



engage:BDR Limited
ACN 621 160 585

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Friday, 22 November 2019

Time of Meeting:
2.00pm (Melbourne time)

Place of Meeting:
**Chartered Accountants Australia and New Zealand,
Level 18 Bourke Place,
600 Bourke Street,
Melbourne, VIC, 3000**

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

engage:BDR Limited

ACN 621 160 585

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

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of engage:BDR Limited (the “Company”) will be held at Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000 at 2.00pm (AEDT) on Friday, 22 November 2019 (“Meeting”).

AGENDA

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

Voting exclusions (where applicable) in respect of each of the Resolutions contained in this Notice are set out in the Explanatory Notes to this Notice set out on page 3.

ORDINARY BUSINESS:

Resolution 1A: Ratification of prior issue of ZCS

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of the unlisted zero coupon convertible amortizing security to Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (“the Investor”) as described in the Explanatory Statement which accompanied and formed part of this Notice.”

Resolution 1B: Ratification of prior issue of Shares

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of 28,500,000 fully paid ordinary shares to the Investor as described in the Explanatory Statement which accompanied and formed part of this Notice.”

Resolution 1C: Ratification of prior issue of Options

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of 13,750,000 unlisted options (each with an exercise price of \$0.026 (2.6 cents), expiring 30 September 2022 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company) to the Investor as described in the Explanatory Statement which accompanied and formed part of this Notice.”

Resolution 2: Approval to issue Shares

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of fully paid ordinary shares to the Investor (and/or its nominee(s)) as described in the Explanatory Statement which accompanied and formed part of this Notice.”

Resolution 3: Approval to issue potential further ZCSs

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

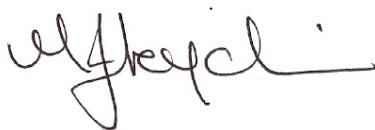
“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 7 ZCSs to the Investor (and/or its nominee(s)) as described in the Explanatory Statement which accompanied and formed part of this Notice.”

Resolution 4: Approval to issue Shares

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

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

By order of the Board:

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

Melanie Leydin
Company Secretary
Dated: 23 October 2019

Explanatory Notes

1. **Entire Notice:** The details of the resolution contained in the Explanatory Notes accompanying this Notice should be read together with, and form part of, this Notice.
2. **Record Date:** The Company has determined that for the purposes of the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Meeting. Only those persons will be entitled to vote at the Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting. On a poll, members have one vote for every fully paid ordinary share held.

3. Proxies

- Votes at the Meeting may be given personally or by proxy, attorney or representative.
- Each shareholder has a right to appoint one or two proxies.
- A proxy need not be a shareholder of the Company.
- If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the corporation's constitution and the Corporations Act.
- If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy.
- To be effective, proxy forms must be received by the Company's share registry (Computershare Limited) no later than 48 hours before the commencement of the General Meeting, this is no later than 2.00pm (AEDT) on Wednesday, 20 November 2019. Any proxy received after that time will not be valid for the Meeting.

4. Corporate Representative

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

5. How the Chairman will vote Undirected Proxies

The Chairman will vote undirected proxies in favour of all of the proposed resolutions.

6. Voting Exclusion Statement:

Resolutions 1A to 1C

The Company will disregard any votes cast in favour on Resolutions 1A to 1C by or on behalf of any person who participated in the relevant issue and any associates of those persons.

However, the Company need not disregard a vote if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolutions 2 to 4

The Company will disregard any votes cast in favour of resolutions 2, 3 and 4 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) and any associates of that person.

However, the Company need not disregard a vote if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Enquiries

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

engage:BDR Limited

ACN 621 160 585

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

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice for the Meeting to be held at Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000 on Friday, 22 November at 2.00pm (AEDT). The Notice incorporates, and should be read together with, this Explanatory Statement.

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

A. Background to Resolutions 1A to 3

On 23 September 2019, the Company announced that it had entered into an agreement (“the Agreement”) with Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (“the Investor”), who is not a related party of the Company, for the issue of zero coupon convertible amortising securities (“ZCS”).

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

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

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

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

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

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

$$A / P = S$$

Where:

A = the amortisation instalment amount.

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

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

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

Further details are set out in the announcement released to ASX on 23 September 2019.

The Company is seeking shareholder approval as provided for in ASX Listing Rule 7.3.2 under Resolution 2 to issue shares if it chooses to do so to satisfy amortisation instalment(s) with respect to the existing ZCS (issued on 25 September 2019) that become due and payable in the three month period after the Meeting.

In addition and in accordance with the terms of the Agreement, on 25 September 2019 the Company issued the Investor:

- 28,500,000 fully paid ordinary shares at a deemed issue price of \$0.025 (2.5 cents) per share; and
- 13,750,000 unlisted options, each with an exercise price of \$0.026 (2.6 cents), expiry date of 30 September 2022 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the unlisted options were set out in the prospectus lodged by the Company with ASIC and released to ASX on 25 September 2019.

Further details of the issue of the above securities are set out in the announcement released by the Company to ASX on 23 September 2019, in the prospectus lodged by the Company with ASIC and released to ASX on 25 September 2019 and the cleansing notices and the Appendix 3B released to ASX on 25 September 2019 (and as corrected on 27 September 2019). Each of these documents can be obtained from the ASX website, www.asx.com.au, search code "EN1".

B. Resolution 1A: Ratification of Prior Issue of ZCS

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of one ZCS to the Investor. The ZCS had an issue price of US\$1.75 million and face value of US\$2.06 million.

The ZCS was issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 1A therefore seeks shareholder ratification of the prior issue of the ZCS in accordance with ASX Listing Rule 7.4.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

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

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

- the total number of securities that were issued was one ZCS;
- the ZCS had an issue price of US\$1.75 million and face value of US\$2.06 million;
- the ZCS has an issue price of US\$1.75 million and face value of US\$2.06 million. The ZCS is secured and has a maturity date of 30 November 2020. The ZCS is convertible at the election of the Investor at the rate of one fully paid ordinary share for every \$0.35 (35 cents) of the face value converted, at the US\$/A\$ exchange published by the Reserve Bank of Australia ("RBA") on the day before conversion. The ZCS otherwise has terms as set out in the announcement of the Company released to ASX on 23 September 2019 and in the cleansing notice with respect to the ZCS released to ASX on 25 September 2019. If the face value of US\$2.06 million were to be converted at A\$0.35 (35 cents) at the RBA's exchange rate of US\$0.6876 to A\$1 for 22 October 2019 would result in a total of approximately 8.56 million shares being issued;
- the ZCS was allotted and issued Alto Opportunity Master Fund SPC – Segregated Master Portfolio B who is not a related party of the Company;

- the funds raised have been, or will be, used for general corporate and working capital purposes, including 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, repayment a bridge loan recently issued by the Investor to the Company and otherwise for general working capital; and
- a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1A.

C. Resolution 1B: Ratification of Prior Issue of Shares

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 28,500,000 fully paid ordinary shares to the Investor. The shares were issued at a deemed issue price of \$0.025 (2.5 cents) in connection with the Agreement as set out above.

The shares were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 1B therefore seeks shareholder ratification of the prior issue of the 28,500,000 shares in accordance with ASX Listing Rule 7.4.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

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

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

- the total number of securities issued were 28,500,000 fully paid ordinary shares;
- the shares were issued at a deemed issue price of \$0.025 (2.5 cents) per share;
- the shares have the same terms as, and rank equally with, the Company's existing fully paid ordinary shares;
- the shares were allotted and issued Alto Opportunity Master Fund SPC – Segregated Master Portfolio B who is not a related party of the Company;
- no funds were raised from the issue of the shares. The shares were issued under and in connection with the Agreement between the Company and the Investor; and
- a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1B.

D. Resolution 1C: Ratification of Prior Issue of Options

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 13,750,000 unlisted options (each with an exercise price of \$0.026 (2.6 cents), expiry date of 30 September 2022 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company) to the Investor.

The unlisted options were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 1C therefore seeks shareholder ratification of the prior issue of the 13,750,000 unlisted options in accordance with ASX Listing Rule 7.4.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

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

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

- the total number of securities issued were 13,750,000 unlisted options;
- the unlisted options were issued for nil cash consideration;
- unlisted options each have an exercise price of \$0.026 (2.6 cents), expiry date of 30 September 2022 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the unlisted options were set out in the prospectus lodged by the Company with ASIC and released to ASX on 25 September 2019. Shares issued upon exercise of unlisted options will have the same terms as, and rank equally with, the Company's existing fully paid ordinary shares;
- the unlisted options were allotted and issued Alto Opportunity Master Fund SPC – Segregated Master Portfolio B who is not a related party of the Company;
- no funds were raised from the issue of the unlisted options. The unlisted options were issued under and in connection with the Agreement between the Company and the Investor. Funds raised upon exercise of options (if any) will be applied to meeting the working capital requirements of the Company at the time of exercise; and
- a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1C.

Resolution 2: Approval to issue Shares

Resolution 2 seeks shareholder approval pursuant to ASX Listing Rule 7.1 to enable it to issue shares to satisfy amortisation instalments under the ZCS on issue as set out above, if it chooses to do so and the conditions for paying the applicable amortisation instalment by issuing shares are satisfied or waived.

If shareholders approve the issue of shares, the shareholder approval is only valid for three months from the Meeting in accordance with ASX Listing Rule 7.3.2. Accordingly, the shareholder approval sought under Resolution 2 may be used by the Company to satisfy a maximum of three amortisation instalments under the ZCS and accordingly the Company will be likely to seek further shareholder approval in future to issue additional shares to meet amortisation instalments, whether under the existing ZCS (the issue of which is sought to be ratified under Resolution 1) or under the further ZCSs (the approval for the issue of which is sought under of Resolution 3) as an alternative to issuing shares to meet amortisation instalments under its placement capacity.

Shares will only be issued pursuant to the shareholder approval sought under this Resolution 2 if the Company chooses to, and is permitted to, pay the applicable amortisation instalment(s) by issuing shares and the deemed issue price per share satisfies the pricing requirements of the second dot point of ASX Listing Rule 7.3.3, which provides that the minimum price of shares must not be less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date.

If the deemed price per share of shares issued to pay an amortising instalment is less than the amount calculated in accordance with the second dot point of ASX Listing Rule 7.3.3 then the shareholder approval sought under Resolution 2 shall not apply to such issue of shares and such shares will be taken to have been issued using the Company's then existing placement capacity. The deemed price per share of shares issued to meet amortising repayments is to be calculated in accordance with "P" of the formula on page 4.

If shareholders do not approve Resolution 2 then the Company may elect to satisfy amortisation instalment(s) under the ZCS either by cash payment as set out above or by issuing shares under its placement capacity.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting. The effect of Resolution 4 will therefore be to allow the Company to issue fully paid ordinary shares without using the Company's 15% annual placement capacity.

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

- the number of fully paid ordinary shares to be issued is to be calculated in accordance with the formula set out on page 4 of this Explanatory Statement. If an amortisation instalment of US\$171,700, being 1/12th of the face value of US\$2.06 million, were to be paid by issuing shares at A\$0.0195 (1.95 cents)¹ at the RBA's exchange rate of US\$0.6876 to A\$1 for 22 October 2019 a total of approximately 12.8 million shares would be issued for that instalment;
- the Company proposes issuing the shares the subject of this resolution 2 periodically to meet amortisation instalments under the ZCS. No shares will be issued under the shareholder approval sought under Resolution 2 more than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- fully paid ordinary shares shall be issued to satisfy amortisation instalments under the ZCS. The shares will be issued at a deemed price calculated in accordance with "P" of the formula set out on page 4;
- the shares will be allotted and issued Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (and/or its nominee(s)) who is not a related party of the Company;
- shares issued will have the same terms as, and rank equally with, the Company's existing fully paid ordinary shares;
- no funds will be raised from the issue of shares. The shares are proposed to be issued to satisfy amortisation instalment(s) under the existing issued ZCS; and
- a voting exclusion statement is included in the Notice.

D. Resolution 3: Approval to issue potential further ZCSs

Resolution 3 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 7 potential additional tranches of ZCSs under the Agreement to the Investor. The terms of the up to 7 potential additional tranches of ZCSs are set out in the announcement made by the Company to ASX on 23 September 2019.

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

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

Issues of further ZCSs more than three months after the Meeting would use placement capacity of the Company unless prior shareholder approval has been obtained at a later meeting.

1. For purposes of this example, the lowest 2 closing prices in the 20 trading days to and including 22 October 2019 of A\$0.23 (2.3 cents) have been used to represent the 2 lowest daily VWAPs. The full description of how the price to be applied is determined is set out in "P" the formula on page 4.

In addition, if shareholders do not approve Resolution 3 then issues of further ZCSs would only be possible if sufficient placement capacity is available to the Company at the time (or a later approval were to be obtained).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting. The effect of Resolution 4 will therefore be to allow the Company to issue fully paid ordinary shares without using the Company's 15% annual placement capacity.

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

- the maximum number of securities that may be issued is 7 ZCSs;
- as noted above, the Company may not issue any or all of the further ZCSs the subject of Resolution 3 within three months of the Meeting. Notwithstanding this, no further ZCSs will be issued under the shareholder approval sought under Resolution 3 more than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- each further ZCS shall have a face value of up to US\$4.12 million and an issue price of up to US\$3.5 million (or such other amounts as the Company and the Investor may agree on a tranche by tranche basis);
- the ZCSs will be allotted and issued Alto Opportunity Master Fund SPC – Segregated Master Portfolio B (and/or its nominee(s)) who is not a related party of the Company;
- any additional tranche of further ZCSs shall have the same terms as the ZCS tranche already issued and the subject of Resolution 1, but for the conditions of issue and the total face value and issue price. The terms of any additional tranche of ZCS will be as set out in the announcement of the Company released to ASX on 23 September 2019. If the face value of a further ZCS were to be US\$4.12 million (the maximum provided for above), conversion at A\$0.35 (35 cents) at the RBA's exchange rate of US\$0.6876 to A\$1 for 22 October 2019 would result in a total of approximately 17.12 million shares being issued. If an amortisation instalment of US\$343,300, being 1/12th of a face value of US\$4.12 million, were to be paid by issuing shares at A\$0.0195 (1.95 cents)², at that exchange rate a total of approximately 25.6 million shares would be issued for that instalment;
- the funds raised are proposed to be used for general corporate and working capital purposes; and
- a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 3.

Resolution 4: Approval to issue Shares

Resolution 4 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 100,000,000 fully paid ordinary shares at an issue price to be determined following the Meeting but not less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date.

The shares the subject of this Resolution 4 may be issued in response to interest received in respect of investment in the Company's securities, including in settlement of outstanding creditor balances. The recipients of these shares are not known as at the date of the Meeting however it is anticipated to be a mix of existing shareholders and new investors, each of whom will be unrelated to the Company and will not require disclosure under Chapter 6D of the Corporations Act.

2. For purposes of this example, the lowest 2 closing prices in the 20 trading days to and including 22 October 2019 of A\$0.23 (2.3 cents) have been used to represent the 2 lowest daily VWAPs. The full description of how the price to be applied is determined is set out in "P" the formula on page 4.

If shareholders approve this Resolution 4, the Company will have the flexibility to issue these shares without using its existing placement capacity. Receipt of shareholder approval does not, however, the Company will issue all or any of these shares, and the decision to issue shares remains with the Board.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting. The effect of Resolution 4 will therefore be to allow the Company to issue fully paid ordinary shares without using the Company's 15% annual placement capacity.

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

- the maximum number of shares that may be issued is 100,000,000;
- the shares are proposed to be issued within three months of the date of the Meeting. Any shares issued more than three months after the date of the Meeting will be issued without shareholder approval and will use the Company's placement capacity. The Company may seek further shareholder approval to issue shares the subject of Resolution 4 in the event such shares are not issued within three months of the Meeting;
- the issue price of shares will be not less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date;
- the shares are anticipated to be issued to a mix of existing shareholders and new investors, each of whom will be unrelated to the Company and will not require disclosure under Chapter 6D of the Corporations Act;
- shares issued will have the same terms as, and rank equally with, the Company's existing fully paid ordinary shares;
- the funds raised from the issue will be used for general working capital purposes; and
- a voting exclusion statement is included in the Notice.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

GLOSSARY

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

“\$” means Australian Dollars;

“**Agreement**” means the agreement between the Company and the Investor for issue of the ZCSs;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

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

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

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

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

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

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

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

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

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

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

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

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

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

“**Section**” means a section of the Explanatory Statement;

“**Share**” means a fully paid ordinary share in the capital of the Company;

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

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

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

“**VWAP**” means volume weighted average price;

“**ZCS**” means zero coupon convertible amortising security.

Need assistance?



Phone:

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



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2.00pm (Melbourne time) Wednesday, 20 November 2019**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

ATTENDING THE MEETING

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

Corporate Representative

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

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183527

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

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

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of engage:BDR Limited to be held at Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne, VIC on Friday, 22 November 2019 at 2.00pm (Melbourne time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1A Ratification of prior issue of ZCS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1B Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1C Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval to issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to issue potential further ZCSs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval to issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

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

