 January 2019 9,028,597 – 5 February 2019 7,498,236 – 18 February 2019 21,197,245 – 28 February 2019 10,657,140 - 8 March 2019 12,467,980 – 18 March 2019 11,347,597 – 19 March 2019 17,719,531 – 20 March 2019 29,148,824 – 2 April 2019 13,220,706 – 5 April 2019 749,810 – 8 April 2019 24,242,986 – 18 April 2019 25,407,352 – 7 May 2019 7,255,000 – 17 May 2019 17,575,493 – 31 May 2019 12,946,267 – 14 June 2019 8,399,240 – 10 July 2019 12,806,599 - 9 August 2019 12,397,104 - 30 August 2019
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	583,141,170

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	87,471,175
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>Fully Paid Ordinary Shares - 28,500,000 - <b>25 September 2019</b></p> <p>Unlisted Options -13,750,000 - <b>25 September 2019</b></p> <p>Unlisted zero coupon convertible amortising security (the ZCS), – 8,679,714 (see item 6c for calculation) – <b>25 September 2019</b></p>
“C”	50,929,714
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	87,471,175
<b>Subtract</b> “C” <i>Note: number must be same as shown in Step 3</i>	50,929,714
<b>Total</b> [“A” x 0.15] – “C”	<b>36,541,461</b> <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	583,141,170
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	58,314,117
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>“E”</b>	-

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	<b>58,314,117</b>
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	<b>-</b>
<b>Total ["A" x 0.10] – "E"</b>	<b>58,314,117</b> <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.