

ASX / MEDIA RELEASE

24 DECEMBER 2009

D2 MARKETING LTD ACN 123 287 025 (ASX: DTO)

MARKET UPDATE – INCREASED FUNDING FACILITY

On 26 November 2009 D2 Marketing Ltd (**d2** or **Company**) announced that it was deferring the proposed rights issue until the fourth quarter of FY2010. The decision reflected a range of factors including the complexity of the recapitalisation process and the limited amount of time available for completion of the rights issue before the holiday period.

As a result of the delay, and due to the Company requiring additional working capital over the Christmas/New Year period, d2 has agreed with its financier, Co-Investor Capital Partners (**Co-Investor**), to increase the tranche B sub-facility from \$5.0 million (currently drawn to approximately \$4.8 million) to \$6.0 million.

To assist the Company through the second phase of its restructuring process, the Company and Co-Investor have also agreed the following capital management initiatives:

- a reduction in the interest rate on the tranche B sub-facility debt from 15% to 10%;
- deferral of payment of all interest until December 2010 (although unpaid interest on the tranche B sub-facility will still compound) unless the rights issue occurs earlier or the facility otherwise terminates;
- the Company will have the right to require Co-Investor to convert up to \$2.5 million of Convertible Notes into ordinary shares at a time to be agreed (but by no later than 30 June 2010), in which case all interest payments on those Notes will also be converted into ordinary shares at the time of conversion; and
- Co-Investor has agreed to waive the financial covenants in its convertible note deed facilities in respect of the period to 31 December 2009 (should a breach occur).

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The increase and amendments to the facility are subject to the following conditions:

- the Company achieving an outcome in relation to the LCW Private Equity claim against d2 that is acceptable to Co-Investor; and
- the Company consenting to the conversion into ordinary shares by Co-Investor of any or all of its remaining Notes together with accrued interest on those Notes at any time after provision of the New Loan by Co-Investor (rather than on or after the record date of the Rights Issue).

For further information, please contact:

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About D2 Marketing Ltd

d2 Marketing is a holding company for a group of Digital and Direct marketing companies.

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