

ADEFFECTIVE LIMITED

(ASX: ABN)

ASX Release

1 March 2012

PRO RATA RENOUNCEABLE RIGHTS ISSUE

- 1-for-1 pro rata renounceable rights issue at an issue price of 1.5 cents per share with 1 free attaching option (exercisable at 1.5 cents and expiring on 30 June 2014) for every share subscribed
- To be fully underwritten by Patersons Securities Limited
- Issue of approximately 33.1 million options to the parties that participate as sub-underwriters (exercisable at 1.5 cents and expiring on 30 June 2014)
- Rights issue to raise approximately \$1.49 million
- Proceeds to retire debt, provide general working capital and to enable the Company to evaluate opportunities to diversify its current business offerings moving forward

Overview

AdEffective Limited (the **Company** or **ABN**) announces a renounceable pro rata rights issue (**Offer**) to holders of ordinary shares (**Shares**) in the Company (**Shareholders**) with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 7:00pm (Melbourne time) on Tuesday 13 March 2012 (**Record Date**).

Pursuant to the Offer, the Company will issue 99,189,520 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of 1.5 cents each, to raise approximately \$1.49 million (before costs). The issue price represents a discount of approximately 17% to the closing price of 1.8 cents for Shares last traded on the Australian Securities Exchange (**ASX**) on 23 February 2012.

The Rights Issue offers Shareholders the right to take up one New Share for every Share held as at 7.00pm (Melbourne time) on Tuesday 13 March 2012 at an issue price of 1.5 cents per New Share (**Entitlement**). Shareholders that accept their Entitlement, either fully or in part, will also receive one free attaching option for every New Share subscribed for under the Rights Issue (**Attaching Option**). Attaching Options are exercisable at 1.5 cents each and will expire on 30 June 2014.

The Rights Issue Offer is to be fully underwritten by Patersons Securities Limited (**Patersons** or **Underwriter**), subject only to the execution of an underwriting agreement between the Company and Patersons (Patersons has received sub-underwriting commitments to support the full underwriting of the Offer). In addition to taking up any Shortfall pursuant to the Underwriting Agreement, the Underwriter (or its nominees) will also be entitled to receive options (**Underwriter Options**) on the same terms and conditions as the Attaching Options as part consideration for underwriting the Rights Issue. Underwriter Options are to be issued on the basis of one Underwriter Option for every 3 New Shares underwritten.

To the extent that a Shareholder does not take up their Entitlement, their interest in the Company will be diluted.

The New Shares issued under the Offer will be fully paid and will rank equally with the Company's existing Shares. The Company will make an application to the ASX for official quotation of the New Shares and Attaching Options.

There will be a prospectus in relation to the Offer which will be lodged with ASIC and ASX on Friday 2 March 2012 and despatched to Eligible Shareholders in accordance with the timetable set out below (**Prospectus**). Patersons is the lead manager and underwriter to the Offer.

Shareholders will be able to dispose of their rights to take up their Entitlement, including to:

- sell them on the ASX on or before the rights trading end date – by completing the relevant sections on the back of the application form which will accompany the Prospectus, and sending their completed application form to their broker in sufficient time for the sale to be effected;
- exercise some of them by completing the application form and lodging it with the relevant application moneys or paying by BPAY[®], and selling the balance on the ASX as described above; or
- transfer them off the ASX on or before the closing date of the Offer – by completing a standard renunciation form and the transferee lodging it with the completed application form and relevant application moneys.

More details on the above options will be contained in the Prospectus.

The number of issued Shares at the date of this announcement and the total number of issued Shares following the Offer are as follows:

Event	Number of Shares
Shares on issue at date of Prospectus	99,189,520
New Shares issued pursuant to the Rights Issue Offer	99,189,520
Shares to be issued to Planet W Pty Ltd *	9,518,667
Total Shares on issue after completion of the Offers	207,897,707

*Shares to be issued to Planet W Pty Ltd as deferred consideration for the acquisition of the business and assets of Planet W Pty Ltd, as approved by Shareholders at the recent EGM. These Shares will be issued immediately after completion of the Rights Issue.

The number of options at the date of this announcement and the total number of options following the Offer are as follows:

Options currently on issue:	Number of Options
Unlisted options exercisable at \$0.10 on or before 30 April 2015	1,600,000
Unlisted options exercisable at \$0.10 on or before 8 December 2015	1,000,000
Options offered pursuant to the Offers:	Number of Options
Attaching Options	99,189,520
Underwriter options	33,063,174
Convertible Loan lenders	15,000,000
Total options on issue after completion of the Offers	149,852,694

All Eligible Shareholders may participate in the Offer. The Company has appointed Patersons to sell the Rights to which Shareholders with registered addresses outside Australia or New Zealand (**Excluded Shareholders**) at the Record Date would otherwise have been entitled. The net proceeds of the sale of those Rights (if any) will then be paid as soon as practicable to Excluded Shareholders.

The Rights Issue represents the final step of the recapitalisation plan announced to ASX on 22 December 2011. After payment of the costs and expenses of the Offer, the proceeds from the Rights Issue will be used to retire debt (the Company will be debt-free), to provide working capital and to enable the Company to evaluate opportunities to diversify its current business offerings moving forward.

In addition to focusing on organic growth, the Company intends to actively pursue acquisition opportunities to provide further stability to the business. Such opportunities may possibly include prospects in sectors other than the digital media industry in which AdEffective currently operates. Should suitable business opportunities be identified, the Company will assess them for technical, legal and commercial suitability.

Offer timetable

EVENT	DATE
Announcement of Rights Issue	Thursday, 1 March 2012
Prospectus lodged with ASIC and ASX	Friday, 2 March 2012
Notice to Option holders	Friday, 2 March 2012
Notice of Rights Issue sent to Shareholders	Monday, 5 March 2012
"Ex" Date (date from which Shares commence trading with the entitlement to participate in the Rights Issue)	Tuesday, 6 March 2012
Rights trading commences on ASX	Tuesday, 6 March 2012
Record Date (date for determining Shareholder entitlements to participate in the Rights Issue)	Tuesday, 13 March 2012
Prospectus sent to Shareholders and Opening Date of Offers	Friday, 16 March 2012
Rights trading on ASX ends	Friday, 23 March 2012
Securities are quoted on a deferred settlement basis	Monday, 26 March 2012
Closing Date of Rights Issue	Friday, 30 March 2012
Notification of under-subscriptions to Underwriter and ASX	Monday, 2 April 2012
Shortfall Settled	Wednesday, 4 April 2012
Closing date for Underwriter Offer	
Shares and Options entered into Shareholders' security holdings	Thursday, 5 April 2012
Despatch date	Wednesday, 11 April 2012
Deferred settlement trading ends.	Wednesday, 11 April 2012

This timetable is indicative only and subject to change. Subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, the Company, in conjunction with the underwriter, reserves the right to vary these dates, including the closing date of the Offer, without prior notice. The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue

date. In that event, application money will be returned as required by the Corporations Act, without interest.

Full details of the terms and conditions of the Offer will be contained in the Prospectus to be lodged with the ASIC and the ASX and despatched to Eligible Shareholders in accordance with the timetable set out above.

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For further information, please contact:

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About AdEffective Limited

AdEffective is an online advertising business that provides Publishers and Publisher Networks with enhanced search advertising exposure to increase their rate of return on advertising