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The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre Level 4,
20 Bridge Street SYDNEY NSW 2000
Australia

Agreement with RedChip Companies Inc. to Buy Back Shares

R3D Global Limited ((ASX:R3D), R3D or the Company) has signed a Deed of Release and Variation (**Deed**) with its major shareholder, RedChip Companies Inc. (**RedChip US**) which provides, amongst other things, R3D an agreement with RedChip Companies Inc. to Buy Back Shares.

The effect of the Deed is to resolve various disputes regarding the assets (**IP Rights**) acquired from RedChip US in early 2016. In summary, the outcome of the settlement will be that:

- The Company will retain exclusive rights to use the IP Rights in all territories in the world and related intellectual property, other than specific territories which will become the exclusive right of RedChip US. In addition to the Americas (which RedChip US had always retained IP Rights to), RedChip US will retain IP Rights in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea. This means that the Company will retain IP Rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea,
- RedChip US will "forfeit" all of its existing 30,000,000 shares and any potential Deferred Consideration in the Company, which it originally received for the sale of the IP Rights to R3D, for nil (or nominal) consideration,
- Cancellation of the Buy-back Shares will result in the percentage holdings of all other R3D shareholders increasing on a proportionate basis,
- Fees to be earned on a small number of existing disputed contracts with clients would be split on a 50/50 basis, and
- Disputes regarding certain agreements will be resolved.

All outstanding claims of both parties would be released as a consequence.

Further details regarding the terms of the Deed, including conditions precedent to it taking effect, are set out in Annexure 1.

Effect on R3D's Business and Financial Position

The Company sees no material financial impact as a result of the transaction (apart from costs of the transaction).

- 1) The Company will retain IP Rights in the territories that it regards as its key markets;
- 2) The Company will develop its own branding (consistent with its name change to R3D Global) without the RedChip name; hence the Company is not restricted in operating in any region as long as it does not use the IP Rights;
- 3) The Company provides investor relations services & creative marketing solutions to clients across all industries looking to grow their businesses or obtain awareness across its core markets including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea.

The Company regards this as an excellent outcome for its non-associated shareholders, as the entire original purchase price for the IP Rights is effectively returned to the Company, and at the same time the Company is able to retain the IP Rights that currently exist for use in the territories which it regards as core territories, in particular Australia, South Africa, Israel, Asia (ex. Korea), China and India. Further, no more cash payments would need to be made to RedChip US, and no cash payment is to be made to RedChip US for the cancellation of its shares (other than a nominal amount).

It is disappointing that the relationship did not work out with RedChip US, however with the restructure under R3D Global, the Company does not see the need to utilise the IP Rights, and will continue to provide clients with global financial media coverage, direct access to investors as well as market research or coverage opportunities. The re-structure aligns the Company's long-term objective to develop our expansive investor network in core markets, particularly Australia, Asia (ex Korea), South Africa, Israel, China and India.

Forfeiture of RedChip US's Shares and ASX Waiver

The forfeiture of the 30,000,000 shares currently held by RedChip US (**Buy-back Shares**) will be implemented by way of a selective buy-back, under which RedChip US will be paid a nominal \$1 for all of the Buy-back Shares. Completion of the buy-back will be interconditional with the Deed taking effect.

As the Buy-back Shares are currently subject to a restriction agreement under ASX Listing Rules, R3D has obtained a waiver from ASX which will allow the shares to be bought back as part of the overall arrangements with RedChip US. The ASX waiver is granted on the following conditions:

- The Company announces the terms of the waiver to the market,
- The Company's shareholders approve the disposal of the IP Rights referred to above to RedChip US in accordance with ASX Listing Rule 10.1,

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- The Company's shareholders approve a selective buy-back or a cancellation by way of a selective reduction of capital in relation to the Buy-back Shares in accordance with the Corporations Act 2001 (Cth) (the **Act**), and
- The Company conducts the selective buy-back or cancellation by way of a selective reduction of capital in relation to the Buy-back Shares in accordance with the Act.

Effect on Shareholdings

Cancellation of the Buy-back Shares will result in the percentage holdings of all other R3D shareholders increasing on a proportionate basis.

Other than RedChip US, the Company's largest shareholders are a group of associated shareholders, being Petra Pacific Pte Ltd and Petra Commodities Pte Ltd (**Petra Companies**). The Petra Companies currently have a combined holding of approximately 36.29%. As a result of the cancellation of the Buy-back Shares, this combined holding will increase to approximately 62.75% of the reduced number of shares on issue.

Shareholder Approvals

To comply with the requirements of the Act in relation to the selective buy-back, and to comply with the terms of the ASX waiver, R3D will call a meeting of shareholders to consider resolutions to approve the buy-back of the Buy-back Shares, and to approve the transactions under the Deed in relation to IP Rights for the purposes of ASX Listing Rule 10.1.

In accordance with ASIC policy on material share buy-backs (and in particular due to the resulting increase in percentage holdings of the Petra Companies), and to comply with ASX Listing Rule 10.10.2, the Company will obtain an independent expert's report on each of these two aspects of the overall transaction.

Further announcements will be made when the shareholder meeting materials have been reviewed and approved by ASIC and ASX.

For further information, please contact admin@r3dglobal.com.au or visit www.r3d.com.au

On behalf of the Board of R3D Global Limited

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About R3D Global

R3D Global is an ASX listed investor relations firm that provides dynamic, disruptive, and digitally integrative marketing solutions connecting clients to investors globally. R3D Global is able to connect its clients directly with their target investors, and can track exactly which channels work for them. For further information, please contact admin@r3dglobal.com.au or visit www.r3d.com.au

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Annexure 1 - Key terms of Deed of Release and Variation

The key terms are:

- (a) the Company will retain exclusive rights to carry on business in all territories in the world and related intellectual property, other than specific territories which would become the exclusive right of RedChip US. In addition to the Americas (which RedChip US always retained IP rights to), RedChip US would be entitled to operate in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea;
- (b) Fees to be earned on a small number of existing disputed contracts with clients would be split on a 50/50 basis between the Company and RedChip US;
- (c) The Company will change its name to one which does not contain "RedChip", "Red" or "Chip" or similar;
- (d) The Company will no longer be liable for any fees or payments under the Support Services Agreement;
- (e) RedChip US will "forfeit" all of its 30,000,000 shares in the Company for nil consideration. "Forfeiture" means either a selective buy-back of the shares, or a cancellation by way of a selective reduction of capital. Either method would require shareholder approval;
- (f) There will be no right to any deferred consideration shares for RedChip US; and
- (g) All outstanding claims of both parties would be released as a consequence.

The terms of the Deed do not come into effect until:

- (a) The first date upon which the Company effects its change of name such that its name does not include the words "RedChip", "Red" or "Chip" or any other words which are substantially similar to same;
- (b) The first date upon which an announcement stating that the R3D Shares have been cancelled or forfeited, has been published; and
- (c) The first date on which all of the monies the subject of a modified Intellectual Property Deed and which relate to the period prior to the Condition Precedent Satisfaction Date, are paid to the relevant party.

The Deed was executed by both parties on 27th December, 2016.

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