
**MACRO ENERGY LTD
(TO BE RENAMED “DIGITAL CC LIMITED”)
ABN 59 009 575 035**

NOTICE OF GENERAL MEETING

TIME: 10:00 am (WST)

DATE: 9 May 2014

PLACE: Level 7, 1008 Hay Street, Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

All Shareholders should refer to the Independent Expert’s Report enclosed with this Notice of General Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Sylvia Moss on (+61 8) 9389 2000.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am (WST) on Friday, 9 May 2014 at:

Level 7, 1008 Hay Street, Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5:00 pm (WST) on Wednesday, 7 May 2014.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
 - the proxy need not be a member of the Company; and
 - a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to
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exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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 it is cast 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.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

(a) every 5.715 Shares be consolidated into 1 Share; and

(b) every 5.715 Options be consolidated into 1 Option,

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction down to the nearest whole Share or Option (as the case may be)."

3. RESOLUTION 3 – ISSUE OF SECURITIES – VENDOR CONSIDERATION AND PARTICIPATION IN CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and in accordance with section 611 (Item 7) of the Corporations Act and for all other purposes, approval be given for the issue:

(a) of the following Securities to the Vendors in consideration for all the shares in the capital of Digital CC pursuant to the Agreement:

(i) 82,764,655 Shares;

(ii) 16,633,420 Class A Performance Rights;

- (iii) 8,316,710 Class B Performance Rights;
 - (iv) 8,316,710 New Options;
 - (v) up to 16,633,420 Shares upon the vesting of Class A Performance Rights referred to in paragraph (ii) above,
 - (vi) up to 8,316,710 Shares upon the vesting of Class B Performance Rights referred to in paragraph (iii) above;
 - (vii) up to 8,316,710 Shares upon the exercise of New Options referred to in paragraph (iv) above,
- (b) of up to 3,750,000 Shares to Lydian Enterprises Pty Ltd as trustee for Lydian Trust as part of the Capital Raising for a deemed or cash issue price of \$0.20 per Share;
 - (c) of up to 750,000 Shares to Digital Man LLC as part of the Capital Raising for a deemed or cash issue price of \$0.20 per Share;
 - (d) of up to 1,178,375 Shares to NRB International LLC as part of the Capital Raising for a deemed or cash issue price of \$0.20 per Share; and
 - (e) of up to 1,000,000 Shares to Technology IQ Limited as part of the Capital Raising for a deemed or cash issue price of \$0.20 per Share,

(all on a post-Consolidation basis) including approval for the Vendors and their respective associates thereby acquiring a combined voting power in the Company of up to 61.48%, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 (Item 7) of the Corporations Act. The Independent Expert's Report in Annexure A comments on the fairness and reasonableness of the transactions the subject of Resolution 3 to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Vendors and their respective associates and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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, it is cast 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.

4. RESOLUTION 4 – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 44,000,000 Shares on a post-Consolidation basis at an issue price or deemed issue price of \$0.20 per Share to raise up to \$8,800,000 as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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, it is cast 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.

5. RESOLUTION 5 – PARTICIPATION OF CRAIG IAN BURTON IN CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,500,000 Shares on a post-Consolidation basis to Mr Craig Ian Burton (or his nominees) at an issue price of \$0.20 per Share to raise up to \$300,000 as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Craig Ian Burton (or his nominees) and any of their associates. 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, it is cast 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.

6. RESOLUTION 6 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING - RODNEY JONES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 6,500,000 Shares on a post-Consolidation basis to Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Rodney Jones, Hoperidge Enterprises Pty Ltd and any of their associates. 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, it is cast 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. RESOLUTION 7 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to ‘Digital CC Limited’.”

8. RESOLUTION 8 – ISSUE OF OPTIONS FOR SERVICES PROVIDED

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Options on a pre-Consolidation basis in consideration for services provided to the Company by Sibella Capital Pty Ltd, on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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, it is cast 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.

DATED: 4 April 2014

BY ORDER OF THE BOARD



Mr Brett Lawrence
Managing Director

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

Resolutions 1 to 6 (inclusive) are inter-conditional on all of those Resolutions being approved. If any of Resolutions 1 to 6 (inclusive) are not passed, then all of Resolutions 1 to 6 (inclusive) will be taken to have been rejected by Shareholders.

For the avoidance of doubt the Resolutions 1 to 6 (inclusive) are referred to as **Acquisition Resolutions** throughout this Notice.

1. BACKGROUND TO PROPOSED ACQUISITION OF DIGITAL CC

1.1 General background

Macro Energy Ltd (ASX Code: MEJ) (the **Company**) recently substantially restructured both its management team and capital profile and began seeking high quality and value adding investment opportunities whilst minimising expenditure and commitments on its remaining oil and gas interests and proposing to wind up its subsidiaries.

On 13 March 2014 the Company announced that it had executed a binding conditional share purchase agreement with the shareholders of Digital CC Holdings Pty Ltd (ACN 167 754 725) (**Digital CC**) (**Agreement**) pursuant to which the Company proposes to acquire all of the issued shares in Digital CC from the shareholders of Digital CC in consideration for the issue of the Consideration Shares and Consideration Securities the subject of Resolution 3 (as those terms are defined in Section 1.4 of the Notice) to Digital CC shareholders (**Acquisition**).

The shareholders of Digital CC comprise:

- Lydian Enterprises Pty Ltd ACN 139 802 921 as trustee for (**ATF**) Lydian Trust which holds 46.82% of the shares in Digital CC;
- Digital Man LLC (company number 5445919, incorporated in Delaware) which holds 23.88% of the shares in Digital CC;
- NRB International LLC (company number 5443896, incorporated in Delaware) which holds 13.8% of the shares in Digital CC;
- Technology IQ Limited, trading under the name 'CloudHashing' (company number 08418155, incorporated in the United Kingdom) which holds 15% of the shares in Digital CC; and
- West Coast Coin Holdings LLC (company number 5495047 incorporated in Delaware) which holds 0.5% of the shares in Digital CC.

(together the **Vendors**).

Digital CC conducts or proposes to conduct the businesses of digital currency trading and investment, Bitcoin mining and the development of consumer based mobile products including a digital wallet and a digital currency mobile trading platform. A summary of the material terms of the Agreement is set out in Section 1.4 of the Explanatory Statement.

Subject to Shareholders' approval of the Acquisition Resolutions and subject to the terms of the Agreement, including satisfaction or waiver of the conditions precedent summarised in Section 1.4, the Company proposes to:

- (a) Change the Company's nature and scale of activities to commence participation in the digital currency sector and associated businesses via the proposed Acquisition (Resolution 1).
- (b) Consolidate the issued capital of the Company on the basis that every 5.715 Securities are consolidated into 1 Security (Resolution 2).
- (c) Issue on a post-Consolidation basis 82,764,655 Shares, 16,633,420 Class A Performance Rights, 8,316,710 Class B Performance Rights and 8,316,710 New Options (as defined in the summary of the Share Purchase Agreement in Section 1.4) on a post Consolidation basis to the Vendors in consideration for 100% of the issued capital in Digital CC (Resolution 3).
- (d) Subject to the Board's discretion to vary the amount, raise new capital of up to \$9,100,000 via a prospectus offer by issuing 45,500,000 Shares (on a post-Consolidation basis) at \$0.20 per Share (**Capital Raising**) (Resolution 4 and Resolution 5).

As at the date of this Notice, and as set out below, the Company has received commitments from parties for \$9,100,000 under the Capital Raising.

Among those commitments, the Company has received commitments from Mr Craig Ian Burton (or his nominees) pursuant to Resolution 5 and Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) pursuant to Resolution 6 (Mr Jones is a related party of the Company by virtue of being the father of one of the Directors of the Company, Mr Scott Jones) who have given firm commitments to take up in aggregate, \$1,600,000 of the Capital Raising (**Committed Parties**).

It is proposed pursuant to Resolution 3 that up to \$1,335,675 of the total Capital Raising amount of \$9,100,000 may not be raised in cash but rather that 6,678,375 Shares may be issued for no cash consideration at a deemed issue price of \$0.20 each as repayment of up to \$1,335,675 of the aggregated principal of various loans owing or to be owed by Digital CC to the Vendors (other than West Coast Coin Holdings LLC). Consequently, the full subscription amount of \$9,100,000 may be a deemed amount, as the net effect of the conversion of debt to equity, if it occurs, would result in the Company receiving a maximum of \$7,764,325 in cash pursuant to the Capital Raising (before expenses of the Capital Raising offer). The Company has consequently received commitments from the following Vendors, to participate in the Capital Raising up to the maximum levels as follows (or any lesser amounts) by way of repayment of those loans to Digital CC to fund its activities prior to completion of the proposals the subject of the Acquisition Resolutions (refer to the Shareholders' and Directors' Loan Agreement and the Deed of Variation to that agreement as summarised in Section 1.4) or otherwise by paying such amount to the Company under the Capital Raising:

- (ii) up to 3,750,000 Shares may be issued to Lydian Enterprises Pty Ltd ATF Lydian Trust for aggregate deemed consideration of \$750,000 being satisfied by conversion into Shares of a \$413,955.50 loan which Digital CC owes with the balance of the consideration (being \$336,044.50) to be funded by cash or a further loan which Digital CC will owe to that company (at the deemed issue price of \$0.20 per Share);
- (iii) up to 750,000 Shares may be issued to Digital Man LLC for aggregate deemed consideration of \$150,000 being satisfied by conversion into Shares of a \$72,352.18 loan which Digital CC owes with the balance of the consideration (being \$77,647.82) to be funded by cash or a further loan which Digital CC will owe to that company (at the deemed issue price of \$0.20 per Share);
- (iv) up to 1,178,375 Shares may be issued to NRB International LLC for aggregate deemed consideration of \$235,675 being satisfied by conversion into Shares of a \$77,162.45 loan which Digital CC owes with the balance of the consideration (being \$158,512.55) to be funded by cash or a further loan which Digital CC will owe to that company (at the deemed issue price of \$0.20 per Share); and
- (v) up to 1,000,000 Shares may be issued to Technology IQ Limited for aggregate deemed consideration of \$200,000 being satisfied by conversion into Shares of a \$200,000 loan which Digital CC owes to that company (at the deemed issue price of \$0.20 per Share).

For the avoidance of doubt, the Shares proposed to be issued to the Vendors other than West Coast Coin Holdings LLC as conversion of the debt owed or to be owed to them by Digital CC into Shares in the Company pursuant to Resolution 3, will form part of, and are not additional to, the Shares proposed to be issued under the Capital Raising, the subject of Resolution 4 and may alternatively be taken up (in whole or in part) by those Vendors paying \$0.20 in cash for each of those Shares, rather than as conversion of debt to equity.

DJ Carmichael Pty Ltd (**DJ Carmichael**) is acting as sole bookrunner to the Capital Raising.

The Company also proposes to change the Company's name to "Digital CC Limited" with effect from when ASIC alters the details of the Company's registration (Resolution 7). Resolution 7 is not inter-conditional on other Resolutions being passed, however the Company will only change its name where all of the Acquisition Resolutions are passed.

1.2 Existing activities

As stated in Section 1.1 the Company underwent a management and capital profile restructure during 2013 and began seeking new investment opportunities. In association with the new management and advisors, the Company has attracted new funding through a placement made at the time of restructure, followed by a consolidation of Shares and more recently a renounceable entitlement offer. As a result, the Company's net cash position as at 31 January 2014 was approximately \$3.3 million. The Company does not hold an interest in any other material assets. Shareholders are referred to the Company's recent ASX announcements for further information.

1.3 Change in nature and scale of activities

As stated above, the Company and Digital CC have entered into the Agreement, pursuant to which the Company will, subject to Shareholders' approval of the Acquisition Resolutions and the terms of the Agreement, including satisfaction or waiver of the conditions precedent summarised in Section 1.4, acquire 100% of the issued share capital of Digital CC (being 10,000 shares). Refer to Section 2.2 for information on the application of Listing Rule 11.1 to the Acquisition.

The digital currencies field is a rapidly developing area of technology. Through its proposed acquisition of Digital CC the Company aims to secure a position in this growing sector.

1.4 About Digital CC

General

Digital CC is a company that was incorporated in January 2014, focussing on opportunities created by, and within digital currencies such as Bitcoins and the approximately eighty other digital currencies currently existing. The digital currency sector is rapidly expanding and Digital CC is at the forefront of this new technology and its associated business ecosystems. Digital CC operates as a vertically integrated digital currency company, providing investors exposure to a wide range of opportunities in the sector.

Digital CC is actively involved in earning new coins through investments in dedicated 'mining' pools and hardware. The 'mining' process enables Digital CC to participate in seeking to earn new coins through the dedication of computing processing power to the Bitcoin verification system. Digital CC currently mines Bitcoins and proposes to launch Litecoin mining and other alternative cryptocurrencies (known as 'altcoins') operations (alternative cryptocurrencies to Bitcoin) during 2014.

Background on digital currency and digital transactions

Definition of digital currency and digital transactions

Digital currency includes any means of payment that exists purely in electronic form, accounted for and transferred using computers, acting as an alternative currency and/or a way to transmit funds using peer to peer technology. Digital money is exchanged using technologies such as personal computers, smartphones, credit cards and the internet.

Background on Bitcoins and similar cryptocurrencies

Bitcoin is an open source digital cryptocurrency (using cryptography to control the creation and transfer of currency) that can be exchanged for goods and services with businesses that accept them as payment.

The infrastructure required for Bitcoin is widely accessible and well established, in the form of the internet. Bitcoin has similarities with cash as it is easily transportable, durable and highly divisible. Each Bitcoin comprises of 100 million smaller denominations called Satoshi, allowing users to buy or sell Bitcoins worth only fractions of a cent, to ensure the currency remains practical for retail consumers and small businesses.

Bitcoin has strong competitive advantages as a platform for international money transfers. Bitcoin transactions are virtually frictionless and incur no transaction costs. In addition, Bitcoin transactions can be completed almost instantaneously irrespective of size or the recipient's destination.

The Bitcoin network is an online, end-user-to-end-user network hosting the public transaction ledger, known as the Blockchain and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Bitcoin network. Bitcoin transactions are recorded on the Blockchain, on which miners or mining pools solve algorithmic equations allowing them to add records of recent transactions (called 'blocks') to the chain of transactions in exchange for an award of Bitcoins from the Bitcoin network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added (**Blockchain**).

Bitcoin mining

There are currently approximately 12.5 million Bitcoins in circulation and the process by which supply is increased is called 'mining'. Bitcoin mining is the method by which the Bitcoin system ensures its own operational functionality and efficiency, which requires transactions to be verified, approved and recorded in a database. This is a sequential record of all transactions, being the Blockchain, which records existing Bitcoin ownership as well as historical ownership.

The actual Bitcoin mining process involves solving complex mathematical equations and the participant that successfully solves the equation first is rewarded with Bitcoins. As more computing power enters the Bitcoin network, the algorithm complexity increases and more computing power is required by miners to maintain their competitive position. The number of Bitcoins awarded for successfully verifying transactions halves every four years.

New Bitcoins can then be used as payment for goods and services, or exchanged into cash. Bitcoins can be stored securely using an online Bitcoin wallet that can facilitate payments or convert Bitcoins into cash through a myriad of exchanges.

The safest way to store Bitcoins is in cold storage. Cold storage is a concept which refers to assigning Bitcoins to a Bitcoin address that is never exposed to the internet and therefore not exposed to hacking risks. The Bitcoin address can be written down on a piece of paper and stored in a safe. Bitcoin addresses (also called 'Bitcoin wallet addresses') are usually encrypted with a password for further protection.

Corporate vision

Digital CC has successfully established several revenue streams which provide the company with flexibility to tailor its corporate strategy in line with the evolution of the industry. Digital CC currently has two separate business operations being digital-currency mining and digital currency trading. Digital CC also aims, to launch its first beta stage consumer product in the second half of the 2014 calendar year, designed to service the demand for digital currency products and services subject to whether it can be successfully developed (which may not occur and is subject to various risk factors, such as those in Sections 1.17 to 1.20).

Digital CC's management is highly experienced in developing products and services for mobile devices and highly experienced in commodities trading. Digital CC continuously monitors the industry for new growth opportunities - as the ecosystems surrounding digital currencies mature potential new demand may be created for products and services both upstream and downstream.

Activities of Digital CC

Bitcoin mining

Digital CC has investments in dedicated pooled mining platforms and hardware that use specialised equipment optimised for Bitcoin mining. Pooled mining is a term used to describe participating in mining as part of a larger amount of mining equipment (mining pool). The intention of pooled mining is to enable Bitcoins to be generated quicker, however allocated in smaller amounts because each Bitcoin reward has to be shared amongst the participants in the pool.

Digital currencies trading

Digital CC trades or proposes to trade digital currencies by using specialized strategies which include arbitrage, buying long positions, selling short positions, futures contracts and market making at exchanges (Bitcoin exchanges are described below).

A market maker is an agency that holds a certain number of Bitcoins or other digital currencies to facilitate trading. Market makers compete for trading orders by displaying buy and sell quotes of the digital currencies.

Product development

Digital CC is aiming, subject to the risk of development programs being unsuccessful, to complete the development of the following consumer based products during the fourth quarter of the 2014 calendar year:

(a) digitalX Wallet

The digitalX Wallet is a proposed consumer product that facilitates both digital and real world purchases using digital currency (such as Bitcoin, Litecoin, etc.) through both a mobile and web application. The digitalX Wallet stores purchasing power - similar to the way the iTunes store saves unused balances. The digitalX Wallet will hold its purchasing power (i.e. balance) and insulates the consumer from any digital currency price movement. The risk of digital currency price movements are proposed to be mitigated through hedging positions entered into by the trading division of Digital CC and by storing users' balances in fiat currency with third party providers to be converted into the required amount of digital currency at the point of purchase.

(b) digitalX Premium

For more sophisticated consumers, digitalX may offer the digitalX Premium Product. digitalX Premium includes all the features of the basic wallet product, plus access to the digital trading platform. The premium product, if developed, would be subscription based.

(c) digital B2B Services

Digital CC proposes to leverage its digital currency trading operations to provide liquidity to other business involved in the digital currency space. For a fee, Digital CC proposes to directly trade digital currency for fiat currency on behalf of another business, or Digital CC could buy those Bitcoins directly and use other trading operations to hedge those Bitcoins.

(d) digital MarketPlace

The digitalX Wallet is proposed to provide a platform for processing payments, but users still have to search for merchants that accept digital currency payments. The digital MarketPlace is proposed to provide an online commerce portal for merchants accepting digital currency, so that users can easily search for products and know that they can pay in Bitcoins, similar to ebay or Amazon, digital MarketPlace is proposed to allow any seller to post their items for sale and their cost in Bitcoin (or other digital currency). Sellers can post for free, but a transaction fee is paid by the seller when a transaction occurs.

Bitcoin exchanges: market making

Bitcoins are traded on exchanges where the price of Bitcoin floats against other currencies valued by supply and demand. Just like traditional exchanges that allow individuals and businesses to exchange one currency for another, there are online exchanges where people can exchange major currencies for Bitcoins.

Digital CC is engaged with four of the major six global Bitcoin exchanges to act as a market maker. A market maker or liquidity provider is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, to seek to generate revenue on the bid/offer spread.

Key personnel

The key personnel behind Digital CC include the following people:

(a) Eugeni 'Zhenya' Tsvetnenko - Executive Chairman (Proposed Director)

Mr Tsvetnenko is the founding director and majority shareholder of Digital CC. He has over 8 years' experience in the mobile premium messaging services including data, music, games, and news. He is a highly successful entrepreneur and is also the founder of Mpire Media Pty Ltd, a privately held global multimedia and online advertising company servicing international clientele.

Mr Tsvetnenko was awarded the prestigious Ernst and Young, Entrepreneur of the Year 2010 young category and the Western Australian Business News 40 under 40 awards 2011. In 2009, Mr Tsvetnenko debuted on the BRW Young Rich list which estimated his wealth at \$107 million.

Mr Tsvetnenko is the sole director and company secretary and holder of half of the shares in Lydian Enterprises Pty Ltd, one of the Vendors. Another entity of which Mr Tsvetnenko is the sole director, Magna Fortis Pty Ltd ACN 149 529 902, may also acquire approximately 17% of the shares in another of the Vendors, Technology IQ Limited which trades under the name 'CloudHashing' (refer to the heading 'Acquisition of shares between Vendors' in this Section 1.4 below). Magna Fortis Pty Ltd also holds 50% of the issued equity capital of Digi8 Ltd (incorporated in Hong Kong), which SmartTrans Ltd ACN 088 637 352 also has an interest in, but Magna Fortis Pty Ltd does not control Digi8 Ltd and Mr Tsvetnenko is a director of Digi8 Ltd but also does not control it. Digi8 Ltd provides billing services in China and resells Technology IQ Limited mining contracts in China. Lydian Enterprises Pty Ltd ATF Lydian Trust has a minority shareholding in SmartTrans Holdings Ltd. One of Digital CC's wholly owned subsidiaries, Digital CC Management Pty Ltd, acquired hashing power from Digi8 Ltd. Digi8 Ltd holds no interest in Digital CC or the Company.

(b) Alex Karis – CEO / Managing Director (Proposed Director)

Mr Karis is President and founder of Karis Holdings Inc, one of the leading US digital marketing companies, providing online marketing support services to major US Telecom carriers. Mr Karis has over 12 years' experience in the retail marketing, online display and mobile content space, managing projects for clients such as Bank of New York Mellon, Martha Stewart Living, AT&T and Verizon. Mr Karis holds a bachelor degree in Marketing at The University of Massachusetts Amherst. Mr Karis is the sole shareholder of Digital Man LLC, one of the Vendors.

(c) William Brindise – Head Investment Manager (Proposed Director)

Mr Brindise has over 15 years' experience in trading energy, metal and grain options and futures. He started his career on the NYMEX working for ZAR trading and after a few years started his own trading/brokerage company, BAK. After 4 successful years he moved off the floor when NYMEX trading became digital and took a job working for the hedge fund SHK Management.

He managed \$20 million and returned an annualized rate of 60% on those funds. Soon after he started his own proprietary trading desk and turned a \$175,000 investment into \$1.6 million in under a year. Mr Brindise will continue to oversee proprietary trading desk operations and is now focusing on trading Bitcoins at Digital CC. He holds a bachelor degree in Business and Finance from Boston University. Mr Brindise is the sole shareholder of NRB International LLC, one of the Vendors.

(d) Adeniyi Olalekan 'Emmanuel' Abiodun – Board Member (Proposed Director)

Emmanuel Abiodun graduated from Queen Mary University of London in 2005 with a degree in Electronic Engineering. He worked in the oil and gas industry as a software consultant before plying his trade in the Investment Banking world. Emmanuel held positions at JP Morgan & HSBC investment banks, where he advanced his knowledge of finance & financial systems.

He has been intimately involved with Bitcoin since 2010 and launched and controls one of the largest Bitcoin mining companies, Technology IQ Limited (which trades under the name 'CloudHashing') which is also one of the Vendors in February 2013. Emmanuel controls Technology IQ Limited through his shareholding and board position in that entity and joins the Digital CC board, bringing his vast experience in Bitcoin and the Bitcoin mining space.

(e) Fabricio Rodriguez – Chief Technology Officer

Mr Rodriguez Has 17 years' experience in full service web development, as Chief Technology Officer for Online Environs Inc (OEI) managing clients such as the New England Patriots, Intel, Nickelodeon, EMC and Compaq computers. From 2006, Mr Rodriguez specialized in the premium mobile space in a consulting capacity. Mr Rodriguez holds a Bachelor of Science degree in Mechanical Engineering from MIT.

Subsidiaries of Digital CC

Digital CC holds many of its assets and interests in intellectual property through its subsidiaries. Digital CC's wholly owned subsidiaries are as follows:

- (a) Digital CC IP Pty Ltd, a company incorporated in Australia;
- (b) Digital CC Trading Pty Ltd, a company incorporated in Australia (which trades under the name 'digitalBTC');
- (c) Digital CC Management Pty Ltd, a company incorporated in Australia;
- (d) Digital CC Limited, a company incorporated in Hong Kong; and
- (e) Digital CC IP Limited, a company incorporated in Hong Kong,

(together the **Digital Subsidiaries**).

Key assets

Digital CC holds the following key assets and intellectual property through the following wholly owned subsidiaries of Digital CC:

Digital CC IP Pty Ltd

- (a) Right to Domain Names (refer to Domain Transfer Agreements summarised below);
- (b) beta stage trading platform; and
- (c) trademarks (pending).

Digital CC Management Pty Ltd

- (a) Hashing Capacity;
- (b) Bitcoins & Litecoins;
- (c) cash;
- (d) hardware; and
- (e) licence of IP from Digital CC IP Pty Ltd.

Digital CC Trading Pty Ltd

- (a) Lease of Hardware and Hashing Capacity from Digital CC Management Pty Ltd;
- (b) licence of IP from Digital CC IP Pty Ltd; and
- (c) right to Trading Accounts (refer to Trading Accounts Transfer Agreement summarised below).

Digital CC IP Ltd (Hong Kong)

- (a) Licence of IP from Digital CC IP Pty Ltd.

Key contracts

Share Purchase Agreement

As set out in Section 1.1, on 13 March 2014, the Company announced that it had entered into the Agreement with the Vendors to acquire 100% of the issued share capital of Digital CC, an unlisted Australian company.

Conditions Precedent

Completion of the Acquisition pursuant to the Agreement is conditional on the satisfaction or waiver of the following conditions precedent (together the **Conditions Precedent**):

- (a) the Company obtaining any and all authorisations and approvals required to implement the transaction, including Shareholder approval required to complete the Acquisition, Consolidation and Capital Raising (as set out in the Acquisition Resolutions);
- (b) the Company completing due diligence investigations on Digital CC with results satisfactory to the Company;
- (c) the Vendors completing due diligence investigations on the Company with results satisfactory to each of the Vendors;
- (d) the Company successfully completing the Capital Raising;
- (e) the Company undertaking a Consolidation of its existing capital;
- (f) the Company and the Vendors obtaining all third party consents, approvals or waivers to the transaction;
- (g) there being no material adverse change in respect of the Company and the Vendors; and
- (h) the Company obtaining the conditional approval of ASX for re-instatement of its securities to quotation.

The Conditions Precedent must be satisfied or waived by no later than 30 June 2014 (or any other date agreed in writing between the Company and the Vendors), with the exception of due diligence investigations which must be completed by 10 April 2014.

Consideration

If the Agreement is completed, in exchange for the Company acquiring 100% of the issued share capital in Digital CC, the Company will issue by way of consideration on a post-Consolidation basis, the following to the Vendors:

- (a) 82,764,655 Shares (**Consideration Shares**);
 - (b) 24,950,130 performance rights, as follows:
 - (i) 16,633,420 performance rights which will vest on 1 July 2015 if the earnings before interest, tax, depreciation and amortisation in the Company in the period from 1 January 2014 to 30 June 2015 is \$9,000,000 or greater, on the terms set out in Schedule 1 of this Notice (**Class A Performance Rights**); and
 - (ii) 8,316,710 performance rights which will vest on 1 July 2016 if the earnings before interest, tax, depreciation and amortisation in the Company in the period between 1 July 2015 and 30 June 2016 is \$30,000,000 or greater, on the terms set out in Schedule 2 of this Notice (**Class B Performance Rights**);
- (together the **Performance Rights**)
- (c) 8,316,710 unlisted options in the Company exercisable at \$0.28 each expiring 2 years after completion of the Acquisition, on the terms set out in Schedule 3 of the Notice (**New Options**),

(the Performance Rights and New Options are together the **Consideration Securities**).

The Consideration Shares and Consideration Securities are expected to be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

In accordance with the terms of the Agreement and with effect from the completion of the Acquisition, Brett Lawrence, Mark Freeman and Scott Jones will retire as Directors and four nominees of Digital CC will be casually appointed to the Board of the Company. The proposed directors are Eugeni 'Zhenya' Tsvetnenko, Alex Karis, William Brindise and Adeniyi 'Emmanuel' Olalekan Abiodun (**Proposed Directors**). Summaries of the background and experience of each of the Proposed Directors is set out earlier in this Section 1.4.

The Agreement also contains a number of standard terms and conditions, including representations and warranties, considered standard for an agreement of this nature.

Loan Facility

The Company has agreed during April 2014 to provide an unsecured loan facility of up to \$2,000,000 to Digital CC prior to completion of the Acquisition. The loan facility will enable Digital CC to fund the obligations of Digital CC Management Pty Ltd under its contract with Bittfury (Malta) Limited pursuant to which contract Digital CC Management Pty Ltd acquired computer hardware equipment. The interest rate under the loan facility is 15% per annum.

The loan facility is on standard commercial and arm's length terms and repayable by Digital CC if the Acquisition does not proceed, within 3 months of the date that the Acquisition does not proceed, or on any other date agreed to by the Company and Digital CC in writing. The loan is also repayable upon a default by Digital CC and Digital CC has also given an indemnity to the Company.

The loan facility restricts Digital CC's ability to dispose of its material assets, create any encumbrances over any of its assets, be the creditor in respect of any loans and borrow any further funds except as required to repay the facility.

CloudHashing Agreement

Digital CC Management Pty Ltd proposes from time to time to enter into contracts with mining service providers for the purchase of hashing power and the provision of hosting facilities. The hashing power purchased will enable Digital CC Management Pty Ltd to participate in the mining service providers pool mining platforms and potentially to receive a share of the Bitcoin (if any) generated by that pool from time to time. These agreements are commonly called mining agreements.

As announced to ASX on 18 March 2014, Digital CC Management Pty Ltd entered into an agreement with Technology IQ Limited, one of the Vendors, dated 17 March 2014 (**CloudHashing Agreement**). It is currently the only mining agreement entered into in relation to Digital CC or its subsidiaries.

Technology IQ Limited is a company based in the United Kingdom and trades under the name 'CloudHashing' (www.cloudhashing.com).

Under the CloudHashing Agreement, Digital CC Management Pty Ltd may from time to time enter into contracts with Technology IQ for the purchase of hashing power and the provision of hosting facilities. It is a term of the CloudHashing Agreement that CloudHashing is permitted to appoint Emmanuel Abiodun as a director of Digital CC Holdings Pty Ltd (and ultimately Macro Energy Limited).

In addition, under the CloudHashing Agreement, Technology IQ Limited's proprietary Bitcoin mining management software is proposed to be deployed onto Digital CC's hardware – hosted in managed data centres currently located in Iceland and Texas. Technology IQ Limited has agreed hosting facility arrangements with the data centres.

Further to the CloudHashing Agreement, Digital CC proposes to undertake Bitcoin trading activities for the account of Technology IQ Limited, through Digital CC's existing trading operations. Digital CC's established trading desk trades Bitcoins over multiple exchanges.

Acquisition of shares between Vendors

Magna Fortis Pty Ltd entered into two separate Heads of Agreement with Technology IQ Limited to acquire a total of approximately 17% of the shares in Technology IQ Limited and to acquire one board nomination right for the board of Technology IQ Limited. It is anticipated that Zhenya Tsvetnenko may be entitled to fill that board position, subject to a formal agreement being signed. The formal documentation for the transfer of shares to Magna Fortis Pty Ltd is currently being negotiated. Magna Fortis Pty Ltd will not hold a controlling interest in Technology IQ following the transfer of shares to Magna Fortis Pty Ltd.

Bitfury Agreement

Digital CC Management Pty Ltd has entered into a Master Agreement with Bitfury (Malta) Limited (a Maltese incorporated company) dated 2 April 2014.

Under this agreement, Digital CC Management Pty Ltd will, from time to time, enter into contracts with Bitfury (Malta) Limited for the purchase of computing hardware to be used for digital currency mining. The specification and pricing of that hardware will be negotiated on an order by order basis.

Bitfury (Malta) Limited is not a related party to the Vendors, Digital CC or the Company and the agreement was negotiated on arm's-length commercial terms.

Under the agreement, Bitfury (Malta) Limited has agreed to provide to Digital CC Management Pty Ltd a warranty on all computing hardware (and the installed software) to ensure that the computing hardware and software performs in accordance with the specifications.

With exception to how the compensation is calculated in the event of delayed delivery or warranty claims, the agreement otherwise contains terms that are considered standard for an international agreement of this nature including in relation to warranties, default and termination.

Lease of Goods Agreement

Digital CC Trading Pty Ltd has entered into a Lease of Goods Agreement with Digital CC Management Pty Ltd dated 7 March 2014.

Under this agreement, Digital CC Management Pty Ltd has agreed to lease to Digital CC Trading Pty Ltd such hardware, equipment, contractual rights (including rights under mining agreements) and other goods as determined from time to time.

Pursuant to the agreement, Digital CC Trading Pty Ltd is obligated to pay Digital CC Management Pty Ltd a lease fee equal to that of market value payable annually in arrears.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including in relation to termination, maintenance of the loaned equipment and registration rights.

Development Agreement

Digital CC IP Pty Ltd has entered into a Development Agreement with Mpire Media Pty Ltd (ACN 126 813 214) dated 7 March 2014.

Under this agreement Digital CC IP Pty Ltd will engage Mpire Media Pty Ltd to develop systems, content and branding on behalf of Digital CC IP Pty Ltd.

In addition, pursuant to the agreement, Digital CC IP Pty Ltd is obligated to pay Mpire Media Pty Ltd a development fee. This fee shall be agreed by the parties on a per job basis at the then applicable market rate for provision of the services (in Australia).

The Development Agreement otherwise contains terms that are considered standard for an agreement of this nature including standard rights to intellectual property developed under the agreement.

Zhenya Tsvetnenko, one of the Proposed Directors, is the sole director of Mpire Media Pty Ltd and by virtue of related entities is also the sole ultimate shareholder of Mpire Media Pty Ltd.

Intellectual Property Licence Agreement (Digital CC IP Pty Ltd – Digital CC Trading Pty Ltd)

Digital CC IP Pty Ltd has entered into an IP Licence Agreement with Digital CC Trading Pty Ltd dated 11 February 2014.

Under the agreement Digital CC IP Pty Ltd will licence the intellectual property it holds to Digital CC Trading Pty Ltd. The licence is not exclusive.

Pursuant to the agreement, Digital CC Trading Pty Ltd is obliged to pay a licence fee equal to the market value of the licence payable annually in arrears.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including provisions to maintain ownership of all intellectual property in Digital CC IP Pty Ltd.

Intellectual Property Licence Agreement (Digital CC IP Pty Ltd – Digital CC Management Pty Ltd)

Digital CC IP Pty Ltd has entered into an IP Licence Agreement with Digital CC Management Pty Ltd dated 11 February 2014.

Under the agreement Digital CC IP Pty Ltd will licence the intellectual property it holds to Digital CC Management Pty Ltd. The licence is not exclusive.

Pursuant to the agreement, Digital CC Management Pty Ltd is obliged to pay a licence fee equal to the market value of the licence payable annually in arrears.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including provisions to maintain ownership of all intellectual property in Digital CC IP Pty Ltd.

Intellectual Property Licence Agreement (Digital CC IP Pty Ltd – Digital CC IP Limited (incorporated in Hong Kong))

Digital CC IP Pty Ltd has entered into an IP Licence Agreement with Digital CC IP Limited (incorporated in Hong Kong) dated 11 February 2014.

Under the agreement Digital CC IP Pty Ltd will licence the intellectual property it holds to Digital CC IP Limited. The licence is not exclusive.

Pursuant to the agreement, Digital CC IP Limited is obliged to pay a licence fee equal to the market value of the licence payable annually in arrears.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including provisions to maintain ownership of all intellectual property in Digital CC IP Pty Ltd.

Shareholders' and Directors' Loan Agreement

Digital CC has entered into a Shareholders' and Directors' Loan Agreement dated 7 March 2014 with Proposed Director William Brindise, Technology IQ Limited and NRB International LLC (two of the Vendors), Karis Holdings Inc (which is controlled by Proposed Director Alex Karis, who is also the controller of Digital Man LLC, another of the Vendors) and Magna Fortis Pty Ltd as lenders to Digital CC. Proposed Director Zhenya Tsvetnenko is the sole director of Magna Fortis Pty Ltd and Lydian Enterprises Pty Ltd ATF Lydian Trust is the sole shareholder of Magna Fortis Pty Ltd.

This agreement provides for the lenders to provide unsecured funding to Digital CC for it to continue with its activities prior to the completion of the back-door listing contemplated by the Acquisition Resolutions.

Pursuant to the agreement, Digital CC is obliged to pay interest on the loans at a rate calculated as 63% of any profits derived from the use of the loan funds until the loans are repaid in full. The loans are repayable by Digital CC in its discretion from the date of the agreement though must be repaid in full no later than the earlier of 6 months after the date of the agreement or completion of the Capital Raising. It is proposed that these loans will be repaid by the time of the Capital Raising (if they are not repaid in cash beforehand) such that no interest will be payable on those loans after the backdoor listing is completed.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including in relation to default rights except that in the event of default a single lender cannot itself commence recovery proceedings against Digital CC, requiring at least one other lender to join with them.

Each of the lenders are either directors or shareholders (or related entities of a director or shareholder) of the Vendors.

Deed of Variation of Shareholders' and Directors' Loan Agreement

Following the Shareholders' and Directors' Loan Agreement referred to above, some of the lenders assigned their debts to their related entities so that each of the creditors of the borrower (Digital CC) are now Vendors. Accordingly:

- (a) on 17 March 2014 Karis Holdings Inc assigned its debt under the Shareholders' and Directors' Loan Agreement to its related entity Digital Man LLC;

- (b) on 17 March 2014 William Brindise assigned his debt under the Shareholders' and Directors' Loan Agreement to his related entity NRB International LLC; and
- (c) on 24 March 2014 Magna Fortis Pty Ltd assigned its debt under the Shareholders' and Directors Loan Agreement to its related entity Lydian Enterprises Pty Ltd ATF Lydian Trust.

The borrower (Digital CC) requested and the lenders (now Lydian Enterprises Pty Ltd ATF Lydian Trust, Digital Man LLC, Technology IQ Limited and NRB International LLC, after assignments of the debts as noted above) agreed to provide, on demand, additional funds to the borrower. The Deed of Variation of Loan Agreement dated 24 March 2014 records the terms of the additional loans.

Pursuant to the Deed of Variation of Loan Agreement each of those lenders has agreed to lend to Digital CC additional funds up to a total loan cap.

The respective cap limits for each of those lenders (each of whom is a Vendor) of all aggregated principal loan amounts pursuant to the original Loan Agreement and the Deed of Variation, in Australian Dollars, are as follows:

- (a) Lydian Enterprises Pty Ltd ATF Lydian Trust - \$750,000;
- (b) Digital Man LLC - \$150,000;
- (c) NRB International LLC - \$235,675; and
- (d) Technology IQ Limited - \$200,000.

The funds loaned up to the cap amount are proposed to be repaid by way of converting the amounts outstanding on the date of the Capital Raising into Shares in the Company pursuant to the Capital Raising (as described in and subject to Resolution 3) for each of the lenders, at the deemed issue price of \$0.20 of the principal amounts of the respective loans per Share. This conversion will be limited to Australian Dollars, and any additional loan funds over the conversion will be repaid in cash. For example, \$20,328.37 in Australian Dollars will be repaid to Technology IQ Limited in cash.

Digital CC does, however, retain the right to repay those loans earlier in cash.

Refer to Section 1.1(d) for a further explanation of the conversion of debt to equity proposed to comprise part of the Capital Raising.

The interest payable on the loaned amounts up to the caps remains unaffected by the Deed of Variation, and are proposed to be paid by way of lump sum cash payment out of funds raised from the Capital Raising.

For any amounts loaned by any of the lenders in addition to the cap limits noted above (apart from the Facility Agreement – Digital CC and Lydian Enterprises Pty Ltd ATF Lydian Trust summarised below), those additional amounts will be repaid within 6 months after the date of advancement. Interest will accrue in one of two ways:-

- (a) with respect to monies loaned for the purpose of purchasing equipment or mining contracts, interest will be paid by way of an in specie transfer of 5% of the hashing power that is attributable to the relevant equipment or mining agreement purchased (as the case may be). That hashing power will be credited and transferred to the lender immediately upon the equipment being commissioned or the mining agreement commencing (as the case may be);

- (b) with respect to monies loaned for any other purpose other than that above, interest will accrue at 10% per annum calculated and payable monthly.

This document also corrects an administrative error reducing the amount owing under the Shareholders' and Directors' Loan Agreement to NRB International LLC by \$36,000.

Facility Agreement – Digital CC and Lydian Enterprises Pty Ltd ATF Lydian Trust

By agreement in early April 2014, a further unsecured loan facility has been advanced by Lydian Enterprises Pty Ltd ATF Lydian Trust to Digital CC, in the sum of \$1,700,000, to fund the purchase by the Digital CC group of hardware and equipment from Bitfury (Malta) Limited.

Interest under the loan advanced by Lydian Enterprises Pty Ltd ATF Lydian Trust is 15% of the principal outstanding, payable on the last day of each month until the borrowed funds are repaid in full. The principal of \$1,700,000 and any outstanding interest is proposed to be repaid by a lump sum cash payment out of funds raised from the Capital Raising.

Trading Account Agreements

Digital CC Management Pty Ltd has entered into separate Trading Account Agreements with each of Alexander Karis (dated 6 March 2014) and William Brindise (each Proposed Directors and respectively controlling Vendors Digital Man LLC and NRB International LLC) and NRB International LLC ('account holders') the latter two agreements being dated 7 March 2014.

Under the agreements the parties confirm that the trading exchange accounts (including the balances of those accounts, which contain cash and digital currency) held by each of the account holders are being held on trust for Digital CC Management Pty Ltd. In addition, pursuant to these agreements the parties confirm that each of the account holders are to only deal with the accounts at the direction of Digital CC Management Pty Ltd under a bare trust relationship.

These agreements otherwise contain terms that are considered standard for an agreement of this nature including in relation to rights to vest the trust and indemnities.

Trading Accounts Transfer Agreement

Digital CC Trading Pty Ltd has entered into a Trading Accounts Transfer Agreement with Digital CC Management Pty Ltd dated 7 March 2014.

This agreement follows in time to the Trading Account Agreements referred to above.

Pursuant to the Trading Accounts Transfer Agreement, Digital CC Management Pty Ltd will transfer the accounts the subject of the Trading Account Agreements (summarised above) (not including account balances) to Digital CC Trading Pty Ltd in consideration for the sum of US\$1.00. The Trading Accounts Transfer Agreement also confirms that the account balances the subject of the accounts will be held (and invested) on trust for the benefit of Digital CC Management Pty Ltd.

The Trading Accounts Transfer Agreement otherwise contains terms that are considered standard for an agreement of this nature including in relation to payment of the purchase price, indemnities and default.

Domain Transfer Agreement - Zhenya Tsvetnenko

Digital CC IP Pty Ltd has entered into a Domain Transfer Agreement with one of the Proposed Directors, Zhenya Tsvetnenko dated 7 March 2014.

Pursuant to the agreement, Zhenya Tsvetnenko will transfer the domain name www.bitcoin.com.au to Digital CC IP Pty Ltd in consideration for the sum of US\$23,000.00. This sum represents market value being the amount that Zhenya Tsvetnenko purchased the domain for less than 2 months ago.

The agreement otherwise contains terms that are considered standard for an agreement of this nature.

Zhenya Tsvetnenko is the sole director of one of the Vendors, Lydian Enterprises Pty Ltd ATF Lydian Trust.

Domain Transfer Agreement - Alexander Karis

Digital CC IP Pty Ltd has entered into a Domain Transfer Agreement with one of the Proposed Directors, Alexander Karis dated 6 March 2014.

Pursuant to the agreement, Alexander Karis will transfer 11 digitalbtc, digitalX and Bitcoin related domain names to Digital CC IP Pty Ltd in consideration of the sum of US\$11.00 to Alexander Karis. This sum represents nominal value as these domain names are not currently in high demand.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including in relation to the parties doing all such things and signing all such documents as reasonably required in order to effect the transfer of the domains with the relevant domain registrar.

Alexander Karis is the sole shareholder of Vendor, Digital Man LLC.

Line of Credit

Digital CC has entered into a line of credit agreement with Digital CC Management Pty Ltd dated 7 March 2014.

Pursuant to the agreement, Digital CC Holdings Pty Ltd will permit Digital CC Management Pty Ltd to borrow up to \$10,000,000 by way of line of credit with same to be repaid on the expiration of 36 months or such later date as agreed between the parties.

There is no interest payable on this line of credit, the parties being members of the same company group.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including default and termination provisions.

General Security Agreement

As security for the Line of Credit Agreement detailed above, Digital CC has entered into a General Security Agreement with Digital CC Management Pty Ltd dated 7 March 2014.

Pursuant to the agreement, Digital CC is entitled to register a charge against the assets of Digital CC Management Pty Ltd to secure repayment of the Line of Credit. This agreement also permits Digital CC to specifically charge any equipment purchased by Digital CC Management Pty Ltd.

The agreement otherwise contains terms that are considered standard for an agreement of this nature including rights of enforcement, default and termination.

1.5 Consolidation of Capital

The Company proposes to undertake the Consolidation of its issued capital on the basis of 1 Security for every 5.715 Securities held, as set out in further detail in Section 3 (the **Consolidation**).

Approval for the Consolidation is the subject of Resolution 2.

1.6 Capital Raising

In order to fund the Acquisition, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Agreement, the Company proposes to conduct the Capital Raising to raise up to \$9,100,000 (before costs) at an issue price or deemed issue price (in the case of the proposed conversion of debts owed or to be owed by Digital CC to the Vendors, other than West Coast Coin Holdings LLC, to equity in Resolution 3) of \$0.20 per Share (on a post-Consolidation basis as defined above).

It is proposed pursuant to Resolution 3 that up to \$1,335,675 of the \$9,100,000 may be raised in cash from the Vendors or alternatively that 6,678,375 Shares pursuant to the Capital Raising may be issued at a non-cash deemed issue price of \$0.20 each as repayment of that value of the aggregated principal of various loans owing or to be owed by Digital CC to the Vendors (other than West Coast Coin Holdings LLC). The Vendors have, or will, loan those funds to Digital CC to fund Digital CC's activities prior to completion of the proposals the subject of the Acquisition Resolutions (refer to the Shareholders' and Directors' Loan Agreement summary and Deed of Variation of Shareholders' and Directors' Loan Agreement summary in Section 1.4).

Consequently, the full subscription amount of \$9,100,000 may be a deemed amount, as the net effect of the conversion of debt to equity, if it occurs, would result in the Company receiving a maximum of \$7,764,325 in cash pursuant to the Capital Raising.

The Capital Raising will be conducted under a full form prospectus to be prepared by the Company (**Prospectus**).

Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolution 4, Resolution 5 and Resolution 6 (as well as Resolution 3 to the extent specified in that Resolution).

On completion of the Capital Raising the Company will pay to DJ Carmichael (and other parties) fees of 4% of the funds committed by the Committed Parties, the Vendors and other applicants in the Capital Raising, which commitments have been provided for the entire 45,500,000 Shares under the Capital Raising.

The Company may also issue to DJ Carmichael 1,600,000 Shares on a post-Consolidation basis as consideration for their role in the Acquisition and Capital Raising. These Shares are not part of this Notice.

1.7 New Board of Directors

In accordance with the terms of the Agreement and with effect from the completion of the Acquisition, Brett Lawrence, Mark Freeman and Scott Jones will retire as Directors and four nominees of Digital CC will be casually appointed to the Board of the Company. The Proposed Directors are Eugeni 'Zhenya' Tsvetnenko, Alex Karis, William Brindise and Adeniyi 'Emmanuel' Olalekan Abiodun. Summaries of the background and experience of each of the Proposed Directors is set out in Section 1.4 above.

1.8 Change of name

As a result of the Acquisition, the Company proposes to change its name to "Digital CC Limited". Approval for the change of name is the subject of Resolution 7.

1.9 Pro-forma balance sheet

The pro-forma balance sheet is set out in Annexure B and assumes that all of the Acquisition Resolutions are passed, the Acquisition, Capital Raising, Consolidation and other events the subject of the Acquisition Resolutions have occurred and the Options have been issued to Sibella for services provided.

The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

1.10 Proposed integration of Digital CC, Board and management structures

The proposed Board structure following the Acquisition is set out above in Section 1.7.

The Company and the Proposed Directors intend for the strategic direction of the Company post-Acquisition to:

- (a) develop and manage Digital CC's assets; and
- (b) continue to consider and assess potential acquisition opportunities to complement and enhance the Company's operations post-Acquisition.

1.11 Pro-forma capital structure

The capital structure of the Company following completion of the matters contemplated by the Resolutions is set out below:

	Shares	Options	Performance Rights
Current issued capital (prior to the Consolidation contemplated by Resolution 2) ¹	217,607,664	16,000,000 ³	Nil
Proposed issue of Options for services provided unrelated to the Acquisition (Resolution 8)	Nil	6,000,000 ⁴	Nil
Estimated issued capital following the proposed Consolidation (Resolution 2) ¹	38,076,581	3,849,518 ⁵	Nil
Proposed issue of Consideration Shares and Consideration Securities contemplated by Resolution 3	82,764,655	8,316,710 ⁶	24,950,130 ⁷
Proposed issue pursuant to the Capital Raising (Resolutions 4 to 6) ²	45,500,000	Nil	Nil
Total estimate on completion of the matters contemplated by all Acquisition Resolutions on a post-Consolidation basis¹	166,341,236⁸	12,166,228	24,950,130

Notes:

1. Assumes no further Securities are issued or Options exercised prior to completion of the matters the subject of the Resolutions, other than as set out in the table. The post-Consolidation issued capital of the Company is only an estimate and is subject to variation, for example arising from rounding of individual Security holdings.
2. Assumes the Capital Raising is successful and 45,500,000 Shares are subscribed for and issued.
3. On a pre-Consolidation basis these are unlisted Options exercisable at \$0.05 each on or before 30 June 2017.
4. Options on the terms set out in Schedule 3 other than with respect to the exercise date, which is proposed to be 30 June 2017 and the exercise price on the date of issue on a pre-Consolidation basis, is proposed to be \$0.05 each.
5. On a post-Consolidation basis these are unlisted Options, exercisable at \$0.286 each on or before 30 June 2017.
6. Options on the terms set out in Schedule 3.
7. The Performance Rights are as follows:
 - (a) 16,633,420 Class A Performance Rights on the terms set out in Schedule 1; and
 - (b) 8,316,710 Class B Performance Rights on the terms set out in Schedule 2.
8. Following completion of the transaction the Company may issue 1,600,000 Shares to DJ Carmichael on a post-Consolidation basis as consideration for their role in the Acquisition and Capital Raising.

1.12 Proposed budget

As at 31 January 2014, the Company had cash reserves of approximately \$3.3 million. Those cash reserves have been reduced by \$2,000,000, comprising the loan which the Company provided to Digital CC pursuant to the facility summarised in Section 1.4.

If the Acquisition is completed, the Company intends to combine its remaining cash reserves with the proposed Capital Raising, which when aggregated would give a total of approximately \$10,400,000 (including the value of loan debts owed or to be owed by Digital CC to the Vendors (other than West Coast Coin Holdings LLC) proposed to be converted into Shares in the Capital Raising pursuant to Resolution 3) and intends to apply these funds as follows over the next two years:

Item	Proposed Capital Raising and existing cash reserves¹
Loan repayment to Lydian Enterprises Pty Ltd ATF Lydian Trust (refer to Facility Agreement – Digital CC and Lydian Enterprises Pty Ltd ATF Lydian Trust summary in Section 1.4)	\$1,700,000
Loan repayment to Technology IQ Limited (refer to Deed of Variation of Shareholders' and Directors' Loan Agreement summary in Section 1.4)	\$20,328.37
Investment in Bitcoin mining contracts and hardware	\$391,810.63
Trading of digital currencies	\$1,000,000
Development and rollout of the digitalX Wallet and digitalX Premium and related acquisitions	\$3,000,000
General working capital and administrative and ongoing costs including salaries	\$3,500,000
Estimated cost of the matters proposed in the Acquisition Resolutions ²	\$787,861
TOTAL	\$10,400,000

Please note the Board reserves the discretion to modify the proposed Capital Raising and the table above.

Notes:

1. Comprising of \$7,764,325 proposed to be raised under the Capital Raising, \$1,335,675 cash from the Vendors' or as conversion of their loans proposed to be converted into Shares issued under the Capital Raising and the Company's existing cash reserves of at 31 January 2014 \$1,300,000 (after deducting the \$2,000,000 loan from the Company to Digital CC).
2. Refer to the table below for the itemised costs of the matters proposed in the Acquisition Resolutions.

Estimated Costs of the matters proposed in the Acquisition Resolutions, including the Capital Raising	Full subscription (deemed \$9,100,000)
ASX Fees	\$81,984
ASIC Fees	\$2,225
Legal, Accounting and Due Diligence Expenses	\$287,000
Fees payable to DJ Carmichael and other parties under the Capital Raising	\$364,000
Shareholder Meeting / Share Registry Costs	\$22,652
Printing	\$15,000
Miscellaneous	\$15,000
Total	\$787,861

The above tables are statements of current intentions as at the date of this Notice. Intervening events may alter the way funds are ultimately applied by the Company and may alter the costs estimated above.

1.13 Anticipated timetable for the key business the subject of the Resolutions

	Indicative Timing*
Lodgement of Prospectus	17 April 2014
Company's quoted Securities are suspended from official ASX quotation General Meeting of Shareholders ASX notified whether Shareholders' approval has been granted for the Resolutions Proposed date for the issue of Options unrelated to the Acquisition (Resolution 8)	9 May 2014
If all Acquisition Resolutions are approved by Shareholders, the date that would ordinarily be the last day for trading in pre-Consolidation securities	12 May 2014
Prospectus offer closes	12 May 2014
Date that securities would ordinarily commence trading on a deferred settlement (post-Consolidation) basis**	13 May 2014
Last day to register transfers on a pre-Consolidation basis (although the Company is anticipated to remain suspended at this stage)	15 May 2014
First day for the Company to send notice to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Consolidation basis First day for issue of new holding statements	16 May 2014

	Indicative Timing*
Issue date – deferred settlement market ends** Last day for the Company to send notice to each security holder of the change in their details of holdings Last day to send new holding statements and enter securities into the holders' security holdings	22 May 2014
Subject to Directors' satisfaction that the Conditions Precedent in the Agreement are satisfied (or waived), completion of the Agreement, including issue of Consideration Shares and Consideration Securities to Vendors pursuant to Resolution 3 Issue of Shares pursuant to the Capital Raising (Resolutions 4 to 6)	29 May 2014
Normal T+3 trading anticipated to commence on a post-Consolidation basis and commencement of trading of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Company's Shares to quotation)	3 June 2014

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Option holders.

** As the Company's Securities are anticipated to be suspended from trading, deferred settlement trading will not occur.

1.14 Board intentions if completion of the Acquisition occurs

In the event that the Acquisition is completed and the Capital Raising is successful, the funds raised from the Capital Raising, together with the Company's existing cash reserve will be used to:

- (a) fund activities to continue Digital CC's trading and mining operation in the digital currency market and related business ecosystems;
- (b) fund the development of Digital CC's proposed products development for the digitalX Wallet and digitalX Premium and potential other products and investments and potential mergers and acquisitions in digital currencies (or other third party ventures) as determined by the Proposed Directors from time to time;
- (c) meet the ongoing costs of the Company;
- (d) pay the costs of the matters proposed in the Acquisition Resolutions; and
- (e) otherwise contribute to the working capital of the Company and its subsidiaries.

The Proposed Directors intend to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 1.12.

1.15 Advantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- (a) the Acquisition represents an opportunity for the Company to diversify its interests into the many facets of digital currencies and the industries growing around them, particularly Bitcoin; and
- (b) the acquisition of an existing company, will enable the Company to tap into the early entry of Digital CC's business into digital currency businesses.

1.16 Disadvantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- (a) the Company will be changing the nature and scale of its activities to comprise digital currencies and the industries growing around them, particularly Bitcoin which may not be consistent with the objectives of all Shareholders;
- (b) the acquisition of Digital CC will result in the Capital Raising and issue of the Consideration Shares and Consideration Securities pursuant to the Acquisition Resolutions which will have a dilutionary effect on the holdings of Shareholders;
- (c) significant future outlays of funds from the Company may be required for Digital CC; and
- (d) risk factors associated with the change in nature and scale of the Company's activities, some of which are summarised in Section 1.17 below.

1.17 Risk factors

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from Digital CC, parties contracted or associated with Digital CC and the Agreement and other agreements, including, but not limited to, those summarised in this Explanatory Statement. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, Digital CC and their related entities. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all Digital CC's Shares are as follows.

1.18 Company specific

(a) Summary

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of Digital CC, including risks specific to the business and assets of Digital CC, which include the following non-exhaustive list:

- (i) The Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its potential interests in digital currency and digital currency products. This will depend on successful completion of product development activities, obtaining regulatory approvals and on there being commercial demand for such products which cannot be guaranteed;
- (ii) The Directors make no forecast of whether the Company will ever be profitable;
- (iii) intellectual property risks as discussed below;
- (iv) technology and development risks as described below;
- (v) additional capital may be required in order to undertake further development activities for the Digital CC business and there is no guarantee that the Company will be able to fund ongoing development; and
- (vi) other industry risks summarised below which also apply specifically to the Digital CC business.

(b) Reinstatement to ASX's official list

It is anticipated that the Company's Shares will be suspended or placed into a trading halt prior to market open on the date of the Meeting. In the event that all Acquisition Resolutions are approved at the Meeting, it is anticipated that the Company's Securities will remain suspended until completion of the Agreement, Capital Raising and Consolidation, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Securities may consequently remain suspended from quotation.

1.19 Industry specific

(a) Forecasts

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or Digital CC's business or whether any revenues or profitability will eventuate. The business of the Company and Digital CC are dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently the Company, the Directors and the Proposed Directors do not make any forecast or representation in relation to the Company or Digital CC's future financial position or performance.

(b) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 1.12. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and the Company's and Digital CC's proposed business.

(c) **Development and commercialisation of products**

The Company is relying on its objective of acquiring Digital CC to seek to develop Digital CC technologies, including the digitalX Wallet and digitalX Premium. A failure to successfully develop and commercialise these products could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

Bitcoins (and other digital currencies) are a volatile cryptocurrency and fluctuations in their price will have impact on Digital CC and consequently the Company, if the Acquisition occurs, given that Digital CC's business concerns the ownership, mining, trading and development of products for cryptocurrencies such as Bitcoins. In addition, there is no assurance that Bitcoins or any other digital currency which the Company or Digital CC may acquire an interest in will maintain their long-term value in terms of purchasing power in the future or that the acceptance of digital currency payments by mainstream retail merchants and commercial businesses will grow. In the event that the price of Bitcoins (or any other digital currency which the Company or Digital CC may acquire an interest) declines, this would likely adversely impact the value of Digital CC and consequently the Company (subject to any potential trading by Digital CC on such market volatility).

The further development and acceptance of the Bitcoin network and other digital currencies, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Bitcoin network may adversely affect the Company and Digital CC.

(d) **Bitcoin theft and security of private key**

It is possible for Bitcoins and other digital currencies to be stolen. Bitcoins are controllable by the possessor of both the unique public and private key relating to the local or online digital wallet in which the Bitcoins are held, which wallet's public key or address is reflected in the Bitcoin network public Blockchain. Digital CC publishes the public key relating to digital wallets it uses when it verifies the receipt of Bitcoin transfers and disseminates such information into the Bitcoin network, but is required to safeguard the private keys relating to such digital wallets.

Digital CC stores its digital currency which is not in use in "cold storage"; or in other words, not online. Normally, wallets hold both private and public keys. The public keys are the addresses that are given out in order to receive funds to that wallet. As per the Bitcoin protocol, anyone knowing a public address can view the transactions made with that address. On the other hand, private keys are by definition private to the owner of the wallet. It is this key that is used by the owner when spending Bitcoins (to sign transactions). If an owner has a weak password protecting the private keys, a hacker could break the password and have complete access to the wallet. Digital CC protects against this by storing the private keys on a

computer that is never connected to the internet (i.e. cold storage) so the public keys and private keys are on two separate computers.

The computer holding the private keys is locked up in a safe in a secure environment. Not only do the private keys have extremely complex and strong password protection, the partition holding the keys is encrypted. To create a transaction, the request is generated from the computer holding public keys which creates a message envelope containing all the information that is needed, except for the private key signature. The only way to execute the transaction is to take the message envelope to the secured, encrypted offline computer and generate the signature with the private keys, and then the signed message is brought back and transmitted to the network from the first computer. Digital CC not only physically separates the public and private keys, it also physically separates the computers running each part of the wallet. Further, in the event of a computer failure, the private keys are stored in an offsite secured facility, within an encrypted device.

To the extent such private keys are lost, destroyed or otherwise compromised, Digital CC will be unable to access the related Bitcoins and such private keys will not be capable of being restored by the Bitcoin network.

The loss or destruction of a private key required to access a Bitcoin may be irreversible. Any loss of private keys relating to digital wallets used to store Digital CC's Bitcoins or its experience of a data loss relating to Digital CC's Bitcoins could adversely affect Digital CC's business and an investment in that business.

(e) **Open source software risks**

Bitcoin is an open source project. Although there is an influential group of leaders in the Bitcoin network community including developers, there is no official developer or group of developers that formally controls the Bitcoin network. Any individual can download the Bitcoin network software and make any desired modifications, which are proposed to users and miners on the Bitcoin network through software downloads and upgrades. However, miners and users must consent to those software modifications by downloading the later software or upgrade implementing the change; otherwise, the changes do not become a part of the Bitcoin network.

Since the Bitcoin network's inception, changes to the Bitcoin network have been accepted by the vast majority of users and miners. However, a developer or group of developers could potentially propose a modification to the Bitcoin network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial population of participants in the Bitcoin network. In such a case, a fork in the Blockchain could develop and two separate Bitcoin networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second "Bitcoin" network). Such a fork in the Blockchain typically would be addressed by community-led efforts to merge the forked Blockchains, and several prior forks have been merged. This kind of split in the Bitcoin network could materially and adversely affect the price and value of Bitcoins and potentially harm the sustainability of the Bitcoin economy.

(f) **Bitcoin exchanges risks**

Bitcoin exchanges are electronic marketplaces where exchange participants may trade, buy and sell Bitcoins based on bid-ask trading. The largest Bitcoin exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

There is a risk of Bitcoin exchanges experiencing technical difficulties, being hacked or shut down, with the consequence of clients of such exchanges (including Digital CC and its related entities) losing their Bitcoins. For example Digital CC's group has lost access to 351 Bitcoins due to the Mt Gox Bitcoin exchange shutting down during February 2014 and it is unclear as to whether those Bitcoins will be returned to Digital CC's group.

The Bitcoin exchanges on which the Bitcoins trade are new and largely unregulated.

Recently, many Bitcoin exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Bitcoin exchanges were not compensated or paid for the partial or complete losses of their account balances of Bitcoins in such Bitcoin exchanges. While smaller Bitcoin exchanges are less likely to have the infrastructure and capitalisation that make larger Bitcoin exchanges more stable, larger Bitcoin exchanges are more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems).

(g) **Further technology risks**

The Bitcoin technology and other digital currencies may be rendered obsolete by new inventions and technologies, which would adversely impact Digital CC and consequently the Company.

Further, the administrators of the Bitcoin network's source code could propose amendments to the Bitcoin network's protocols and software that, if accepted and authorized by the Bitcoin network's community, could adversely affect Digital CC and consequently the Company.

The Bitcoin network is based in a cryptographic, algorithmic protocol that governs the end-user-to-end-user interactions between computers connected to the Bitcoin network. Amendments may occur to the Bitcoin network's source code through one or more software upgrades that alter the protocols and software that govern the Bitcoin network and the properties of Bitcoins, including the irreversibility of transactions and limitations on the mining of new Bitcoins. To the extent that a significant majority of the users and miners on the Bitcoin network install such software upgrade(s), the Bitcoin network would be subject to new protocols and software that may adversely affect Digital CC and consequently the Company. If less than a significant majority of the users and miners on the Bitcoin network install such software upgrade(s), the Bitcoin network could "fork". The acceptance of Bitcoin network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin network could result in a "fork" in the Blockchain, resulting in the operation of two separate networks until such time as the forked Blockchains are merged. The temporary or permanent existence of forked Blockchains could adversely impact Digital CC and consequently the Company.

To the extent that malicious actors or a botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power on the Bitcoin network, it could alter the source code and Blockchain on which the Bitcoin network and all Bitcoin transactions rely. To the extent that a malicious actor or botnet does not yield its majority control of the processing power on the Bitcoin network, reversing any changes made to the source code or Blockchain may not be possible.

If malicious actors or a botnet obtain control of over 50 percent of the processing power active on the Bitcoin network, this could manipulate the source code of the Bitcoin network or the Blockchain in a manner that adversely affects Digital CC and consequently the Company and their ability to operate.

(h) **Bitcoin mining risks**

As the number of Bitcoins awarded for solving a block in the Blockchain decreases, the incentive of miners to continue to contribute processing power to the Bitcoin network will transition from a set reward to transaction fees. The requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain may decrease demand for Bitcoins and prevent the expansion of the Bitcoin network to retail merchants and commercial business, resulting in a reduction in the Blended Bitcoin Price.

If transaction fees paid for the recording of a transaction in the Blockchain becomes too high, the marketplace may be reluctant to accept Bitcoins as a means of payment and existing users may be motivated to switch from Bitcoins to another digital currency or back to fiat currency. A decrease in the use and demand for Bitcoins may adversely affect their value and result in a reduction in price and value of Bitcoins.

If the award of Bitcoins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivise miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Blockchain could be slowed. A reduction in the processing power expended by miners on the Bitcoin network could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the Bitcoin network or the Blockchain, permitting such an actor or botnet to manipulate the source of the Bitcoin network in a manner that adversely affects Digital CC and consequently the Company or their ability to operate.

If transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power in the Bitcoin network, which would adversely affect the confirmation process for transactions and make the Bitcoin network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power on the Bitcoin network. Any reduction in confidence in the confirmation process or processing power of the Bitcoin network may adversely impact Digital CC and consequently the Company.

(i) **Relationship with CloudHashing**

Digital CC's business will rely on both its relationship with CloudHashing, (Technology IQ Limited) and CloudHashing's industry information abilities as CloudHashing will from time to time recommend to Digital CC the most effective time to purchase or liquidate hashing power including pursuant to the CloudHashing Agreement. If Technology IQ Limited does not comply with its obligations under that agreement or if it or Digital CC experience hardware or software failures, poor Bitcoin mining performance, inability to liquidate hashing power, failure to manage hardware or hosting problems, or if other detrimental events occur, Digital CC's business and the Company's business could be adversely affected.

(j) **Contractual risks**

(i) Agreements for the purchase of hardware

Digital CC Management Pty Ltd will acquire computing hardware from suppliers (and potentially directly from manufacturers) from time to time. As summarised above, an agreement has been made with Bitfury (Malta) Limited, a supplier.

It is commonplace in this industry, and a term of the Bitfury Agreement, that downpayments be made with respect to hardware purchases before delivery of the hardware. This permits the supplier to fund the manufacture of the hardware which is 'made to order'. Whilst the exposure is attempted to be minimised by the granting of a security interest in the hardware being purchased and various compensation clauses being incorporated into such agreements, there is no guarantee that the security interest could be perfected, or that the supplier will have sufficient assets to fund the compensation.

Further, it is unlikely that the manufacturer (who in the case of the Bitfury Agreement is located in Asia) would maintain insurances sufficient to cover replacement value of the hardware and loss of revenue in the interim in the case of destruction of the hardware during the manufacturing process.

(ii) Governing law and jurisdictional issues

Due to the nature of the Bitcoin industry, agreements such as those with respect to mining agreements and hardware are generally made with businesses who are domiciled outside of Australia.

As a result, the laws of other countries need to be taken into account in such agreements, and the rights that a party might usually have under Australian law may not be available.

In the event of enforcement or dispute, Digital CC may need to commence proceedings in a Court, or undertake arbitration dispute resolution proceedings, in a country other than Australia. In such circumstances, the laws of those countries will apply and the cost of such enforcement or dispute is likely to be relatively higher than if the agreement was being enforced or disputed in Australia.

In every case, where Australian law will not govern an agreement, Digital CC has taken measures, to the extent possible, to have the agreements governed by the law of jurisdictions with a similar legal background to Australia such as the United Kingdom, but it must be borne in mind that even so, such countries remain foreign jurisdictions and their own bodies of law apply.

The identity of the contracting foreign parties is attempted to be verified prior to entering into any such agreements, but the verification process may not be without errors, omissions or faults.

In short, the governing law and jurisdictional issues resulting from the global nature of the Bitcoin industry results in increased contractual risk and other jurisdictional risks that would not exist if the two contracting entities to an agreement were both domiciled in Australia.

(k) **Competition**

There is significant competition in the digital currency industry generally. There is no assurance that Digital CC or the Company will succeed in the strategy of mining and trading Bitcoins or developing products that are effective or economic. Competitors' products may render the potential digital currency products obsolete and/or otherwise uncompetitive. There is also no guarantee that the Company or Digital CC will ever commercialise or produce any products from the Digital CC technology.

The Company and Digital CC may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. If the Company or Digital CC are successful in developing digital currency products, which may never occur, such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's and Digital CC's potential future business, operating results and financial position.

(l) **Development of digital currencies**

The Company can make no representation that any of its potential research or that of Digital CC into, or development of, any digital currency will be successful, that development milestones will be achieved, or that Digital CC's proposal to trade and mine digital currencies or to develop products will be successful or commercially exploitable.

There are many risks inherent in the trading, mining and development of digital currency products, particularly given digital currencies are in the early stages of development and have uncertain legal status (including in relation to taxation) in many jurisdictions, including Australia. Such risks apply to Digital CC. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of technological, regulatory and commercial reasons.

Digital currencies (such as Bitcoins) which may be used, among other things, to buy and sell goods and services are a new and rapidly evolving industry of which the Bitcoin network is a prominent, but not unique, part. The growth of the digital currency industry in general and cryptocurrencies, including the Bitcoin network in particular, are subject to a high degree of uncertainty. The factors affecting the further development of the digital currency industry, as well as the Bitcoin network, include, but are not limited to:

- (i) continued worldwide growth in the adoption and use of Bitcoins and other digital currencies;
- (ii) government and quasi-government regulation of Bitcoins and other digital-based assets and their use, or restrictions on or regulation of access to and operation of the Bitcoin network or similar digital currencies;
- (iii) changes in consumer demographics and public tastes and preferences;
- (iv) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and
- (v) general economic conditions and the regulatory environment relating to digital currencies.

Furthermore, the Company cannot be sure of the impact of Digital CC (which was recently incorporated) and its Bitcoin holdings on the digital currency industry and the Bitcoin network. A decline in the popularity or acceptance of the Bitcoin network would likely harm Digital CC and consequently would likely adversely impact the Company and the price of its Shares, if the Acquisition proceeds.

Currently, there is relatively small use of Bitcoins in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect Digital CC and consequently the Company.

As relatively new products and technologies, Bitcoins and the Bitcoin network have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short – or long term holding of Bitcoins. The relative lack of acceptance of Bitcoins in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Bitcoins. A lack of expansion by Bitcoins into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the price and value of Bitcoins, either of which could adversely impact Digital CC and consequently the Company.

(m) **Protection of technology rights**

Securing rights to technologies, and in particular intellectual property, through licensing or otherwise, is an integral part of securing potential product value in the outcomes of digital currency. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

The Company's and Digital CC's prospect of success depends, in part, on their ability to obtain interests in intellectual property, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that any intellectual property which Digital CC or entities it deals with may have an interest in now or in the future will afford Digital CC or the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

Although the Company will implement all reasonable endeavours to protect Digital CC's interests in intellectual property, held through its subsidiaries and otherwise, there can be no assurance that these measures have been, or will be sufficient.

Intellectual property rights claims may also adversely affect the operations of the Bitcoin network and consequently Digital CC and the Company.

Third parties may assert intellectual property claims relating to the operation of digital currencies and their source relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Bitcoin network's (or other digital currencies') long-term viability or the ability of end-users to hold and transfer Bitcoins may adversely affect Digital CC and consequently the Company.

1.20 General risks

(a) **Regulatory risks**

Digital currencies involve relatively new technology which has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations, security and applications of digital currencies, such as Bitcoin.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's or Digital CC's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of Digital CC and the Company and its Securities. In addition there is a risk that legal action may be taken against the Company and Digital CC in relation to commercial, legal, regulatory or other matters.

(b) **Additional requirements for capital**

The funds raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to Digital CC) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's and Digital CC's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or Digital CC and might involve substantial dilution to Shareholders.

(c) **Economic**

General economic conditions, introduction of tax reform, new legislation (particularly in relation to relatively new digital currencies such as Bitcoin), movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's and Digital CC's business activities and potential development programmes, as well as on their ability to fund those activities.

(d) **Force Majeure**

The Company's and Digital CC's projects now or in the future may be adversely affected by risks outside the control of the Company and Digital CC, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) **Insurance risks**

The Company intends to insure its operations and those of Digital CC in accordance with technology industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company and Digital CC.

(f) **Litigation risks**

The Company and Digital CC are exposed to possible litigation risks including, but not limited to, intellectual property claims, regulatory intervention and third party claims in relation to digital currency, occupational health and safety claims and employee claims. Further, the Company or Digital CC may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's and Digital CC's operations, financial performance and financial position. The Company and Digital CC are not currently engaged in any litigation.

(g) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(h) **Market conditions**

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or Digital CC or any return to Security holders arising from the transactions the subject of this Notice or otherwise.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and Digital CC depends substantially on senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company and Digital CC if one or more of these employees cease their employment or if one or more of the Proposed Directors leaves the Board.

1.21 Plans for the Company if the Acquisition Resolutions are not passed

If the Acquisition Resolutions are not passed and the Agreement is not completed, the Company will continue to seek high quality and value adding investment opportunities.

1.22 Directors' interests in the Agreement

None of the Company's existing Directors have any interest in the proposed acquisition of the issued shares of Digital CC pursuant to the Agreement, other than as disclosed in this Notice.

1.23 Vendors

Each of the Vendors other than West Coast Coin Holdings LLC is a related party of the Company, due to them being controlled by the following Proposed Directors, respectively:

- (a) Zhenya Tsvetnenko controls Lydian Enterprises Pty Ltd ATF Lydian Trust;
- (b) Alex Karis controls Digital Man LLC;
- (c) William Brindise controls NRB International LLC; and
- (d) Emmanuel Abiodun controls Technology IQ Limited.

None of the Vendors have an existing interest in the Company's Securities separate from the Resolutions and the Agreement.

1.24 Conditional Acquisition Resolutions

All Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of Resolutions 1 to 6 (inclusive) is not approved at the Meeting, none of them will take effect and the Agreement and other matters contemplated by those Resolutions will not be completed pursuant to this Notice.

1.25 Directors' recommendation

The Directors of the Company unanimously recommend the Company's proposed acquisition of Digital CC the subject of the Agreement and that Shareholders vote in favour of all of the Acquisition Resolutions (other than Mr Scott Jones to the extent of his father, Mr Rodney Jones' interest in Resolution 6).

1.26 Voting intentions of major Shareholders

Several of the major Shareholders, being Messrs Rodney Jones, Craig Ian Burton and Shareholders associated with them, have signed deed polls appointing the Chair of the Meeting as their respective irrevocable proxy with directions for their Shares to be voted in favour of all Resolutions (other than, with respect to Mr Rodney Jones and his associates, Resolution 6, and Mr Craig Ian Burton and his associates, Resolution 5, which they are excluded from voting on).

As at the date of this Notice, the major Shareholders and their respective holdings with their associates of pre-Consolidation Shares to be voted in favour of the Resolutions (other than as described in the preceding paragraph) are as follows:

- (a) Rodney Jones for Hoperidge Enterprises Pty Ltd, 58,263,239 Shares; and
- (b) Craig Ian Burton for Alba Capital Pty Ltd, 55,068,140 Shares.

1.27 Independent Expert's Report

The Independent Expert has provided the Independent Expert's Report with respect to the proposed issue of Consideration Shares and issue, conversion and vesting of Consideration Securities pursuant to the Acquisition, as well as the proposed issue of Shares under the Capital Raising to the Vendors (other than West Coast Coin Holdings LLC) pursuant to Resolution 3. The Independent Expert has concluded and believes that the proposal as outlined in Resolution 3 is, on balance, not fair but reasonable to the Shareholders of the Company.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of those proposals. This assessment is designed to assist Shareholders in reaching their voting decision.

The Independent Expert's Report is enclosed with this Notice of meeting in Annexure A. It is recommended that all Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of Resolution 3.

2. RESOLUTION 1 – APPROVAL TO CHANGE THE NATURE AND SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to change the focus of the Company's activities into digital currency trading and associated business ecosystems, including, but not limited to, Bitcoin, Litecoin and other alternative cryptocurrencies (known as 'altcoins'), Bitcoin mining and the proposed development of digital products associated with such digital currencies.

As outlined in Section 1.4 of this Explanatory Statement, the Company has entered into the Agreement whereby the Company proposes to acquire all of the issued capital in Digital CC.

The Agreement is subject to the Conditions Precedent as summarised in Section 1.4 above. A detailed description of Digital CC and its business is also outlined in Section 1.4.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of proposed Acquisition and Capital Raising requires the Company in accordance with ASX Listing Rule 11.1.2 to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of Digital CC which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted securities). Accordingly, it is anticipated that the Company's Securities will be subjected to a trading halt or suspension and thereby cease trading on ASX's Official List prior to market open on the day of

the Meeting. If the Acquisition Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired Digital CC pursuant to the Agreement and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Acquisition Resolutions are not approved at the Meeting, it is expected that the Company's securities will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.

3. RESOLUTION 2 – CONSOLIDATION

3.1 Background

Resolution 2 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a 1 for 5.715 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to seek to comply with relevant ASX Listing Rules as part of the back-door listing when the Company seeks to obtain re-quotation of its Shares on ASX, should Shareholder approval be obtained for the Acquisition Resolutions.

The Directors intend to implement the Consolidation prior to completion of the Agreement and prior to the proposed issues of Securities pursuant to the Acquisition Resolutions, but the Consolidation will only occur if Shareholders approve those Resolutions.

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

3.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 5.715. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company, the Directors and the Proposed Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Acquisition Resolutions.

3.5 Holding statements and Option certificates

From the date of the Consolidation:

- (a) all holding statements for previously quoted Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares proposed to be quoted to be issued to holders of those Shares and, to the extent required, new certificates for unlisted Options to be issued to Option holders.

It is the responsibility of each Security holder to check the number of Shares and Options held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The estimated effect which the Consolidation will have on the capital structure of the Company is set out in the table in Section 1.11.

3.7 Indicative timetable

If Resolution 2 and all the other Acquisition Resolutions are passed, the Consolidation of capital is proposed to take effect pursuant to the timetable at Section 1.13 in accordance with the timetable as set out in Appendix 7A (paragraph 5) of the ASX Listing Rules.

4. RESOLUTION 3 - ISSUE OF SECURITIES TO VENDORS AND PARTICIPATION IN CAPITAL RAISING

4.1 General

Resolution 3 seeks Shareholder approval pursuant to:

- (a) ASX Listing Rule 7.1 in order to issue (on a post-Consolidation basis):
 - (i) 16,633,420 Class A Performance Rights;
 - (ii) 8,316,710 Class B Performance Rights; and
 - (iii) 8,316,710 New Options,(being the Consideration Securities).
- (b) item 7 of section 611 of the Corporations Act in order for:
 - (i) the following Securities to be issued to the Vendors (on a post-Consolidation basis):
 - (A) 82,764,655 Shares;
 - (B) 16,633,420 Shares upon vesting of Class A Performance Rights;

- (C) 8,316,710 Shares upon vesting of Class B Performance Rights; and
- (D) 8,316,710 Shares upon exercise of the New Options;
- (ii) up to 3,750,000 Shares to be issued to Lydian Enterprises Pty Ltd ATF Lydian Trust as part of the Capital Raising in satisfaction of Digital CC's obligation to repay a loan of \$413,955.50 to Lydian Enterprises Pty Ltd ATF Lydian Trust and proposed obligation to repay a further loan of \$336,044.50 to Lydian Enterprises Pty Ltd ATF Lydian Trust (for a deemed issue price of \$0.20 per Share);
- (iii) up to 750,000 Shares to be issued to Digital Man LLC as part of the Capital Raising in satisfaction of Digital CC's obligation to repay a loan of \$72,352.18 to Digital Man LLC and proposed obligation to repay a further loan of \$77,647.82 to Digital Man LLC (for a deemed issue price of \$0.20 per Share);
- (iv) up to 1,178,375 Shares to be issued to NRB International LLC as part of the Capital Raising in satisfaction of Digital CC's obligation to repay a loan of \$77,162.45 to NRB International LLC and proposed obligation to repay a further loan of \$158,512.55 to NRB International LLC (for a deemed issue price of \$0.20 per Share);
- (v) up to 1,000,000 Shares to be issued to Technology IQ Limited as part of the Capital Raising in satisfaction of Digital CC's obligation to repay a loan of \$200,000 to Technology IQ Limited (for a deemed issue price of \$0.20 per Share),

and for the Vendors and their respective associates to thereby acquire voting power of up to 61.48% in the Company.

Resolution 3 is subject to all Acquisition Resolutions being approved by Shareholders.

For the avoidance of doubt, the Shares proposed to be issued to the Vendors other than West Coast Coin Holdings LLC as conversion of the debt owed or to be owed to them by Digital CC into Shares in the Company pursuant to Resolution 3, as described in Sections 4.1(ii) to (v) inclusive, will form part of, and are not additional to, the Shares proposed to be issued under the Capital Raising, the subject of Resolution 4 and Resolution 5 and may alternatively be taken up (in whole or in part) by those Vendors paying \$0.20 in cash for each of those Shares, rather than as conversion of debt to equity.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity 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.

The effect of Resolution 3 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Vendor Consideration Securities:

- (a) The maximum number of Consideration Securities is as follows:
 - (i) 16,633,420 Class A Performance Rights;
 - (ii) 8,316,710 Class B Performance Rights; and
 - (iii) 8,316,710 New Options;
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Consideration Securities will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration, as they are being issued as consideration for the Acquisition;
- (d) the Consideration Securities will be issued to the Vendors, in the following proportions (none of which are related parties of the Company, other than as a result of the Acquisition):

Vendors	Class A Performance Rights	Class B Performance Rights	New Options
Lydian Enterprises Pty Ltd ATF Lydian Trust	7,787,767	3,893,883	2,495,013
Digital Man LLC	3,972,061	1,986,031	2,495,013
NRB International LLC	2,295,411	1,147,705	1,663,342
Technology IQ Limited	2,495,013	1,247,507	1,663,342
West Coast Coin Holdings LLC	83,168	41,584	0
Totals	16,633,420	8,316,710	8,316,710

- (e) the terms and conditions of the Class A Performance Rights, Class B Performance Rights and New Options are set out in Schedules 1, 2 and 3 respectively; and
- (f) the Consideration Securities will be issued as part of the consideration for the Company's Acquisition of Digital CC and as such no funds will be raised from the issue.

4.4 Item 7 of section 611 of the Corporations Act

The Company considers that the Vendors will be associates of each other for the purpose of the Corporations Act. The result of the above proposed issues is that the voting power of the Vendors, in the Company will increase from 0% to more than 20%. On this basis, the Company seeks Shareholder approval for the proposed issues under Resolution 3 in accordance with item 7 of section 611 of

the Corporations Act to enable the Vendors and their associates to increase their voting power in the Company in excess of the threshold limit prescribed by the Corporations Act. Approval pursuant to Listing Rule 7.1 for issue of the Consideration Shares and Shares to be issued upon exercise or vesting of the Consideration Securities and the Vendors' (other than West Coast Coin Holdings LLC) proposed participation in the Capital Raising is not required because the approval for those issues under item 7 of section 611 of the Corporations Act is an exception to Listing Rule 7.1; the exception being in Listing Rule 7.2 exception 16.

A summary of the requirements of item 7 of section 611 of the Corporations Act is set out in Sections 4.7 and 4.8 of this Explanatory Statement.

4.5 Chapter 2E of the Corporations Act and Listing Rule 10.11 approval

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue pursuant to Resolution 3 of:

- the Consideration Shares and Consideration Securities to the Vendors; and
- the Shares under the Capital Raising to the Vendors other than West Coast Coin Holdings LLC,

constitute giving a financial benefit and each of the Vendors other than West Coast Coin Holdings LLC is a related party of the Company by virtue of the fact that (as described in Section 1.4) they are each respectively controlled by one of the Proposed Directors, who have reasonable grounds to believe they will become Directors following completion of the Acquisition.

The Directors consider that Shareholders' approval pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.11 is not required in respect of the issue of Consideration Shares and Consideration Securities and the issue of Shares to all Vendors other than West Coast Coin Holdings LLC under the Capital Raising for the following reasons:

- (a) **Chapter 2E:** the agreements to issue the Consideration Shares and Consideration Securities and Shares under the Capital Raising the subject of Resolution 3 were negotiated on an arm's length basis and the Directors consider that Shareholders' approval pursuant to Chapter 2E of the Corporations Act is consequently not required for those proposed issues, which are reasonable in the circumstances of being issued on arm's length terms; and

- (b) **Listing Rule 10.11:** the Proposed Directors are related parties of the Company only by reason of the Acquisition and Capital Raising, which is the reason for the issue of the Consideration Shares, Consideration Securities and Shares under the Capital Raising and the application to the Proposed Directors of section 228(6) of the Corporations Act.

4.6 Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

(Prohibition).

Voting power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (a) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (c) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

By virtue of being parties to the Agreement for the Acquisition and by virtue of their proposed participation in the Capital Raising, the Vendors, will be associates at the time of settlement of the Acquisition and Capital Raising. No representation is made that the Vendors will remain associates following completion of the Acquisition and Capital Raising.

Relevant interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (a) a body corporate in which the person's voting power is above 20%;
- (b) a body corporate that the person controls.

The Vendors do not currently have a relevant interest in the Company's issued share capital.

4.7 Reasons why section 611 approval required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition described in Section 4.6 above, whereby a person and their associates may acquire a relevant interest in a company's voting shares with shareholder approval.

The Vendors are associates as they are acting or proposing to act, in concert at the time of completion of the Acquisition and therefore in determining their voting power, their relevant interests will be aggregated. However, there is no determination that the Vendors will continue to be associates for the purpose of the Corporations Act following completion of the Acquisition.

Accordingly, the relevant interests of the Vendors and their associates in the Company after implementation of all the Acquisition Resolutions (when aggregated) will increase from nil to more than 20%.

On this basis, the Company seeks Shareholder approval for the proposed issues under Resolution 3 in accordance with item 7 of section 611 of the Corporations Act to enable the Vendors and their associates to increase their voting power in the Company in excess of the threshold limit prescribed by the Corporations Act.

Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act in respect of the proposed issues of Securities contemplated by Resolution 3.

4.8 Specific Information Required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report which is enclosed at Annexure A of this Notice.

(a) **Identity of persons proposing to participate in the issue and their associates**

If Resolution 3 is passed and on completion of the Acquisition and Capital Raising, the persons who will hold a relevant interest in the Securities, along with their associates, are the Vendors.

The Vendors and their respective interests in the share capital of Digital CC are as follows:

- (i) Lydian Enterprises Pty Ltd ATF Lydian Trust, a company controlled by and associated with Zhenya Tsvetnenko - 46.82%;
- (ii) Digital Man LLC, a company controlled by and associated with Alex Karis – 23.88%;
- (iii) NRB International LLC, a company controlled by and associated with William Brindise – 13.8%;
- (iv) Technology IQ Limited, a company controlled by and associated with Emmanuel Abiodun – 15%; and
- (v) West Coast Coin Holdings LLC – 0.5%.

In addition to the Vendors being associates of each other for the purposes of Resolution 3, the following parties are associates of the following Vendors for that purpose:

- (vi) Lydian Enterprises Pty Ltd ATF Lydian Trust: Zhenya Tsvetnenko controls Lydian Enterprises Pty Ltd which also ultimately controls Magna Fortis Pty Ltd ACN 149 529 902, Alcubierre Holdings Pty Ltd ACN 161 698 871 and Tsvet Pty Ltd ACN 140 057 718 (which are also controlled by Zhenya Tsvetnenko) and House of Zhivago Pty Ltd ACN 150 075 255. The following entities are also associates of Lydian Enterprises Pty Ltd ATF Lydian Trust as they are ultimately controlled by Zhenya Tsvetnenko; Cellularis Pty Ltd ACN 132 124 942, Cellular Dreams (Canada) Pty Ltd ACN 121 698 182, Cellular Dreams (USA) Pty Ltd ACN 121 698 208, Cellular Dreams (NZ) Pty Ltd ACN 121 698 226, Interfun Pty Ltd ACN 132 960 742, Livelynk Group Pty Ltd ACN 134 429 637, Mobile Ecstasy Pty Ltd ACN 132 956 079, Mobilicious Pty Ltd ACN 132 104 922, Mpire Media Holdings Pty Ltd ACN 137 173 730, Mpire Media Pty Ltd ACN 126 813 214, On the Dollar Pty Ltd ACN 132 556 408, Skycell International Pty Ltd ACN 120 509 426, Surreal Minds Pty Ltd ACN 132 956 088, Toy Investments Pty Ltd ACN 132 555 232, Trendy Investments Pty Ltd ACN 130 972 771, Zhenya Enterprises Pty Ltd ACN 120 137 804, Zhenya Publishing Pty Ltd ACN 132 576 295, Zhenya Records Pty Ltd ACN 128 765 382 and Zhenya Holdings Pty Ltd ACN 121 173 073.

- (vii) Digital Man LLC: Alex Karis, the sole shareholder of Digital Man LLC and Karis Holdings Inc (which entities are also associates of Digital Man LLC as they are controlled by Alex Karis). Ajax Telemarketing LLC, Lexacom Networks LLC and Preferred Benefits Inc are also associates of Digital Man LLC as they are each ultimately controlled by Alex Karis;
- (viii) NRB International LLC: William Brindise the sole shareholder of NRB International LLC and Dicex LLC (as it is controlled by William Brindice);
- (ix) Technology IQ Limited: Emmanuel Abiodun, a director and 75% shareholder of Technology IQ Limited, Benjamin Scott Gorlick, the other director, Wizard Investments LLC, which holds the other 25% of shares in Technology IQ Limited and Alan Sege, who is the General Counsel of Technology IQ Limited. Beinformatc Limited is an associate of Technology IQ Limited as they are each ultimately controlled by Emmanuel Abiodun; and
- (x) West Coast Coin Holdings LLC: Alan Sege is the sole shareholder of West Coast Coin Holdings LLC.

(b) **The maximum extent of the increase in the relevant interests and voting power**

As at the date of the Notice of Meeting, none of the Vendors or their associates has a relevant interest in any existing Securities and their voting power is nil.

Upon completion of the issue of the Securities the subject of Resolution 3 (assuming all Consideration Securities vest or are exercised as the context requires and 45,500,000 Shares are subscribed for and issued pursuant to the Capital Raising, including those proposed to be issued to the Vendors other than West Coast Coin Holdings LLC pursuant to Resolution 3) the total number of post-Consolidation Shares on issue would be 199,608,076 and the number of Securities in which the Vendors and their associates will have a relevant interest and their relevant voting power will be as follows (assuming none of the existing Options, or Options proposed to be issued under Resolution 8 have been exercised and assuming no further Securities are issued by the Company):

Vendors and their associates	Shares (post Consolidation)	Maximum Capital Raising Shares allocation	Consideration Shares	Shares on vesting of Class A Performance Rights	Shares on vesting of Class B Performance Rights	Shares on exercise of New Options	Total Maximum Shares	Maximum Voting Power
Lydian Enterprises Pty Ltd ATF Lydian Trust and its non-Vendor associates	Nil	3,750,000	38,750,411	7,787,767	3,893,883	2,495,013	56,677,074	28.39%
Digital Man LLC and its non-Vendor associates	Nil	750,000	19,764,200	3,972,061	1,986,031	2,495,013	28,967,305	14.51%
NRB International LLC and its non-Vendor associates	Nil	1,178,375	11,421,522	2,295,411	1,147,705	1,663,342	17,706,355	8.87%
Technology IQ Limited and its non-Vendor associates	Nil	1,000,000	12,414,698	2,495,013	1,247,507	1,663,342	18,820,560	9.43%
West Coast Coin Holdings LLC and its non-Vendor associates	Nil	Nil	413,824	83,168	41,584	Nil	538,576	0.27%
TOTAL VOTING POWER OF VENDORS AND THEIR ASSOCIATES	Nil	6,678,375	82,764,655	16,633,420	8,316,710	8,316,710	122,709,870	61.48%

(c) **The voting power that person would have as a result of the issues**

Based on the table in paragraph (b) above, the maximum extent of the increase in the voting power of each of the Vendors and their associates is 61.48%.

(d) **Intentions as to the future of the Company**

Other than as disclosed elsewhere in this Explanatory Statement and changes pursuant to the Acquisition and the Resolutions, the Company understands that the Vendors and their associates (including the Proposed Directors):

- (i) have no intention of making any significant changes to the business of the Company;
- (ii) have no intention to inject further capital into the Company;

- (iii) have no intention of making changes regarding the future employment of the present employees of the Company, other than as contemplated under the Agreement and set out in this Explanatory Statement;
- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and the Vendors or any entity associated with any one of them, other than as contemplated under the Acquisition and set out in this Explanatory Statement;
- (vi) do not intend to significantly change the financial policy of the Company, however the Vendors may choose to implement a dividend policy but make no forecast as to whether any dividend will be payable; and
- (vii) have no intention to change the composition of the Board other than the proposal as described in this Notice for the Proposed Directors to replace the Directors on the Board.

These intentions are based on the Company's understanding of the Vendors' and their associates' intentions as at the date of this Notice and on information concerning the Company, Digital CC their businesses and the business environment which is known to the Vendors and their associates at the date of this document.

Final decisions regarding these matters will only be made by the Vendors and their associates (including the Proposed Directors), together or individually, in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available or as circumstances change.

(e) **Reason for the proposed issue**

The Consideration Shares and Consideration Securities, the subject of Resolution 3 will be issued to the Vendors in consideration for the Acquisition, pursuant to the Agreement. A summary of the material terms of the Agreement is set out in Section 1.4 above. The Shares proposed to be issued pursuant to the Capital Raising to the Vendors other than West Coast Coin Holdings LLC pursuant to Resolution 3 are proposed to be issued either in consideration for cash to raise funds for the purposes given in Sections 1.12 and 1.14 or alternatively to satisfy Digital CC's obligation to otherwise repay loans which it owes or will owe to the Vendors other than West Coast Coin Holdings LLC. Consequently in the latter event, the Company's group after the Acquisition would be free of the obligation to repay those loans.

(f) **Capital structure**

The proposed capital structure of the Company following completion of the Acquisition is set out in Section 1.11 above.

(g) **Directors' interests**

No Directors of the Company are related parties of any of the Vendors or any of their associates. Nor do the Directors have any interest in any shares in the Vendors or their respective associates (to the extent that they are companies).

(h) **Directors' recommendation**

The Directors of the Company recommend that Shareholders vote in favour of Resolution 3, on the basis that the Directors consider the Acquisition is in the best interests of the Company.

(i) **Independent Expert's Report**

The Independent Expert has provided the Independent Expert's Report with respect to the proposed issue of Consideration Shares and issue, conversion and vesting of Consideration Securities pursuant to the Acquisition, as well as the proposed issue of Shares under the Capital Raising to the Vendors (other than West Coast Coin Holdings LLC) pursuant to Resolution 3. The Independent Expert has concluded and believes that the proposal as outlined in Resolution 3 is, on balance, not fair but reasonable to the Shareholders of the Company.

For further details in relation to the Independent Expert's Report refer to Section 1.27. The Independent Expert's Report is enclosed with this Notice of Meeting in Annexure A.

5. RESOLUTION 4 – CAPITAL RAISING

5.1 General

As detailed in Section 1.1, the Company proposes under the Capital Raising to issue up to 45,500,000 Shares on a post-Consolidation basis at an issue price or deemed issue price of \$0.20 per Share pursuant to the Prospectus to raise up to \$9,100,000.

Resolution 4 seeks Shareholder approval for the issue of up to 44,000,000 Shares (on a post-Consolidation basis), being the number of Shares proposed to be issued to applicants of the Capital Raising (excluding the proposed issue, forming part of the Capital Raising, to Craig Ian Burton or his nominees pursuant to Resolution 5), at an issue price or deemed issue price of \$0.20 per Share to raise up to \$8,800,000. Refer to Section 1.1 for an explanation of why part of the Capital Raising may not be received in cash, but rather may be used to repay loans which Digital CC owes or will owe to the Vendors (other than West Coast Coin Holdings LLC).

For the purposes of the Listing Rules, none of the subscribers for the Shares to be issued under Resolution 4, apart from the Vendors (other than West Coast Coin Holdings LLC) as described in Section 4.5, will be related parties of the Company.

The Capital Raising offer will be conditional on the following:

- (a) Shareholders passing all of the Acquisition Resolutions; and
- (b) the Shares to be issued pursuant to the Capital Raising will not be issued before completion of the Acquisition.

Further details of the Capital Raising are set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of Resolution 4 will be to allow the Company to issue 44,000,000 Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued under Resolution 4 is 44,000,000 Shares, on a post-Consolidation basis;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.20 per Share;
- (d) the Shares are proposed to be issued to the applicants of the Capital Raising under a Prospectus offer, which may include, but are not limited to, applicants who gave firm commitments obtained by DJ Carmichael Pty Ltd and the issue of up to the following numbers of Shares to the following parties (subject to the passing of all Acquisition Resolutions and subject to them making applications for such Shares):
 - (i) up to 3,750,000 Shares may be issued to Lydian Enterprises Pty Ltd ATF Lydian Trust as part of the Capital Raising either for cash consideration of \$0.20 per Share or in satisfaction of Digital CC's obligation to repay a loan of \$413,955.50 to Lydian Enterprises Pty Ltd ATF Lydian Trust and proposed obligation to repay a further loan of \$336,044.50 to Lydian Enterprises Pty Ltd ATF Lydian Trust (for a deemed issue price of \$0.20 per Share);
 - (ii) up to 750,000 Shares may be issued to Digital Man LLC as part of the Capital Raising either for cash consideration of \$0.20 per Share or in satisfaction of Digital CC's obligation to repay a loan of \$72,352.18 owing by Digital CC to Digital Man LLC and proposed obligation to repay a further loan of \$77,647.82 to Digital Man LLC (for a deemed issue price of \$0.20 per Share);
 - (iii) up to 1,178,375 Shares may be issued to NRB International LLC as part of the Capital Raising either for cash consideration of \$0.20 per Share or in satisfaction of Digital CC's obligation to repay a loan of \$77,162.45 to NRB International LLC and proposed obligation to repay a further loan of \$158,512.55 to NRB International LLC (for a deemed issue price of \$0.20 per Share); and
 - (iv) up to 1,000,000 Shares may be issued to Technology IQ Limited as part of the Capital Raising either for cash consideration of \$0.20 per Share or in satisfaction of Digital CC's obligation to repay a loan of \$200,000 to Technology IQ Limited (for a deemed issue price of \$0.20 per Share).

The Company confirms that apart from the Vendors excluding West Coast Coin Holdings LLC (as described in Section 4.5), none of the subscribers for any of the Shares pursuant to Resolution 4 will be related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, the Company's existing Shares on issue; and
- (f) the Company intends to use the funds raised from the Shares issued under the Capital Raising as a whole, in the manner outlined in Sections 1.12 and 1.14.

6. RESOLUTION 5 – PARTICIPATION OF CRAIG IAN BURTON IN CAPITAL RAISING

6.1 General

As detailed in Section 1.1 the Company proposes under the Capital Raising to issue up to 45,500,000 Shares on a post-Consolidation basis at an issue price or deemed issue price of \$0.20 per Share pursuant to the Prospectus to raise up to \$9,100,000.

Resolution 5 seeks Shareholder approval for the issue of up to 1,500,000 Shares (on a post-Consolidation basis), being the number of Shares proposed to be issued to Mr Craig Ian Burton (or his nominees) under the Capital Raising, at an issue price of \$0.20 per Share to raise up to \$300,000.

For the purposes of the Listing Rules, each of Mr Craig Ian Burton and his nominees are not related parties of the Company.

As detailed in Section 5 above, the Capital Raising offer will be conditional on the following:

- (a) Shareholders passing all of the Acquisition Resolutions; and
- (b) the Shares to be issued pursuant to the Capital Raising will not be issued before completion of the Acquisition.

Further details of the Capital Raising are set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of Resolution 5 will be to allow the Company to issue 1,500,000 Shares to Mr Craig Ian Burton (or his nominees) forming part of the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued to Mr Craig Ian Burton (or his nominees) is 1,500,000 Shares, on a post-Consolidation basis;

- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.20 per Share;
- (d) the Shares are proposed to be issued to Mr Craig Ian Burton (or his nominees) pursuant to the Capital Raising and under a Prospectus offer;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue;
- (f) the Company intends to use the funds raised from the Shares issued under the Capital Raising as a whole, in the manner outlined in Sections 1.12 and 1.14; and
- (g) Mr Craig Ian Burton (or his nominees) have committed to participate in the Capital Raising as set out in this Section 6.2.

7. RESOLUTION 6 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING – RODNEY JONES

7.1 General

As detailed in Sections 5 and 6 above, the Company proposes under the Capital Raising to issue up to 45,500,000 Shares on a post-consolidation basis at an issue price or deemed issue price of \$0.20 pursuant to the Prospectus to raise up to \$9,100,000. Refer to Section 1.1 for an explanation of why part of the Capital Raising may not be received in cash, but rather may be used to repay loans which Digital CC owes or will owe to the Vendors (other than West Coast Coin Holdings LLC).

Mr Rodney Jones by virtue of being the father of one of the Directors of the Company (Mr Scott Jones) is a related party of the Company. Mr Rodney Jones is also a Committed Party as set out in Section 1.1.

Resolution 6 seeks Shareholder approval for the issue of up to 6,500,000 Shares (at an issue price of \$0.20 per Share) on a post-consolidation basis, to Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) arising from his participation in the Capital Raising (the **Participation**).

For the avoidance of doubt these 6,500,000 Shares proposed to be issued to Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) pursuant to Resolution 6 will form part of, and are not additional to, the Shares issued under the Capital Raising, the subject of Resolution 4 and Resolution 5.

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Rodney Jones is a related party of the Company by virtue of being the father of a Director of the Company. Hoperidge Enterprises Pty Ltd is a related party of the Company by reason of being associated with Mr Rodney Jones.

The Directors (other than Mr Scott Jones whose relationship with Mr Rodney Jones excludes him from voting on Resolution 6) consider that Shareholders' approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation as the Shares proposed to be issued to Mr Jones (or his nominee Hoperidge Enterprises Pty Ltd) will be on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Shares to Mr Rodney Jones under the Capital Raising involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd);
- (b) the maximum number of Shares to be issued to Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) is 6,500,000;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) Mr Rodney Jones is the father of Mr Scott Jones, a Director of the Company and Hoperidge Enterprises Pty Ltd is a related party of the Company by reason of being associated with Mr Rodney Jones;
- (e) the issue price will be \$0.20 per Share, being the same as all other Shares proposed to be issued under the Capital Raising;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (g) the funds raised will be used for the purposes as set out in Sections 1.12 and 1.14 above.

Although approval is being sought for the issue of these Shares pursuant to Resolution 4 (to ensure they may still be issued to other investors in the event Mr Jones or his nominee Hoperidge Enterprises Pty Ltd do not subscribe for Shares pursuant to the Capital Raising) approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Rodney Jones (or his nominee Hoperidge Enterprises Pty Ltd) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTION 7 – CHANGE OF NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 7 seeks the approval of Shareholders for the Company to change its name to "Digital CC Limited".

If Resolution 7 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company, if the Acquisition is completed.

Resolution 7 is not inter-conditional with the other Resolutions. However the Company will only change its name where all of the Acquisition Resolutions are passed.

9. RESOLUTION 8 – ISSUE OF OPTIONS FOR SERVICES PROVIDED

9.1 General

Resolution 8 seeks approval for the issue of 6,000,000 Options (on a pre-Consolidation basis) to a service provider of the Company, Sibella Capital Pty Ltd ACN 108 289 818 (**Sibella**) for corporate and management and financial advisory services provided to the Company. Sibella is not a related party of the Company. The issue of these Options is unrelated to the Acquisition and unrelated to Resolutions 1 to 7 (inclusive).

The proposed issue of Options pursuant to Resolution 8 was resolved by the Board (subject to Shareholders' approval) in January 2014 and this Meeting is the first opportunity the Company has had to seek Shareholders' consideration of that issue.

A summary of ASX Listing Rule 7.1 is set out above in Section 4.2.

The effect of Resolution 8 will be to allow the Company to issue the Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Options to be issued is 6,000,000 Options (on a pre-Consolidation basis). Where the Consolidation is completed as set out in the Notice, the number of Options will be consolidated to 1,049,868 Options;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of all the Options will occur on the same date;
- (c) the Options will be issued for nil cash consideration in satisfaction of corporate and management and financial advisory services provided by Sibella to the Company;
- (d) the 6,000,000 Options will be issued to Sibella, which is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 3, other than with respect to the exercise date, which will be 30 June 2017 and the exercise price on the date of issue on a pre-Consolidation basis which is proposed to be \$0.05 each for the Options; and
- (f) no funds will be raised from the proposed issue of Options under Resolution 8 as the Options are proposed to be issued in consideration for services provided to the Company by Sibella.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning given to that term in Section 1.1.

Acquisition Resolutions means the inter-conditional resolutions in this Notice being Resolution 1 – 6 (inclusive).

Agreement means the share purchase agreement entered into between the Company and the shareholders of Digital CC in respect of the acquisition of Digital CC, the material terms of which are summarised in Section 1.4.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Bitcoin means the peer-to-peer payment system and the digital currency of the same name which uses open source cryptography to control the creation and transfer of such currency.

Blockchain has the meaning in Section 1.4.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given to that term in Section 1.1.

Chair means the chair of the Meeting.

CloudHashing Agreement means the agreement between Digital CC Management Pty Ltd and one of the Vendors, Technology IQ Limited (also known as CloudHashing), summarised in Section 1.4.

Committed Parties has the meaning given to that term in at Section 1.1.

Company means Macro Energy Ltd (ACN 009 575 035).

Conditions Precedent means the conditions precedent to completion of the Agreement, as summarised in Section 1.4.

Consideration Shares has the meaning given to that term in Section 1.4.

Consideration Securities has the meaning given to that term in Sections 1.4.

Corporations Act means the Corporations Act 2001 (Cth).

Digital CC means Digital CC Holdings Pty Ltd (ACN 167 754 725).

Digital CC IP Limited means Digital CC IP Limited a company incorporated in Hong Kong, (Cert. No. 626 550 8-000-01-14-6), a wholly owned subsidiary of Digital CC.

Digital CC IP Pty Ltd means Digital CC IP Ltd (ACN 167 755 080), a wholly owned subsidiary of Digital CC.

Digital CC Limited means Digital CC Limited a company incorporated in Hong Kong, (Cert. No. 624 529 90-000-12-13-4), a wholly owned subsidiary of Digital CC.

Digital CC Management Pty Ltd means Digital CC Management Pty Ltd (ACN 168 145 300), a wholly owned subsidiary of Digital CC.

Digital CC Trading Pty Ltd means Digital CC Trading Pty Ltd (ACN 167 755 099), a wholly owned subsidiary of Digital CC.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

New Option has the meaning given to that term in Section 1.4.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Schedules, the Annexures and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Directors has the meaning given in Section 1.4.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement unless otherwise specified.

Security means a security issued or to be issued in the capital of the Company, including a Share, Performance Right or an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Vendors means the current shareholders of Digital CC, comprising:

- Lydian Enterprises Pty Ltd ATF Lydian Trust ACN 139 802 921 which holds 46.82% of the shares in Digital CC;
- Digital Man LLC (company number 5445919, incorporated in Delaware) which holds 23.88% of the shares in Digital CC;
- NRB International LLC (company number 5443896, incorporated in Delaware) which holds 13.8% of the shares in Digital CC;
- Technology IQ Limited, which trades under the name 'CloudHashing', (company number 08418155, incorporated in the United Kingdom) which holds 15.00% of the shares in Digital CC; and
- West Coast Coin Holdings LLC (company number 5495047, incorporated in Delaware) which holds 0.5% of the shares in Digital CC.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – CLASS A PERFORMANCE RIGHTS

The terms and conditions of the Class A Performance Rights are set out below:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b), each Performance Right vests to one Share.
- (b) The Performance Rights will vest on 1 July 2015 if the earnings before interest, tax, depreciation and amortisation in the Company's consolidated group in the period from 1 January 2014 to 30 June 2015 is \$9,000,000 or greater (**Vesting Condition**).
- (c) The Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest in the event:
 - (i) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is made;
 - (ii) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (iii) any person becomes bound or entitled to acquire shares in the Company under:
 - i. section 414 of the Corporations Act; or
 - ii. Chapter 6A of the Corporations Act;
 - (iv) the Company passes a resolution for voluntary winding up; or
 - (v) an order is made for the compulsory winding up of the Company, andsuch a determination shall be notified to the holder in writing. If no determination is made or if the Board determines that some or all of a holder's Performance Rights do not vest, those Performance Rights shall automatically lapse.
- (d) The Performance Rights shall expire and lapse in the event that the Company determines and gives written notice to the holder of the Performance Rights (in the absence of manifest error) that the Vesting Condition has not been satisfied.
- (e) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights into Shares on the satisfaction of the Vesting Condition.
- (f) Immediately following the satisfaction of the Vesting Condition the Company shall give written notice of that event to the holder of the Performance Rights that have vested and shall, unless otherwise directed by the holder, allot and issue the associated number of Shares within 10 Business Days of the date of that notice.
- (g) The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares allotted and issued pursuant to the vesting of Performance Rights on ASX within 10 Business Days after the date of allotment and issue of those Shares and in any event, in compliance with the ASX Listing Rules.

- (h) All Shares allotted and issued upon the vesting of Performance Rights will upon allotment and issue rank pari passu in all respects with other Shares.
- (i) The Performance Rights are not transferable except with the prior written consent of the Board and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
- (j) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of the Performance Rights will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (k) Subject to paragraph (j), there are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights unless the Vesting Condition has been satisfied and the relevant Shares have been issued prior to the record date for determining entitlements. However, the Company will give notice to the holders of any new issues of capital prior to the record date for determining entitlements.
- (l) A Performance Right does not confer the right to vote or receive dividends.

SCHEDULE 2 – CLASS B PERFORMANCE RIGHTS

The terms and conditions of the Class B Performance Rights are set out below:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b), each Performance Right vests to one Share.
- (b) The Performance Rights will vest on 1 July 2016 if the earnings before interest, tax, depreciation and amortisation in the Company's consolidated group in the period between 1 July 2015 and 30 June 2016 is \$30,000,000 or greater (**Vesting Condition**).
- (c) The Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest in the event:
 - (i) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is made;
 - (ii) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (iii) any person becomes bound or entitled to acquire shares in the Company under:
 - i. section 414 of the Corporations Act; or
 - ii. Chapter 6A of the Corporations Act;
 - (iv) the Company passes a resolution for voluntary winding up; or
 - (v) an order is made for the compulsory winding up of the Company, andsuch a determination shall be notified to the holder in writing. If no determination is made or if the Board determines that some or all of a holder's Performance Rights do not vest, those Performance Rights shall automatically lapse.
- (d) The Performance Rights shall expire and lapse in the event that the Company determines and gives written notice to the holder of the Performance Rights (in the absence of manifest error) that the Vesting Condition has not been satisfied.
- (e) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights into Shares on the satisfaction of the Vesting Condition.
- (f) Immediately following the satisfaction of the Vesting Condition the Company shall give written notice of that event to the holder of the Performance Rights that have vested and shall, unless otherwise directed by the holder, allot and issue the associated number of Shares within 10 Business Days of the date of that notice.
- (g) The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares allotted and issued pursuant to the vesting of Performance Rights on ASX within 10 Business Days after the date of allotment and issue of those Shares and in any event, in compliance with the ASX Listing Rules.

- (h) All Shares allotted and issued upon the vesting of Performance Rights will upon allotment and issue rank pari passu in all respects with other Shares.
- (i) The Performance Rights are not transferable except with the prior written consent of the Board and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
- (j) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of the Performance Rights will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (k) Subject to paragraph (j), there are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights unless the Vesting Condition has been satisfied and the relevant Shares have been issued prior to the record date for determining entitlements. However, the Company will give notice to the holders of any new issues of capital prior to the record date for determining entitlements.
- (l) A Performance Right does not confer the right to vote or receive dividends.

SCHEDULE 3 – NEW OPTION TERMS AND CONDITIONS

1.1 Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

1.2 Exercise Price

Subject to paragraph 1.11, the amount payable upon exercise of each New Option will be \$0.28 (**Exercise Price**).

1.3 Expiry Date

Each New Option will expire at 5:00 pm (WST) on the date which falls two years after completion of the Acquisition (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

1.4 Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

1.5 Notice of Exercise

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.6 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

1.7 Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (a) the Exercise Date; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 1.7(d) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

1.8 Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued fully paid ordinary shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

1.10 Unquoted

The Company will not apply for quotation of the New Options on ASX.

1.11 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.12 Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

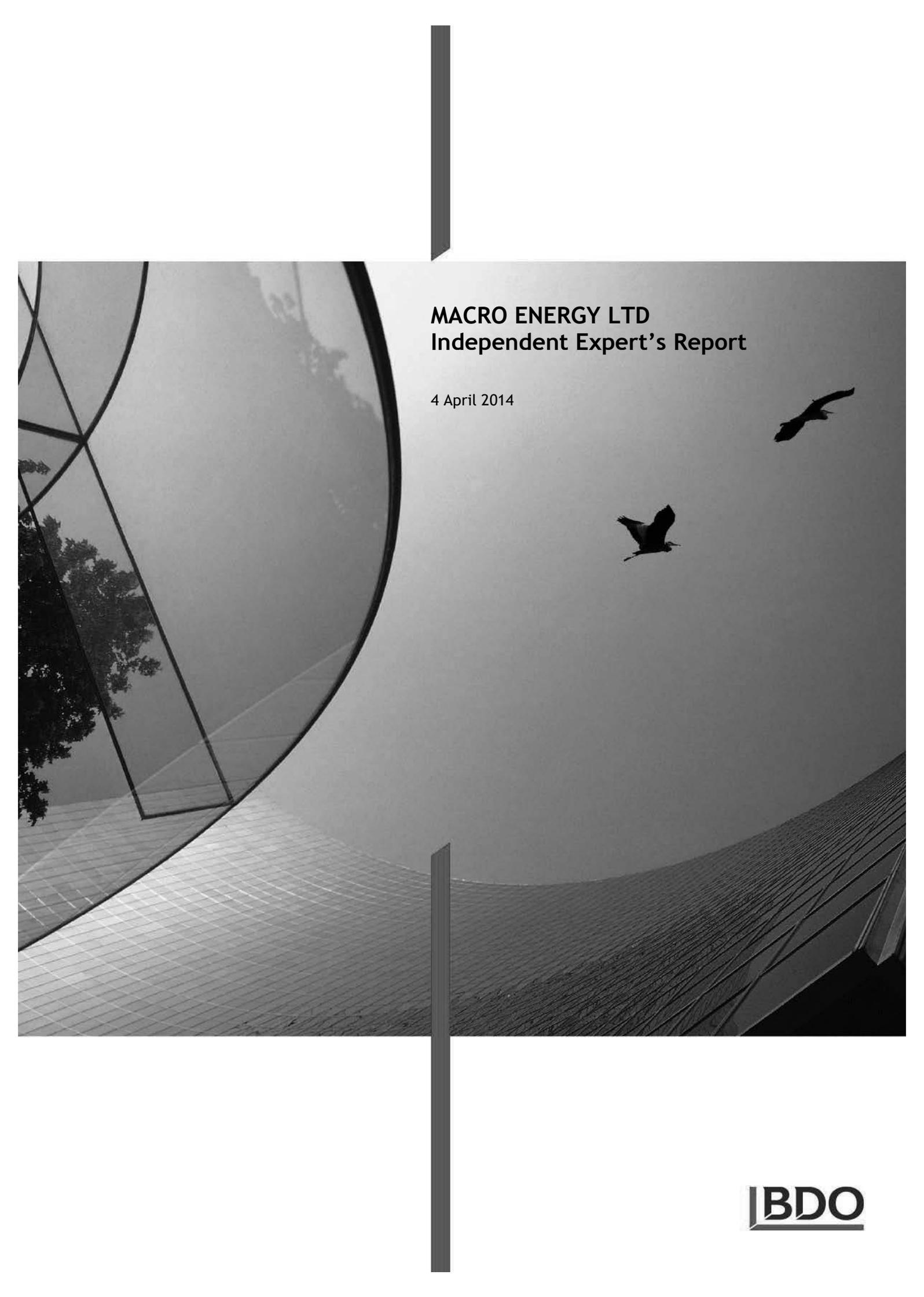
1.13 Change in exercise price

Subject to paragraph 1.11 a New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

1.14 Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT



MACRO ENERGY LTD
Independent Expert's Report

4 April 2014



Financial Services Guide

4 April 2014

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Macro Energy Limited ('Macro') to provide an independent expert's report on the proposal to acquire 100% of the issued capital of Digital CC Holdings Pty Limited ('Digital'). You will be provided with a copy of our report as a retail client because you are a shareholder of Macro.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$28,000 (which is equivalent to approximately 46 bitcoins).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Macro for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

4 April 2014

The Directors
Macro Energy Ltd
Level 7, 1008 Hay Street
Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 13 March 2014, Macro Energy Limited ('Macro' or the 'Company') announced that it had executed a binding share sale agreement (the 'Agreement') with the shareholders of Digital CC Holdings Pty Ltd ('Digital') to acquire all of the issued shares in Digital ('Acquisition'). The consideration to be paid by Macro to the shareholders of Digital comprises ordinary shares, performance rights and options in Macro (collectively 'Consideration Securities').

Under the terms of the Agreement, Macro will complete a consolidation of its shares on a 5.715 to 1 basis, prior to the issue of the Consideration Securities to Digital.

Additionally, Macro will conduct a capital raising to raise a maximum of \$9.1 million ('Capital Raising'). Macro is proposing to issue up to 6,678,375 shares to Digital shareholders, other than West Coast Coin Holdings LLC, as part of this capital raising, to repay up to \$1,335,675 of various loans owed by Digital to its shareholders ('Repayment Securities').

The issue of Consideration Securities under the Acquisition and the issue of Repayment Securities under the Capital Raising are together referred to as 'the Transaction'.

The terms of the Agreement also specify that Digital will be entitled to appoint four new people to Macro's Board of Directors (the 'Board') upon completion of the Transaction.

Following the issue of the Consideration Securities and Repayment Securities, the shareholders of Digital may have a combined voting power of up to 61.48% in the Company.

Upon completion of the Transaction, the nature and scale of Macro's activities will change significantly, to reflect this change, Macro is proposing to change its name to Digital CC Limited.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Macro have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not:

- the issue of the Consideration Securities to the shareholders of Digital for the acquisition of all of the issued capital of Digital is fair and reasonable to the non associated shareholders of Macro ('**Shareholders**'); and
- the issue of the Repayment Securities to Digital shareholders, other than West Coast Coin Holdings LLC, under the proposed capital raising to raise a maximum of \$9.1 million is fair and reasonable to the Shareholders.

Our Report is prepared pursuant to section 611 of the Corporations Act 2001 Cth ('**the Act**') as a result of the shareholders of Digital, who are considered to be associates of each other, and their associates potentially increasing their voting power in the Company from nil up to 61.48%. Our Report is to be included in the Notice of Meeting for Macro in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**'), Regulatory Guide 74 'Acquisitions Approved by Members' ('**RG 74**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of a Macro share prior to the Transaction compares to the value of a Macro share following the Transaction;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to Shareholders.

However, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages.

2.4 Fairness

In our opinion, the Transaction is not fair because Digital:

- has limited trading history;
- operates in a novel industry with a novel business model; and
- has financial projections for which we do not have a reasonable basis on which to rely.

We are unable to place a value on Digital and consequently on the value of a Macro share following the Transaction. Given our inability to conclude on value we must conclude that the Transaction is not fair.

2.5 Reasonableness

We have considered the analysis in section 11 of this report, in terms of both:

- the advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
11.1.1	Shareholders will have the opportunity to participate in the growing field of digital currencies	11.2.1	Dilution of existing Shareholder's interest
11.1.2	Liquidity of Macro shares may increase	11.2.2	Macro's share price may become more volatile
11.1.3	Macro will become the first ASX-listed Bitcoin company	11.2.3	There is uncertainty regarding the future of Bitcoin and cryptocurrencies in general
11.1.4	Digital's business model proposes multiple sources of revenue		
11.1.5	Experienced management team		
11.1.6	Consideration Securities provide an incentive to increase Macro's value		
11.1.7	As a majority shareholder, Mr Tsvetnenko's interests will be aligned to Shareholders' interests		

Other key matters we have considered include:

Section	Description
11.3.1	Alternative transactions
11.3.2	Change in the nature and scale of Macro's activities
11.3.3	Repayment of \$2 million loan facility

11.3.4 The market for digital currency is still in its infancy

11.3.5 There is uncertainty surrounding regulation of digital currencies

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders. If the Transaction is approved, it is possible that the shareholders of Digital, who are considered to be associates, and their associates, could increase their voting power in Macro from nil up to 61.48%.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Macro, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Macro have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Australian Stock Exchange ('ASX') Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Macro share prior to the Transaction and the value of a Macro share following the Transaction (fairness - see Section 10 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 11 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

On 13 March 2014, Macro announced that it had entered the Agreement with the shareholders of Digital to acquire 100% of the issued shares in Digital. As consideration the shareholders of Digital would be issued with the Consideration Securities and would have the right to elect four new people to Macro's Board. The Consideration Securities are to be issued to the shareholders of Digital after Macro completes a consolidation of its shares and options on a 5.715 to 1 basis.

Details of the Consideration Securities are set out below:

- Ordinary shares - Macro will issue 82,764,655 ordinary shares to the shareholders of Digital ('Consideration Shares').
- Performance rights - Macro will issue 24,950,130 performance rights to the shareholders of Digital. The performance rights are split in two classes as follows:
 - 16,633,420 performance rights will vest on 1 July 2015 if Macro's group Earnings Before Interest Tax Depreciation and Amortisation ('EBITDA') over the period 1 January 2014 to 30 June 2015 is greater than or equal to A\$9,000,000 ('Class A Rights'); and

- 8,316,710 performance rights will vest on 1 July 2016 if Macro's group EBITDA over the period 1 July 2015 to 30 June 2016 is greater than or equal to A\$30,000,000 ('Class B Rights').
- Unlisted options - The shareholders of Digital will be issued with 8,316,710 unlisted options over Macro shares at an exercise price of \$0.28 expiring 2 years after the completion of the Transaction ('New Options').

In accordance with the Agreement, on completion of the Transaction, Brett Lawrence, Mark Freeman and Scott Jones will retire as Directors and four nominees of Digital will be appointed to the Board. The proposed directors are Eugeni 'Zhenya' Tsvetnenko, Alex Karis, William Brindise and Adeniyi Olalekan 'Emmanuel' Abiodun ('Proposed Directors').

In order to fund the Acquisition, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Agreement, Macro is proposing to conduct the Capital Raising which comprises the issue of up to 45.5 million ordinary shares at an issue price of \$0.20 per share to raise up to \$9.1 million, before costs.

The shareholders of Digital may participate in the Capital Raising. The purpose of the shares proposed to be issued pursuant to the Capital Raising is to either raise \$0.20 in cash per share or issue the same issue price to forgive loans that Digital owes to its lenders, described in section 1.1 of the Notice of Meeting. The number of shares to be issued to the shareholders of Digital under the Capital Raising is as follows:

- Lydian Enterprises Pty Ltd ATF Lydian Trust - up to 3,750,000 shares for a deemed or cash issue price of \$0.20 per share (\$750,000). This conversion is to convert into shares a \$413,955.50 loan which Digital owes and up to a \$366,044.50 loan which Digital will owe to that company;
- Digital Man LLC - up to 750,000 shares for a deemed or cash issue price of \$0.20 per share (\$150,000). This conversion is to convert into shares a \$72,352.18 loan which Digital owes and up to a \$77,647.82 loan which Digital will owe to that company;
- NRB International LLC - up to 1,178,375 shares for a deemed or cash issue price of \$0.20 per share (\$235,675). This conversion is to convert into shares a \$77,162.45 loan which Digital owes and up to a \$158,512.55 loan which Digital will owe to that company;
- Technology IQ Limited (trading as CloudHashing) - up to 1,000,000 shares for a deemed or cash issue price of \$0.20 per share. This conversion is to convert into shares a \$200,000 which Digital owes to that company; and
- West Coast Coin Holdings - no shares to be issued under Capital Raising since West Coast Coin Holdings does not have any loans receivable from Digital.

If the conversion of the above loans into equity is completed at a deemed issue price of \$0.20, the maximum amount of cash to be raised from the Capital Raising will be \$7,764,325.

Macro has agreed to provide an unsecured loan facility of up to \$2 million to Digital, prior to completion of the Transaction, to enable funding of the obligations of Digital CC Management Pty Ltd under its contract with Bitfury (Malta) Limited pursuant to which contract Digital CC Management Pty Ltd acquire computer hardware.

The loan facility is on standard commercial and arm's length terms and is repayable by Digital if the Transaction does not proceed, within three months of the date that the Transaction does not proceed, or on any other date agreed to in writing by Macro and Digital.

If the Transaction does not proceed, during the period commencing on the date the Transaction does not proceed and the date the repayment of funds is due, Digital is restricted from disposing of material assets, creating encumbrances over any of its assets, being the creditor in respect of any loans and borrowing further funds, unless those funds are to be used to repay the facility.

As a result of the Transaction, Macro is proposing to change its name to Digital CC Limited.

4.1 Shareholding in Macro following the Transaction

The maximum number of Shares to be issued under the terms of the Agreement (assuming the performance hurdles are satisfied and New Options are exercised) is summarised in the following table:

Detail	Shares	Options	Performance Rights
Securities on issue prior to Transaction (pre-consolidation)	217,607,664	16,000,000	
Options to be issued not related to the Transaction		6,000,000 ¹	
On issue after consolidation (ratio = 5.715 to 1)	38,076,581	3,849,518	
Securities to be issued under the Transaction			
Consideration Shares	82,764,655		
Class A Rights			16,633,420
Class B Rights			8,316,710
New Options		8,316,710	
Total securities issued under Transaction	82,764,655	8,316,710	24,950,130
Shares issued under Capital Raising	45,500,000		
Total Securities on issue after Transaction	166,341,236²	12,166,228	24,950,130

Source: Notice of Meeting and BDO Analysis

¹These options are intended to be issued to Sibella Capital Pty Ltd for services performed which are not related to the Transaction.

² Following the completion of the Transaction, the Company may issue 1,600,000 Shares to DJ Carmichael on a post-consolidation basis as consideration for their role in the Transaction and the capital raising. The potential issue of these Shares does not form part of the Notice of Meeting and therefore we have not taken them into consideration when assessing the total securities on issue after completion of the Transaction.

The shareholders of Digital will receive Consideration Securities. Each of Digital's shareholders' interests is set out below:

- Lydian Enterprises Pty Ltd ATF Lydian Trust (100% owned by Mr Tsvetnenko and his wife) holds 46.82% of the shares in Digital;
- Digital Man LLC (100% owned by Alex Karis) holds 23.88% of the shares in Digital;
- NRB International LLC holds 13.80% of the shares in Digital;
- Technology IQ Ltd (trading as 'CloudHashing') (Magna Fortis Pty Ltd, another entity of which Mr Tsvetnenko is the sole director, may also acquire approximately 17% of the shares in Technology IQ Limited) holds 15.00% of the shares in Digital; and



- West Coast Coin Holdings LLC holds 0.50% of the shares in Digital.

The table below shows the maximum voting power that the shareholders of Digital and their associates may acquire in Macro following the completion of the Transaction. These percentages assume the New Options are exercised, the Class A Rights and Class B Rights are converted to Macro shares and the options held by parties other than the shareholders of Digital are not converted.

Detail	Lydian Enterprises	Digital Man	NRB International	Technology IQ	West Coast Coin	Other	Total
Shares owned prior to Transaction (post consolidation)	-	-	-	-	-	38,076,581	38,076,581
Shares acquired from Transaction							
Consideration Shares	38,750,411	19,764,200	11,421,522	12,414,698	413,824	-	82,764,655
Class A Rights	7,787,767	3,972,061	2,295,411	2,495,013	83,168	-	16,633,420
Class B Rights	3,893,883	1,986,031	1,147,705	1,247,507	41,584	-	8,316,710
New Options	2,495,013	2,495,013	1,663,342	1,663,342	-	-	8,316,710
Total securities issued under Transaction	52,927,074	28,217,305	16,527,980	17,820,560	538,576	-	116,031,495
Shares issued under Capital Raising	3,750,000	750,000	1,178,375	1,000,000	-	38,821,625	45,500,000
Number of Shares after Transaction	56,677,074	28,967,305	17,706,355	18,820,560	538,576	76,898,206	199,608,076
Maximum % interest in Macro after Transaction	28.39%	14.51%	8.87%	9.43%	0.27%	38.52%	100.0%

Source: Notice of Meeting and BDO Analysis

As shown in the above table, if the Transaction is approved, the shareholders of Digital and their associates may acquire up to 61.48% of the voting power in Macro while existing shareholders' voting power may be diluted from 100% to 38.52%.

5. Profile of Macro

5.1 History

Macro (formerly Verus Investments Limited and Western Pastoral Limited) is an ASX-listed investment holding company. The Company listed on the ASX in February 1989 as Western Pastoral Limited before changing its name to Verus Investments Limited in December 1995 and then to Macro Energy Limited in July 2013.

Prior to changing its name to Macro Energy Limited, the Company was principally involved in investing in oil and gas exploration projects. The Company previously held interests in the following prospects:

- 72% joint venture interest in the Fausse Point oil and gas prospect (Louisiana);
- 10% interest in the Bullseye oil and gas prospect (Louisiana);
- 30% working interest in the Silverwood oil and gas prospect (Louisiana);
- 9.3% working interest in the Bongo oil and gas prospect (Texas);
- 17% working interest in the West Bowtie oil and gas prospect (Texas); and
- 10% interest in the Chorbane oil and gas prospect (Tunisia).

Due to a number of its investments returning unfavourable results, the decision was made to restructure the Company and divest its American and African oil and gas interests. The significant events that occurred during the restructure were:

- The divestment of the Company's American and African oil and gas prospects;
- A restructuring of the Board of Directors resulted in the following directors joining the Board:
 - Brett Lawrence (Managing Director);
 - Scott Jones (Non-Executive Director); and
 - Mark Freeman (Non-Executive Director).
- A capital raising comprising 435.3 million shares at \$0.0007 per share which raised \$304,687;
- A 50 to 1 share consolidation;
- A capital raising comprising 5.8 million shares at \$0.035 per share which raised \$202,813;
- A 2 for 1 rights issue at \$0.018 per share which resulted in the issue of 145.1 million new shares and raised \$2.6 million. Of the 145.1 million new shares, only 17.1 million was acquired by the public with the remaining 128 million shares acquired by underwriters; and
- Change of name from Verus Investments Limited to Macro Energy Limited.

As at 31 December 2013, the Company did not hold any material interests in any oil and gas projects and had been seeking high quality and value adding investment opportunities.

5.2 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-13 \$	Audited as at 30-Jun-13 \$	Audited as at 30-Jun-12 \$
Current Assets			
Cash and cash equivalents	3,319,105	1,420,650	525,505
Trade & other receivables	234,786	21,796	64,220
Total Current Assets	3,553,891	1,442,446	589,725
Non-Current Assets			
Prepayments	100,088	97,122	127,571
Exploration & Evaluation Assets	-	-	3,331,131
Oil & Gas Properties	-	-	15,909
Plant & Equipment	2,912	3,615	515
Total Non-Current Assets	103,000	100,737	3,475,126
Total Assets	3,656,891	1,543,183	4,064,851
Current Liabilities			
Trade and other payables	97,932	97,504	253,881
Restoration provision	117,165	113,692	-
Total Current Liabilities	215,097	211,196	253,881
Non-Current Liabilities			
Restoration provision	-	-	116,904
Total Non-Current Liabilities	-	-	116,904
Total Liabilities	215,097	211,196	370,785
Net Assets	3,441,794	1,331,987	3,694,066
Equity			
Contributed Equity	29,011,690	26,508,519	25,090,385
Reserves	1,539,057	1,491,242	1,502,015
Accumulated Losses	(27,108,953)	(26,667,774)	(22,898,334)
Total Equity	3,441,794	1,331,987	3,694,066

Source: Macro's 2012 and 2013 audited financial statements and reviewed accounts for the half year ended 31 December 2013.

We note the following in relation to Macro's historical balance sheet:

- As at 31 December 2013, the Company's net assets amounted to \$3.4 million, with the Company's only significant asset being cash. Macro's cash balance of \$3.3 million at 31 December 2013 was following the 2 for 1 rights issue at \$0.018 per share, raising \$2.6 million before costs.
- In the 2012 financial year ('FY'), the Company had exploration and evaluation assets amounting to \$3.3 million. However, following the Company's restructure in FY2013, these assets were disposed and as at 31 December 2013, the Company had no exploration assets.

5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the	Audited for the	Audited for the
	half year ended	year ended	year ended
	31-Dec-13	30-Jun-13	30-Jun-12
	\$	\$	\$
Revenue from oil and gas sales	-	-	227,823
Cost of sales	-	-	(227,620)
Gross Profit	-	-	203
Other income	28,833	376,933	15,785
Expenses			
Share based payments - employee benefits	(48,679)	(7,159)	-
Administration expenses	(452,244)	(719,743)	(697,966)
Restoration provision	19,157	14,432	(115,146)
Impairment loss - exploration & evaluation assets	-	(3,401,829)	(5,475,261)
Foreign exchange gain/(loss)	12,455	(9,230)	28,726
Bad debts written off	-	(22,500)	-
Depreciation	(701)	(344)	(273)
Loss before income tax	(441,179)	(3,769,440)	(6,243,932)
Income tax expense	-	-	-
Loss after income tax from continuing operations	(441,179)	(3,769,440)	(6,243,932)
Other comprehensive income			
Exchange differences arising on translation of foreign operations	(864)	(17,932)	191,962
Total comprehensive loss for the year	(442,043)	(3,787,372)	(6,051,970)

Source: Macro's 2012 and 2013 audited financial statements and reviewed accounts for the half year ended 31 December 2013.

We note the following in relation to Macro's Statement of Comprehensive Income over the period FY2012 - half year 31 December 2013 ('HY'):

- In HY14, Macro recorded an after tax loss of \$0.44 million. During HY14, Macro's most significant expenses were corporate and administrative.
- In FY2012 and FY2013, Macro incurred significant losses that were realised when the Company sold its interests in various oil and gas projects.

5.4 Capital Structure

The share structure of Macro as at 18 March 2014 is outlined below:

	Number
Total ordinary shares on issue	217,607,664
Top 20 shareholders	157,256,365
Top 20 shareholders - % of shares on issue	72.27%

Source: Capital IQ

The range of shares held in Macro as at 18 March 2014 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	612	289,117	0.13%
1,001 - 5,000	677	1,792,096	0.82%
5,001 - 10,000	296	2,255,012	1.04%
10,001 - 100,000	477	15,561,493	7.15%
100,001 - and over	120	197,709,946	90.86%
TOTAL	2,182	217,607,664	100.00%

Source: Computershare

The ordinary shares held by the most significant shareholders as at 11 March 2014 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Hoperidge Enterprises Pty Ltd	58,263,239	26.77%
Alba Capital	55,943,170	25.71%
Mr Scott Paul Jones	12,893,010	5.92%
Tyche Investments Pty Ltd	6,593,436	3.03%
Subtotal	133,692,855	61.44%
Others	83,914,809	38.56%
Total ordinary shares on Issue	217,607,664	100.00%

Source: Macro management

The most significant option holders of Macro as at 18 March 2014 are outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
Brett Lawrence	9,000,000	\$0.05	30 June 2017
Scott Jones	2,000,000	\$0.05	30 June 2017
Ian Cockerill	2,000,000	\$0.05	30 June 2017
Argonaut Ltd	3,000,000	\$0.05	30 June 2017
Total Number of Options	16,000,000		
Cash Raised if Options Exercised	\$800,000		

Source: Provided by Macro

Since these options were all out of the money at the time of signing the Agreement, we have not considered them in any of our analysis of the Transaction.

6. Profile of Digital

6.1 History

Digital is a digital currency company that conducts, or proposes to conduct, the businesses of digital currency trading and investment, Bitcoin mining and the development of consumer based mobile products. Digital currently earns its revenue from two sources:

- Digital currency trading & investment; and
- Bitcoin mining.

Digital was incorporated in 2013 by founder and major shareholder, Zhenya Tsvetnenko. A profile of the four proposed directors is provided below:

Zhenya Tsvetnenko - Executive Chairman, Founder and major shareholder

Mr Tsvetnenko is the founding director and majority shareholder of Digital. He has over 8 years experience in the mobile premium messaging services including data, music, games, and news. He is highly successful and is the founder of Mpire Media, a privately held global multimedia and online advertising company servicing international clientele. Mr Tsvetnenko and his wife are the sole shareholders of Lydian Enterprises Pty Ltd ATF Lydian Trust and another entity of which Mr Tsvetnenko is the sole director, Magna Fortis Pty Ltd, may also acquire approximately 17% of the shares in Technology IQ Limited, both of whom are shareholders of Digital.

Alex Karis - Managing Director

Mr Karis is President and founder of Karis Holdings Inc, one of the leading US digital marketing companies, providing online marketing support services to major US Telecom carriers. Mr Karis has over 12 years experience in the retail marketing, online display and mobile content space, managing projects for clients such as Bank of New York Mellon, Martha Stewart Living and AT&T. He is the sole shareholder of Digital Man LLC, one of the shareholders of Digital.

William Brindise - Head Investment Manager

Mr. Brindise has over 15 years experience in trading energy, metal and grain options and futures. He started his career on the NYMEX working for ZAR trading and after few years started his own trading/brokerage company, BAK. After 4 years he moved off the floor when NYMEX trading became digital and took a job working for the hedge fund SHK Management. Soon after, he started his own proprietary trading desk.

Mr. Brindise will continue to oversee proprietary trading desk operations and is now focusing on trading Bitcoins at Digital.

Emmanuel Abiodun - Board Member

Mr Abiodun has been involved in Bitcoin since 2010 and in February 2013 he launched one of the world's largest Bitcoin mining companies, CloudHashing.com.

6.1.1 Trading and investment

Digital earns revenue through the trading of, and investment in, digital currencies; primarily bitcoins. Digital's trading strategy can be broken into three components:

- 1) Leveraging arbitrage opportunities;
- 2) Trading bitcoin futures contracts; and
- 3) Market making.

Digital's trading operations are managed by its Head Investment Manager, William Brindise.

Leveraging arbitrage opportunities

Arbitrage is the simultaneous purchase and sale of an asset in order to profit from a difference in the price of the assets in different markets. Most commonly arbitrage exists due to market inefficiencies which result in the same asset trading at a different price on separate exchanges. In order to exploit this price difference, a trader would buy the asset on the exchange with the lower price and then immediately sell it on the exchange with the higher price. The trader will repeat this process until the laws of demand and supply correct the anomaly and both markets list the asset at the same price.

Digital's strategy involves taking advantage of the price differences between the exchanges that trade bitcoins. As at the date of our report there were 106 exchanges that facilitated the buying and selling of bitcoins (source: www.en.bitcoin.it). By monitoring the prices offered on each of these exchanges, Digital aims to be able to capitalise on the price differences that exist and in doing so, generate revenue.

The primary reason for the presence of these pricing anomalies is illiquidity. Although bitcoins have been in circulation since 2009, the market is still very immature and the number of transactions that take place using bitcoin relative to those transactions with fiat currency is low. Therefore, inefficiencies in the market take time to correct and this provides an opportunity for traders such as Digital.

Trading futures contracts

Futures contracts are contracts between two parties whereby one party agrees to buy an asset and one party agrees to sell an asset at an agreed upon price at a future date. Several exchanges facilitate the trading of bitcoin futures contracts. Bitcoin futures contracts operate in the same manner as other futures contracts with the only difference being that the asset that is the subject of the contract is bitcoin.

Digital seeks to make predictions about whether the price of bitcoins will rise or fall. If Digital expects the price to rise, they will buy bitcoin futures; if Digital expects the price to fall they will sell bitcoin futures.

Market making

A market maker is an agency that holds a certain number of assets in order to facilitate trading of those assets. Market makers compete for order flow by displaying buy and sell prices for a guaranteed quantity of the assets. When a buy order is received, the market maker either uses its own cash to purchase the asset or finds an offsetting order; and vice versa, when a sell order is received, the market maker either sells assets from its own inventory or finds an offsetting order. The market maker aims to generate profits from the spread between the price they are willing to buy the assets (bid) and the price they sell the assets (ask).

Digital has engaged four of the six major global bitcoin exchanges to act as a market maker. As a market maker, Digital helps to improve liquidity in the market by completing buy/sell orders at prices which other market participants are unwilling to transact at.

6.1.2 Mining

A description of bitcoin mining (**'Mining'**) can be found in section 8.4 of our Report which will put more context to the contents of this section.

Digital completes its Mining activities using a combination of its own hashing power and, in certain circumstances, by buying into CloudHashing's mining pool. Each scenario is discussed below.

Mining in its own right

Digital's model for Mining can be broken down into three key steps:

- 1) Acquire hashing power for rates that are significantly below market rates;
- 2) Utilise hashing power and participate in Mining; and
- 3) On-sell the computer power at market rates.

Using this business model, Digital aims to generate revenue from the Mining itself, as well as from the sale of its computer power.

Digital has developed close relationships with its key supplier (BitFury) from which it buys the necessary Mining hardware. Through these relationships, Digital is able to purchase hardware at a significant discount to the market price. Digital also buys hardware in bulk which enables it to further negotiate on price.

Digital's data centres (the locations in which its hardware is stored and operated) are located in Dallas, Texas and Iceland. The Dallas location was selected because of its proximity to Cointerra's factory. Iceland was chosen because the computer hardware requires significant quantities of electricity to operate and Digital is able to access cheap electricity in Iceland.

Digital constantly monitors its hashing power having regard to expected increases in Difficulty and the current bitcoin price. In the event that Digital considers it would be in their best interests to scale back their hashing power, Digital may sell some of its hashing power to the market. Typically, these sales are conducted at market rates which may be higher than the original cost to Digital.

Utilising the CloudHashing Mining Pool

To the extent that manufacturers are unable to provide Digital with sufficient hardware, or to the extent that Digital has excess cash that it wishes to invest on short notice, Digital may hire hashing power from CloudHashing's Mining Pool. However, this will always be used as an alternative as it is more cost effective for Digital to purchase its own hardware rather than buying in to a Mining Pool.

6.2 Growth Strategy

Digital's strategy for future growth is largely dependent on the Transaction being approved and will focus on the following:

- 1) Increasing the scale of mining operations; and
- 2) Consumer product development.

6.2.1 Increasing the scale of mining operations

We discuss in section 8 that Mining becomes more difficult as more hashing power is added to the network. In order to remain competitive, Digital will need to invest in new technology that will increase its hash rate and thereby improve its chances of mining bitcoins. As is stated in the Notice of Meeting, Macro intends to complete a capital raising of up to \$9.1 million. Part of these funds will be used to increase Digital's hashing power and therefore improve its chances of earning bitcoins.

6.2.2 Consumer product development

We discuss in section 8 that there has been significant growth in the number of transactions conducted using bitcoins. As the bitcoin market grows, Digital considers there is an opportunity to potentially create consumer products that will assist bitcoin users. Digital is hoping to launch its first beta stage consumer product in the second half of 2014. Some of the products Digital intends to offer are discussed below.

digitalX Wallet

The digitalX Wallet is a consumer product that aims to facilitate both digital and real world purchases using digital currency (e.g. bitcoin) through a mobile and web application. The digitalX Wallet has two proposed primary features.

Firstly, it stores purchasing power and thereby insulates its users from volatility in digital currency prices. For example, when a customer deposits \$50 into the digitalX Wallet, the customer's purchasing power will remain at \$50 regardless of price fluctuations in digital currencies. Digital will store \$50 in fiat currency and then convert it into bitcoins at the point of purchase. Digital aims to earn a margin on the spread at conversion point.

Secondly, the funds deposited can be used to purchase goods with fiat currency or digital currency. Where a customer wants to purchase goods with fiat currency, the digitalX Wallet system will execute payments using established credit card payment networks.

Customers will be able to use the digitalX Wallet on all devices as a mobile site.

digitalX Premium

digitalX Premium is proposed to have the same functions as the digitalX Wallet however it also offers its users access to the digitalX trading platform. The digitalX Premium product is targeted at more sophisticated customers who want the ability to trade bitcoins. Through digitalX Premium, the customer is proposed to be able to trade digital currencies on each of the exchanges supported by the trading platform.

Digital aims to benefit from digitalX Premium in two ways:

- 1) a subscription fee payable by users; and
- 2) 1% trading fees for all trades on the digitalX trading platform.

digitalX API

the digitalX API (application programming interface) is proposed to enable third party developers to integrate digitalX's payment services into their applications. This will allow any website to accept digital currency payments and issue refunds.



digital B2B Services

Through digital B2B Services, Digital is proposing to leverage its digital currency trading operations to provide liquidity to other business involved in the digital currency space. This would involve Digital directly trading bitcoins for fiat currency on behalf of another business. Digital aims to receive a fee for providing this service.

digital MarketPlace

The digital MarketPlace is proposed to function in a similar way to eBay and Amazon. However, only products that can be purchased using bitcoin would be shown. The digital MarketPlace would enable users of bitcoin to search for a product and know they can pay in bitcoins. For sellers, digital MarketPlace would be used to advertise their products. Sellers could post their products for free but would incur a fee when a transaction occurs.

6.3 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31 Dec 13 \$
Current Assets	
Cash and cash equivalents ¹	-
Prepaid expenses and other current assets	3,376
Total Current Assets	3,376
Non-Current Assets	
Software	-
Deferred tax asset	-
Total Non-Current Assets	-
Total Assets	3,376
Current Liabilities	
Accounts payable	3,376
Accrued expenses and other liabilities	-
Total Current Liabilities	3,376
Non-Current Liabilities	
Loan	-
Total Non-Current Liabilities	-
Total Liabilities	3,376
Net Assets	-
Equity	
Total stockholder's equity ¹	-
Total Equity	-

Source: Investigating Accountant's Report prepared by Deloitte

¹ Subsequent to 31 December 2013, Digital's shareholders contributed \$300,000 of cash to the business. As this contribution occurred after 31 December 2013, it is not reflected in the balance sheet above.

7. Economic Analysis

Growth in the global economy was a bit below trend in 2013, but there are reasonable prospects of a pick-up this year. The United States economy, while affected by adverse weather, continues its expansion and the Euro area has begun a recovery from recession, albeit a fragile one. Japan has recorded a significant pick-up in growth, while China's growth remains in line with policymakers' objectives. Commodity prices have declined from their peaks but in historical terms remain high.

Financial conditions overall remain very accommodative. Long-term interest rates and most risk spreads remain low. Equity and credit markets are well placed to provide adequate funding, though for some emerging market countries conditions are considerably more challenging than they were a year ago.

In Australia, recent information suggests slightly firmer consumer demand and foreshadows a solid expansion in housing construction. Some indicators of business conditions and confidence have shown improvement and exports are rising. At the same time, resources sector investment spending is set to decline significantly and, at this stage, signs of improvement in investment intentions in other sectors are only tentative. Public spending is scheduled to be subdued.

The demand for labour has remained weak and, as a result, the rate of unemployment has continued to edge higher. Growth in wages has declined noticeably. If domestic costs remain contained, some moderation in the growth of prices for non-traded goods could be expected over time, which should keep inflation consistent with the target, even with lower levels of the exchange rate.

Monetary policy remains accommodative. Interest rates are very low and savers continue to look for higher returns in response to low rates on safe instruments. Credit growth remains low overall but is picking up gradually for households. Dwelling prices have increased significantly over the past year. The decline in the exchange rate seen to date will assist in achieving balanced growth in the economy, though the exchange rate remains high by historical standards.

Looking ahead, the Reserve Bank of Australia expects unemployment to rise further before it peaks. Over time, growth is expected to strengthen, helped by continued low interest rates and the lower exchange rate. Inflation is expected to be consistent with the 2-3 percent target over the next two years.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 4 March 2014*

8. Digital Currencies

Digital currency is an electronically created and stored medium of exchange. Early digital currencies were pegged to the price of gold or silver. While the prevalence of these types of digital currencies today is low, they acted as the catalyst for the development of a new generation of digital currencies termed, cryptocurrencies because of the use of cryptography.

The first cryptocurrency to begin trading was Bitcoin although there are numerous other cryptocurrencies now available. Unlike early digital currencies which were pegged to gold or silver prices, cryptocurrencies derive their value from speculative trading and the laws of demand and supply. The table below contains a list of the six largest digital currencies in terms of market capitalisation as at 12 March 2014.

Rank	Currency	Year Created	Market Capitalisation (USD million) ¹	Unit Price (USD) ¹	Transaction Volume (24h)(USD million) ¹
1	Bitcoin	2009	\$7,398.0	\$634.84	\$18.53
2	Ripple	2013	\$1,456.1	\$0.015	\$0.20
3	Litecoin	2014	\$433.9	\$16.38	\$5.57
4	Auroracoin	2011	\$291.7	\$27.48	\$0.29
5	Peercoin	2012	\$69.4	\$3.27	\$0.35
6	Dogecoin	2013	\$47.4	\$0.0008	\$3.33

Source: coinmarketcap.com

¹ Market capitalisation, unit price and transaction volume changes constantly; therefore the amounts shown are the amounts we observed at the time of writing our Report.

While there are numerous other digital currencies, the most traded is Bitcoin with more than 33.66 million transactions completed using Bitcoin since its creation in 2009. We also recognise that while Digital has interests in other digital currencies and in the long term other digital currencies may take precedence; its primary focus is Bitcoin. As such, our analysis is focussed on Bitcoin, although the principles relate to all cryptocurrencies.

8.1 History of Bitcoin

Bitcoin is a cryptocurrency that was created in 2009 by Satoshi Nakamoto (pseudonym). Bitcoin was first brought to the public's attention when Satoshi Nakamoto released a document titled "Bitcoin: A Peer-to-Peer Electronic Cash System" which detailed the concept. In the document, Satoshi Nakamoto states that the primary motive behind the creation of Bitcoin was to develop a peer-to-peer payment system that did not require a trusted third party to solve the double-spending problem. By removing the intermediary, transactions costs could be minimised.

Currently, when you purchase an item from an online store using a credit card, a bank operates as an intermediary between the buyer and the seller; Satoshi Nakamoto's idea was to create a payment system that would enable a buyer to purchase directly from a seller without the need for any intermediary, such as a bank, to be involved in the transaction. Satoshi Nakamoto stated that the primary role of the

intermediary was to prevent ‘double-spending’, therefore their system needed to also provide a way to prevent ‘double-spending’. Nakamoto’s solution to this problem was, Bitcoin.

8.2 Key Terms

The table below sets out some of the key principles that are necessary for understanding Bitcoin.

Term	Description
Address	A Bitcoin address is similar to a physical address or an email and it is the only information you need to provide for someone to pay you with Bitcoin. However, for each transaction, your address will change.
Bitcoin	Used to describe the concept of Bitcoin or the entire network itself.
Bitcoin or BTC	Used to describe the unit of account. The number of bitcoins is limited to 21 million, approximately 12.43 million have already been mined.
Block	A Block is a record in the Blockchain that contains and confirms many waiting transactions. The algorithms that underly Bitcoin are such that a new Block is created, solved and added to the Blockchain approximately every 10 minutes.
Blockchain	The Blockchain is a public record of Bitcoin transactions in chronological order. The Blockchain is shared between all Bitcoin users and is used to verify the permanence of Bitcoin transactions and to prevent double spending.
Difficulty	Difficulty refers to how difficult it is to solve the Equation (see below).
Hash Rate	The Hash Rate is the measuring unit of the processing power of the Bitcoin network. Before a Block can be added to the Blockchain, the Bitcoin network must solve a complex mathematical puzzle (the ‘Equation’) through a process of trial and error; the Hash Rate represents the speed at which the Bitcoin network attempts to solve the Equation. Each Block has its own unique Equation. At the time of writing, the Hash Rate was 28,452,099GH/s which means the Bitcoin network can make approximately 28.4 quadrillion calculations per second.
Mining	Mining is the process of making computer hardware do mathematical calculations in an attempt to solve the Equation thereby confirming transactions in the Block and increasing the security of the entire Bitcoin network.
Wallet	A Wallet contains your private key (like a password) which allows you to spend the bitcoins allocated to it in the Blockchain. Each Wallet will show the total balance of all bitcoins it controls and lets the owner pay a specific amount to a specific person.

8.3 How it works

Bitcoin is a network that facilitates peer-to-peer payment between its users using the currency, bitcoin. Holders of bitcoin may transfer bitcoins to other people, or convert bitcoins into fiat currency via an exchange. The primary driver of a bitcoin’s value is that the number of bitcoins is limited to 21 million by the algorithms that underlie the Bitcoin network. The only way for new bitcoins to be created is through Mining. Mining is discussed in section 8.4 below.

When a transaction is completed using bitcoins, the Bitcoin network is alerted to this transaction and the code for that transaction is bundled up into a Block. The number of transactions in each Block varies but in the 2014 calendar year to 3 March 2014, the average number of transactions per Block was 363. In order for a new Block to be added to the Blockchain, the Equation must be solved by the Bitcoin network; the process of solving the Equation is, Mining. Once a solution is found for the Equation, the Block is confirmed and added to the Blockchain.

The Blockchain is a chronological record of every Block, and therefore every transaction, that has ever been confirmed by the Bitcoin network. By keeping a record of every single transaction that has ever taken place, the Bitcoin network is able to prevent double spending. In order to double spend bitcoins, a user would need to re-write the Blockchain which would involve resolving the Equation for every single Block in the Blockchain. Given the complexity of solving the Equation, such re-writing is not possible unless the majority of the Miners are operating together to re-write the Blockchain.

8.4 Mining

8.4.1 What is Mining?

Mining is the process of solving the Equation and adding Blocks to the Blockchain. The Blockchain is a ledger of all past transactions which is presented as a chain of Blocks. Contained in each Block is a record of some or all recent transactions and a reference to the previous Block. It also contains an answer to a mathematical puzzle (the ‘**Equation**’) which is unique to each Block. New Blocks cannot be submitted to the Blockchain until the Equation is solved. Without Mining, transactions could not be verified and there would be no way to confirm that double-spending has not occurred.

The people that use computing power to attempt to solve the Equation are called, Miners. In theory any individual can become a Miner by downloading and installing the Mining software onto a personal computer (‘PC’). This will add their computer to the Bitcoin network and the computer power available to the Bitcoin network will increase. Members of the Bitcoin network use the term “hashing power” to describe computer power.

When a transaction is executed using bitcoins, the Bitcoin network is automatically alerted and the transaction is added to a new unsolved Block. For a new Block to be added to the Blockchain, Miners must use the Bitcoin network’s hashing power to solve the Equation through a process of trial and error.

Since Mining requires computers, Miners need to be compensated for the costs they incur in purchasing hashing power (e.g. purchasing new computers) and for the energy costs they incur in the course of Mining (e.g. electricity costs). Therefore, the Miner that solves the Equation first is awarded new bitcoins (the ‘**Reward**’). The Reward for solving each Block starts at 50 and halves every 210,000 Blocks. Currently the Reward is 25 Bitcoins per Block.

Mining therefore serves two purposes:

- It confirms all transactions and prevents any users from double-spending their bitcoins; and
- It is the means by which the 21 million bitcoins are distributed into the Bitcoin network.

8.4.2 Difficulty

As in any industry, when a reward is offered for performing a service it will attract more people wanting to provide the service in order to receive the reward; the Bitcoin network is no different.

When Bitcoin was first created, the number of Miners was very low and the hashing power required to solve the Equation was such that a PC could be used. However, the algorithms that underlie Bitcoin were created in such a way that as the Bitcoin network's hashing power increases, the difficulty of solving the Equation ('Difficulty') increases.

Difficulty is automatically adjusted by the network such that the number of Blocks solved per hour is, on average, six. Every 2016 Blocks, the network compares the actual number of Blocks created per hour with this average and modifies the target by the percentage that it varied. This modification results in either an increase or decrease in Difficulty. Since new Difficulty is adjusted so that the number of Blocks solved per hour is six, the rate of generation of new bitcoins is known. Therefore it is known that the final bitcoins will only be generated in 2140; however 99% of the Bitcoins will have been generated by 2032. Currently 12.43 million bitcoins have been mined.

As the Reward is only given to the user who solves the Equation first, it is in a Miner's best interests to increase their hashing power and thereby increase their chances of being the first to solve the Equation.

The increase in Difficulty over the period since Bitcoin was first created has rendered PCs redundant for Mining. Therefore, while any individual can download Mining software and add their PC's hashing power to the Bitcoin network, it will be almost impossible for them to be the first to solve the Equation. Due to this, Miners are constantly looking for newer technology that will increase their hashing power.

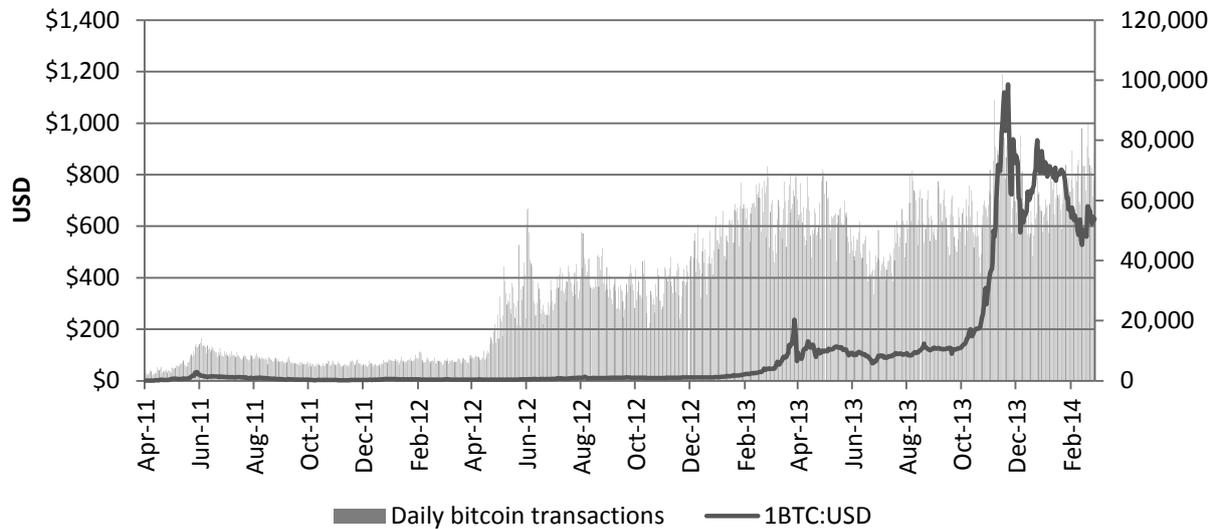
8.4.3 Mining Pools

Another method that Miners use to increase their chances of solving the Equation, and receiving the Reward, is pooling their hashing power with other Miners. This is referred to as a Mining Pool. If the Mining Pool solves the Equation first, each Miner within the Mining Pool will receive a portion of the Reward in accordance with the proportion of hashing power that they contributed to the Mining Pool. Mining Pools are favoured because they allow individuals who, alone, don't have enough hashing power to receive the Reward, but together may have enough power to receive the Reward.

8.5 Historical Price and Transaction Volume

The graph below shows the historical bitcoin price in USD and the number of bitcoin transactions per day over the period from 13 April 2011 to 11 March 2014. We note that prior to 13 April 2011, the price of a bitcoin never exceeded US\$1.10.

Historical Price and Volume



Source: www.quandl.com

As the graph above shows, the price of a bitcoin increased significantly during 2013 from a low of US\$13.40 on 2 January 2013 to a high of US\$1,151 on 4 December 2013. This increase represents an 8490% increase in the value of a bitcoin over a period of less than one year. This increase was driven by a number of factors including:

- Although Bitcoin has been around since 2009, it wasn't until 2013 that it started to get any significant publicity. As knowledge of Bitcoin spread, more people started investing in it and therefore the price was pushed higher;
- As mining became more difficult, an increasing number of users stopped mining their bitcoins and elected to buy them instead. The increase in the demand for bitcoins and the limited supply resulted in an increase in price;
- There has been an increase in the number of businesses that are willing to accept bitcoins as payment for goods and services;
- The FBI shutdown Silk Road which, in the eyes of investors, removed a lot of risk; and
- The debt-ceiling crisis in America is also likely to have pushed the price for bitcoins up as it reinforced the idea that society needs a monetary system that is free from politics and centralised control.

The significant increase in prices to 4 December 2013 was followed by a similarly significant drop in the price to US\$576 at 18 December 2013. This decrease was primarily the result of three announcements in China:

- 1) China's central bank announced that Chinese banks were prohibited from trading in bitcoins;
- 2) Baidu, a Chinese web services company that is essentially the Chinese version of Google, announced that it would no longer process bitcoins; and
- 3) China banned third-party payment companies from transacting with bitcoin exchanges.

Following a recovery to a high of US\$934 on 6 January 2014, the bitcoin price fell again after the announcement of the collapse of one of the world’s largest exchanges, Mt Gox (see section 8.9.2 for further details). Following this announcement, the price fell to US\$528 before recovering to US\$676 at 3 March 2014.

Based on an analysis of the historical price of bitcoins, it is clear that there is significant volatility in the price. Part of the reason for this volatility is that Bitcoin is still a new technology that the majority of the world is unfamiliar with. As such, news surrounding Bitcoin, both positive and negative, tends to have a more significant impact on price than it may if Bitcoin was more mature.

The table below shows the price volatility of bitcoins compared to the volatility of the Australian Dollar, Great British Pound, Euro, Japanese Yen, Chinese Yuan, Gold and Silver over the one year period from 12 March 2013 to 11 March 2014.

Item	1 year price volatility
Bitcoin:USD	149%
AUD:USD	10%
GBP:USD	7%
EUR:USD	7%
JPY:USD	12%
CNY:USD	1%
Gold (US\$/oz)	22%
Silver (US\$/oz)	33%

Source: www.quandl.com, Bloomberg and BDO Analysis

8.6 Benefits of Bitcoin

The key benefits of Bitcoin are outlined below.

8.6.1 No transaction costs

One of the primary benefits of Bitcoin, and indeed one of the primary reasons Bitcoin was created, was low transaction costs. The transaction costs associated with Bitcoin transactions are lower because Bitcoin removes the need for an intermediary, such as a bank, to be involved in the transaction. For example, if a consumer uses their credit card online, the bank typically receives a fee for facilitating the transaction. Since Bitcoin is a peer-to-peer network, no bank is needed and therefore the transaction costs are minimised.

8.6.2 Speed of transactions

Typically, transactions completed using Bitcoin will be settled faster than transactions that are completed using conventional methods of online purchasing. For example, traditionally when a consumer wants to purchase goods online using a credit card, it can take as long as two business days for the customer’s bank to process the transaction and therefore it takes two days for the seller to receive payment. With Bitcoin,

the transaction is processed immediately and the seller can use the funds immediately. However, if the seller wants to be certain that the buyer has not tried to double-spend bitcoins, the seller should wait approximately 7 minutes for the transaction to be verified by the Bitcoin network.

8.6.3 Low inflation risk

Unlike fiat currency, Bitcoin should remain relatively sheltered from inflation. Over time, all currencies lose purchasing power due to governments continually printing money and therefore increasing supply. While this usually only results in inflation of a few percent per year, if the government begins printing significant amounts of money, hyper-inflation can occur and a currency can lose a significant amount of its value; the hyper-inflation experienced by Germany and Zimbabwe is an example of this.

Since Bitcoin is limited to 21 million bitcoins, the currency should remain free from the effects of inflation. Rather, there is a risk that the limited supply of bitcoins could result in deflation. This is discussed further in section 8.8.2.

8.6.4 Bitcoin can be accessed anywhere in the world

Bitcoin can be used by anyone in the world who has internet. In some countries, particularly some African countries, there are no credit cards. For people in these countries, purchasing goods online is not an option. The introduction of Bitcoin enables people who don't have access to a credit card a means for purchasing goods online.

8.7 Major Disadvantages of Bitcoin

The major disadvantages of Bitcoin are discussed below.

8.7.1 Easy to lose bitcoins

Bitcoins need to be stored in either a Wallet or at an exchange. In order to access bitcoins, the user has a private key (similar to a password) that only they know. Using this key enables them to spend the funds allocated to their Wallet. However, if the user loses their private key, they will be unable to access their bitcoins and those bitcoins will be unusable until such time as the user remembers their private key or a hacker hacks their wallet. Unlike a bank that could confirm a person's identity by another means in the event that you lose your password to your bank account, there is no such system for gaining access to a Wallet once the private key is lost.

There is also a risk that if you store your Wallet password on your PC, a hacker may be able to hack into your PC, obtain your password and use it to steal bitcoins from your Wallet. In the event that this occurs, the true owner of those bitcoins has no recourse and cannot retrieve their bitcoins. For example, on 4 March 2014, Flexcoin, a bitcoin bank, announced that it was closing after the 896 bitcoins (approximately \$0.6 million) that were stored at the bank were stolen by hackers. The owners of those bitcoins are unlikely to get their money back. This contrasts with banks which will investigate any allegations of fraud or theft and will reimburse their customers if it turns out that the customer has been the victim of fraud or theft.

Bitcoins held with an exchange may also be lost as those coins held by Mt Gox were lost. Again this is in contrast to a bank where the government may guarantee all deposits held by the bank; as is the case for banks in Australia.

8.7.2 Limited number of merchants that accept bitcoin

While the number of merchants that accept bitcoins has certainly risen over the past 12 months, the overwhelming majority of merchants still do not accept bitcoins as a means of payment. This limits the ways in which bitcoins can be spent and is therefore a deterrent for some people that might otherwise consider using Bitcoin.

However, the number of merchants accepting bitcoins continues to increase. Given the level of m-commerce is continually increasing, and given Bitcoin is a very convenient tool for conducting m-commerce, it is likely that the number of merchants willing to accept bitcoins will increase. This may increase the demand for Bitcoin and may result in an increase in the price of bitcoin.

8.7.3 Volatility

As shown in section 8.4, the price of bitcoin is volatile. This is largely due to Bitcoin being relatively new. Bitcoin's volatility acts as a deterrent for many investors and merchants. Investors see it as a weakness because the value of their investment could be significantly reduced in a short space of time. Merchants see it as a weakness because of the inconvenience it causes them since they have to constantly update their prices to reflect changes in the bitcoin price.

8.8 Significant Risks of Bitcoin

8.8.1 Bitcoin could be hacked

Hacking Bitcoin could occur in two ways:

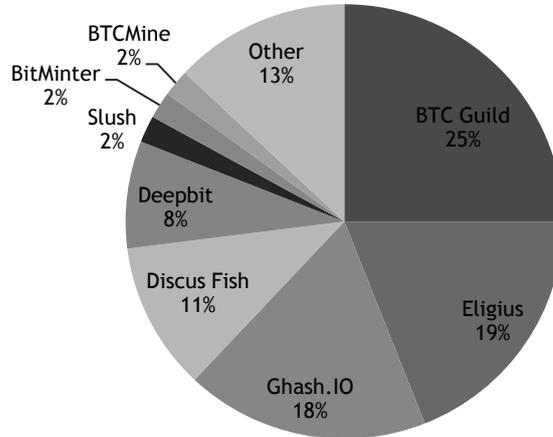
- 1) The first method would involve corrupting the Blockchain such that double-spending could occur; and
- 2) The second method would involve hacking into Wallets and bitcoin exchanges and stealing bitcoins.

If either scenario were to eventuate on a significant scale, the integrity of Bitcoin would come into question and the bitcoin price may fall significantly. Undoubtedly the more problematic scenario would be the first scenario where the Blockchain is corrupted; however the likelihood of such a scenario eventuating is minimal.

In order to corrupt the Blockchain, a hacker would need to recalculate a solution for each previous Block and solve the Equation for the current Block before any honest users solve the Equation for the current Block. This would require a significant amount of work and also a degree of luck. In their initial paper, Satoshi Nakamoto calculated that so long as more than 50% of the hashing power in the Bitcoin network is controlled by honest Miners, the probability of such an event was minor. Furthermore, with each honest Block that was added to the Blockchain, the probability of the attacker succeeding became exponentially smaller. On this basis the probability of an attacker successfully corrupting the Blockchain is minimal.

The chart below shows the hash rate distribution in the Bitcoin network over as at 3 March 2014.

Hash Rate Distribution



Source: blockchain.info

Note: CloudHashing does not appear on this chart because, for privacy reasons, they do not report their ID to the Blockchain when Mining.

As shown in the above chart, no one Mining Pool has control of more than 50% of the hashing power in the Bitcoin network. Therefore it should be impossible for any user to successfully corrupt the Blockchain and double-spend their bitcoins.

We note that at the start of 2014, GHash.IO contributed in excess of 40% of the hashing power. GHash.IO addressed the issue of going over 50% by stating that they will do whatever is necessary to ensure that their hashing power never exceeds 50%.

A natural deterrent for hacking the Blockchain is that if such hacking did occur, the price of bitcoins would likely fall significantly, thereby reducing the value of the bitcoins that the hacker is trying to double spend.

The second scenario, hacking a Wallet, is possible. Since bitcoins in a Wallet can be used by anyone who has the private key for that Wallet, it is possible for a hacker to hack into your Wallet using your Wallet's private key and steal your bitcoins. Given this is a possibility, many Bitcoin users operate multiple wallets so as to minimise their loss in the event that one of their Wallets is hacked. However keeping multiple Wallets increases the risk of losing the private key that is unique to each wallet (see section 8.7.1).

8.8.2 Bitcoins may be hoarded

While the limited number of bitcoins is one of the primary features that give bitcoins their value, some analysts also consider that it could encourage hoarding. Hoarding would involve people buying/mining bitcoins and then simply holding on to them and not spending them with the hope of making a profit in the future. This action may reduce the liquidity in the Bitcoin market. While the supply shortage may result in an initial increase in price, prolonged hoarding would eventually lead to a significant fall in the price and may send Bitcoin into recession.

8.8.3 Loss of Bitcoin's market share

There is a risk that Bitcoin may lose its first-mover advantage as one or more other digital currencies start eating into Bitcoin's market share. As mentioned in section 8, there are numerous other digital currencies and indeed any person can create their own digital currency. As shown in the table in section 8, Bitcoin is significantly larger in terms of market capitalisation and daily transaction volume than any of its competitors. However, current statistics do not guarantee that Bitcoin will always be number one. With technology developing and with so many new digital currencies being created, it is possible that a new digital currency will emerge as the market favourite.

Although other digital currencies are available, Bitcoin still currently has one significant advantage over all other digital currencies; Bitcoin is accepted by more merchants than any other digital currency. Today, Bitcoin is an acceptable payment method for a multitude of business in a variety of industries including: hospitality, retail, travel, entertainment, automotive, healthcare and medical. This is perhaps the biggest barrier that other digital currencies will need to overcome in their attempts to take market share away from Bitcoin.

8.8.4 Increased regulation may reduce Bitcoin's appeal

The Bitcoin network was primarily designed to operate free from third party regulation and as such modifying Bitcoin's protocols to facilitate regulation poses a problem. In order for such intervention to be possible, the majority of the Bitcoin network would need to agree to allow it; however the likelihood of this eventuating is minimal. Therefore, regulators will need to look outside the network when considering the rules they may impose on individuals and businesses that use digital currencies such as Bitcoin.

Some governments have already imposed restrictions on Bitcoins; examples of these regulations are set out below.

- Thailand - Thailand was the first country to ban the use of Bitcoin, making it illegal to buy and sell bitcoins, buy and sell goods or services in exchange for bitcoins or send/receive any bitcoins to/from someone outside Thailand.
- China - The Chinese government has prohibited its banks from trading in virtual currencies.
- Russia - Russia's Prosecutor General's Office released a statement saying "Systems for anonymous payments and cyber currencies that have gained considerable circulation, including the most well-known, Bitcoin - are money substitutes and cannot be used by individuals or legal entities", which effectively bans Bitcoin use in Russia.
- Vietnam - Vietnam's central bank has banned credit institutions from trading in Bitcoin.

The primary risk facing Bitcoin is that if more jurisdictions ban Bitcoin use, the available market for the currency falls. As discussed in section 8.4, the announcement of China's regulations caused a significant fall in the bitcoin price. Furthermore, the increased use of Bitcoin and the very public collapse of Mt Gox are likely to result in further regulation from governments looking to protect 'mum-and-dad-investors'. Such regulation may further affect the price.

8.8.5 Risk of higher transaction fees

Currently there are no transaction fees incurred on transactions conducted using Bitcoin. However, as the number of bitcoins awarded to Miners for solving the Equation decreases, the incentive to continue Mining

will fall. Once the majority of the bitcoins have been mined, there will be no incentive for Miners to continue Mining unless they are paid a transaction fee. However, it will not be until 2032 that 99% of the bitcoins will be Mined, and therefore this is not a short term risk.

If the transaction fees are too low, then there will be less of an incentive for Miners and some may cease Mining. This would result in a reduction in the Bitcoin network's hashing power and would make it easier for one user to control more than 50% of the hashing power. This may result in corruption of the Blockchain as discussed in section 8.8.1. If this occurred, the value of Bitcoin would be adversely affected.

Alternatively, if the transaction fees are too high, consumers and merchants may no longer wish to use Bitcoin and the demand for the currency would fall. This would also have an adverse effect on Bitcoin.

8.8.6 Taxation and Bitcoin

The increased prevalence of Bitcoin and other digital currencies has attracted the attention of tax authorities. While some tax authorities have not yet addressed the issues raised by Bitcoin, some have been outspoken with their views. Specifically, the United Kingdom's HM Revenue & Customs have stated that Mining would not be subject to value added tax (the UK's equivalent of GST) however transactions conducted between consumers and merchants would be subject to value added tax and any revenue generated from digital currency sales would be subject to income tax.

The Australia Tax Office ('ATO') has not yet made any formal rulings on the tax treatment of Bitcoin and other digital currencies however it is likely that the ATO's approach would be similar to the UK with transactions conducted using digital currencies subject to GST and any revenue generated from those transactions subject to income tax.

The United States has so far made no ruling on the treatment of Bitcoin with respect to tax, although there have been calls for the United States to ban the currency completely. It is expected that the Internal Revenue Service and the US government will make a decision on any taxation and regulation of Bitcoin in the near future.

8.9 Controversial Events

Since Bitcoin's creation there have been two major controversies; the use of bitcoin on Silk Road and other black markets; and the collapse of the exchange, Mt Gox. Each of these events is discussed below.

8.9.1 Bitcoin and the black market

One of the allures of the Bitcoin is that transactions can be completed relatively anonymously in comparison to online transactions completed with a credit card. However this relative anonymity led to numerous links being made between Bitcoin and the black market. Specifically, some Bitcoin users have used Bitcoin to purchase illicit drugs and weapons or used bitcoins for money laundering purposes. The most notable case was the use of bitcoins to purchase illicit drugs from the website, Silk Road.

In October 2013, the United States Federal Bureau of Investigation arrested Ross William Ulbricht, allegedly the owner of Silk Road and shutdown the website. As part of the operation, the FBI also seized control of 144,000 bitcoins worth approximately \$98.2 million at current prices. The FBI has stated that it intends to maintain control of these bitcoins until the conclusion of Ross William Ulbricht's trial at which point they will liquidate them. It is unclear how this liquidation will occur.

The arrests made by the FBI in connection with Silk Road brought attention to the fact that Bitcoin transactions are not completely anonymous. Since every transaction is recorded in the Blockchain, it is possible to trace every transaction to other Wallets. If more Wallet addresses are found together with criminals, there is immediate evidence of complicity through tractability of every transaction.

The market price of a bitcoin was relatively unaffected by the events of Silk Road.

8.9.2 Collapse of Mt Gox

Mt Gox was established in 2009 as a trading card exchange but rebranded in 2010 as a Bitcoin exchange. Mt Gox was based in Tokyo and was once the largest Bitcoin exchange in world; however at the time of its collapse in February 2014 it had relinquished this honour to Huobi.

On 7 February 2014, Mt Gox halted all bitcoin withdrawals citing that a bug had been detected and the exchange would re-open once the bug was fixed.

On 17 February 2014, Mt Gox published another press release indicating the steps they were taking to address the bug they detected on 7 February 2014. Mt Gox's CEO, Mark Karpeles, was interviewed by the Wall Street Journal but offered no comment on when withdrawals from the exchange would resume.

On 20 February 2014, the bitcoin prices quoted by Mt Gox fell below 20% of the prices on other exchanges. This price drop was representative of the market's view that Mt Gox was unlikely to repay its customers.

On 24 February 2014, Mt Gox suspended all trading and its website went offline, simply showing a blank page to anyone who tried to access the site. A document, that was allegedly an internal crisis management document, stated that the company had become insolvent after losing 744,408 bitcoins in a theft that went undetected for a number of years.

On 28 February 2014, Mt Gox filed for bankruptcy in Tokyo with the company stating that its liabilities amounted to approximately 6.5 billion yen and assets of only 3.84 billion yen. In the filing, Mt Gox also stated that they had lost almost 750,000 of its customers' bitcoins and 100,000 of its own bitcoins; this represented a total value of approximately US\$473 million at the time of the filing.

Mt Gox believes the bitcoins were stolen following technical issues which had allowed fraudulent withdrawals to go undetected. It is unclear whether any of the bitcoins will be recovered.

As discussed in section 8.5, the announcement of the collapse of Mt Gox caused the market price for bitcoins to fall to a closing price low of US\$528 on 25 February 2014. By 3 March 2014, the price had increased to US\$676. This resilience is evidence that no confidence was lost in Bitcoin, simply in the credibility of Mt Gox as an exchange.

While the collapse of Mt Gox may have resulted in the loss of 850,000 bitcoins, many analysts consider it to be a positive. Many analysts considered Mt Gox to have been inefficient and susceptible to hackers long before its eventual demise; therefore these analysts regard its collapse as a benefit for the rest of the Bitcoin market which will become stronger as a result.

Digital has lost access to 351 bitcoins due to the collapse of Mt Gox; it is unclear whether those bitcoins will be returned.

8.10 Future Developments in Bitcoin

There are a significant number of future developments in Bitcoin; however two of the most prominent are the introduction of Bitcoin ATMs and the possibility of SecondMarket launching a government regulated Bitcoin exchange.

8.10.1 Bitcoin ATMs

Bitcoin ATMs operate in the same manner as regular ATMs and facilitate the conversion of physical cash into bitcoin as well as the conversion of bitcoin into physical cash. Before the introduction of Bitcoin ATMs, anybody wanting to buy bitcoin would need to do so through an exchange; the confirmation process could take up to two days on some exchanges. But with the development of Bitcoin ATMs, anybody can purchase bitcoin in a matter of minutes. The Bitcoin ATMs cost approximately US\$5,000 per unit.

Increasing the ease with which bitcoins can be acquired should aid liquidity in the Bitcoin industry and increase the number of people willing to use the currency.

In 2013, more than 100 Bitcoin ATMs were sold and set up in numerous countries around the world. It is expected that approximately 100 Bitcoin ATMs will be installed throughout Australia in 2014.

The figure below shows the location of some of the Bitcoin ATMs manufactured by Lamassu.



Source: lamassu.is

8.10.2 SecondMarket's Exchange

SecondMarket is an online marketplace for buying and selling illiquid assets such as auction-rate securities, bankruptcy claims, limited partnership interests and private company stock. In an attempt to reduce bitcoin price volatility, SecondMarket's board has approved a proposal to create a new company that will include a New York-based regulated Bitcoin exchange.

SecondMarket's new company will use spot pricing once or twice per day (similar to gold spot pricing) and will serve as a clearing house in which member firms would clear all transactions by the end of each day. Members would also be required to keep enough cash in bitcoins to keep the exchange liquid. Through these methods, it is hoped that the price volatility of bitcoins can be lowered.

SecondMarket hopes to have a group of founding members for the exchange by the end of March 2014. These members are likely to comprise Wall Street banks and Bitcoin start-ups such as Coinbase. Non-member firms would be unable to trade on the exchange but may be able to trade through the member firms.

One of the major benefits of such an exchange would be oversight. Although the exchange would be a self-regulated organisation, it is likely that its operations would be subject to the approval of the New York Department of Financial Services.

9. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

We note that in order to provide an opinion on whether the Transaction is fair we need to compare the value of the Consideration being paid by Macro to the value of Digital.

The applicability of each of the above methodologies is assessed below:

- FME - Valuation of Digital on an FME basis is not appropriate as there the operating history of Digital is not sufficient enough to enable us to determine the business' future maintainable earnings;
- DCF - A valuation of Digital using the DCF methodology would be the most appropriate way to value Digital. However, Digital's projections of revenue, expenses, profits and cash flows are highly speculative at this stage being based on a novel business model with limited trading history and therefore we have no reasonable basis to rely on those forecasts;
- QMP - Valuation of Digital using the QMP methodology is not appropriate as Digital is not a publicly listed company;
- NAV - We do not consider a valuation of Digital using the NAV methodology to be appropriate as the profitability of Digital is not dependent on the assets recorded in its balance sheet; and
- We do not consider that there is sufficient information to facilitate a market based assessment.

Based on the above comments, we do not consider that there is an appropriate methodology for which to value Digital.

We have not assessed the value of a Macro share prior to the Transaction as we are unable to derive a post Transaction value to compare it with.

10. Is the Transaction Fair?

We are unable to place a value on Digital and consequently on the value of a Macro share following the Transaction. Therefore in our opinion the Transaction is not fair because Digital:

- has limited trading history;
- operates in a novel industry with a novel business model; and
- has financial projections for which we do not have a reasonable basis on which to rely.

Given our inability to conclude on value we must conclude that the Transaction is not fair.

11. Is the Transaction Reasonable?

11.1 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable:

11.1.1 Shareholders of Macro will have the opportunity to participate in the growing field of digital currencies

As at the date of our Report, Macro does not have interests in any oil and gas prospects and therefore is a shell with no means of generating revenue or a return for Shareholders. This change was the result of a recent restructure of the management team and capital profile where the Company disposed of the majority of its oil and gas assets, and began seeking high quality and value adding opportunities to acquire new businesses. After exploring other options in oil and gas investments which did not materialise, the opportunity to acquire Digital emerged.

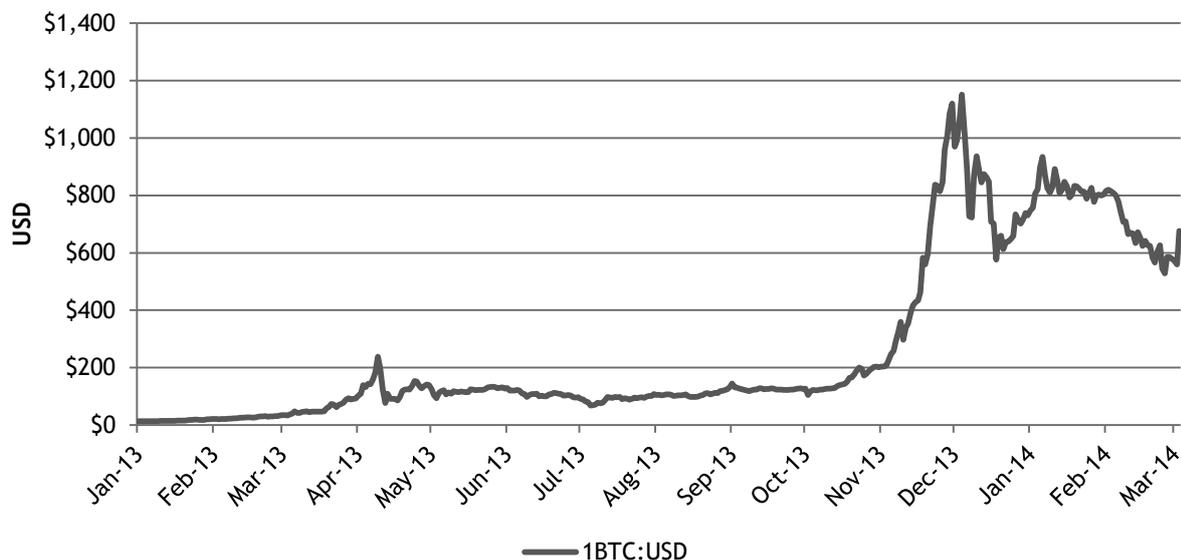
The Transaction, if approved, will change the Company's nature and scale of activities. It will require Macro to re-comply with the listing requirements and raise additional capital. Shareholders will then own shares in an operating company, which will have a greater potential to generate return for Shareholders.

Macro has recognised that digital currencies is a rapidly expanding field and aims to secure a position within this growing sector. Digital is a vertically integrated digital currency business which also provides a wide exposure to opportunities from a range of approximately eighty digital currencies currently existing. The benefits of digital currencies, in particular, bitcoins, as addressed in section 8.6 of our Report, make a strong proposition for growth in this field, albeit that risk must also be recognised.

Coupled with a highly experienced management team at Digital in commodities trading and in developing products and services for mobile devices, Macro believes that the Transaction will put the Company in good stead to exploit growth opportunities in the field of digital currencies.

The graph below shows the bitcoin price over the period between 1 January 2013 and 3 March 2014.

Historical bitcoin price



Over the period between 1 January 2013 and 11 March 2014, the bitcoin price increased by 4885%. While prior performance is no guarantee of future performance, we consider that this price growth illustrates the significance of the potential returns that may be earned from digital currencies; in particular, Bitcoin.

Although the Company’s risk will increase if the Transaction is approved, the Company’s ability to generate significant returns may also increase compared to if the Company continued without an operating business. We consider that the acquisition of Digital may give Macro the opportunity to generate more significant returns for Shareholders in the form of capital growth, and the possibility to receive dividends in the future than if the Company continues without an operating business.

11.1.2 Liquidity of Macro shares may increase

We have analysed the trading of Macro shares in the six-month period to 4 March 2014 and note that over this period, only 3% of the Company’s issued capital had been traded. This is a very low level of liquidity and makes it difficult for Shareholders who wish to buy or sell shares in the Company.

If the Transaction is approved, the Consideration and Capital Raising may result in the number of Macro shares increasing from 38,076,582 (post-consolidation) to 203,457,726 assuming all options and performance rights are converted into Shares. We consider the increase in the number of Shares on issue, as well as the other advantages discussed in section 11.1, may lead to an increase in the liquidity of Macro’s shares. Increased liquidity will benefit Shareholders as it will improve their ability to trade Macro shares.

11.1.3 Macro will become the first ASX-listed Bitcoin company

If the Transaction is approved, Macro will become the first ASX-listed Bitcoin company. If the Bitcoin market grows, Macro shareholders may benefit in two ways.

Firstly, any growth in the Bitcoin market should directly benefit Shareholders through increased revenue from the Company’s operations. Other things being equal, this should translate into an increase in Macro’s share price and generate returns for Shareholders.

Secondly, if the Bitcoin market grows, people might look for ways to invest in Bitcoins to take advantage of any industry growth. For those that do not wish to invest in bitcoins by direct purchase, purchasing Macro shares would provide an alternative that would allow the investor to benefit from any growth in the bitcoin industry without actually having to purchase bitcoins and obtain the software necessary to store them or be directly exposed to any perceived risks of directly holding bitcoins.

Being the first ASX-listed Bitcoin company is also likely to generate a significant amount of broker coverage and publicity. This may translate into an increase in the liquidity of Macro's shares.

11.1.4 Digital's business model seeks to generate revenue from multiple sources

If Digital successfully executes its business model, it aims to generate revenue from three activities: Mining; digital currency trading and investment; and consumer product development. We consider the diversified nature of Digital's operations to be beneficial for the following reasons:

- Given the significant volatility of digital currency prices, such as bitcoin (see section 8.5 for further details), if Digital earns revenue from consumer products, this may improve the stability of Digital's business and reduce the impact of adverse digital currency price movements;
- As discussed in section 8.4.2, the Difficulty of Mining has been, and is expected to continue, increasing which means Miners will need to invest increasing amounts of capital on hardware in order to remain profitable. Since Digital will also be engaged in digital currency trading and investment and consumer product activities, if the returns available from Mining became too low, Digital will still have two alternative business strategies.

We also note that Digital is involved in a number of different digital currencies other than Bitcoin such as Litecoin and other altcoins. This provides a further source of diversification for Digital which will be in a position to capitalise on the likely growth in digital currencies other than Bitcoin. As the first mover, the Company may be best placed to gain the position as market leader in the sector.

Due to the uncertainty surrounding the future of digital currencies, we consider the diversified nature of Digital's operations is advantageous for Shareholders as it will help to provide more stability to Digital's earnings.

11.1.5 Experienced management team

If the Transaction is approved, Zhenya Tsvetnenko, Alex Karis, William Brindise and Emmanuel Abiodun will join Macro's Board.

Mr Tsvetnenko and Mr Alex Karis have more than 18 years combined experience in the digital software development and marketing industry and will be responsible for consumer product development and some Mining activities.

Mr Brindise has more than 15 years experience as a derivatives trader and will be responsible for Digital's trading and investment activities.

Mr Abiodun has been involved in Bitcoin since 2010 and launched one of the world's largest Bitcoin Mining companies, CloudHashing.com in February 2013. He, together with Mr Tsvetnenko, will be responsible for Digital's Mining activities.

We consider the skills that each of these members will bring to Macro will give Macro the best opportunity of successfully operating in the digital currency space and generating returns for Shareholders.

11.1.6 Consideration Securities provide an incentive to increase Macro's value

In order for the Class A Rights to be converted into shares, Macro will need to generate group EBITDA of at least \$9 million over the period 1 January 2014 to 30 June 2015. In order for the Class B Rights to be converted into shares, Macro needs to generate group EBITDA of at least \$30 million in FY2016.

The structure of the Class A Rights and Class B Rights provides an incentive for the shareholders of Digital and consequently the Proposed Directors to grow Macro and generate the above mentioned EBITDA targets. If the EBITDA targets are achieved, the business will achieve significant growth of at least 200% per annum over the next two financial years.

The exercise price on the New Options is \$0.28 and they expire two years after the completion of the Transaction. Exercising the New Options will only be worthwhile if Macro's share price increases above the exercise price of \$0.28. An increase in Macro's share price to \$0.28 represents a 40% increase in the Capital Raising price of \$0.20.

Shareholders may benefit from this business growth in the form of capital growth of their shares and potentially the payment of dividends.

11.1.7 Alignment of majority shareholder's interests to Shareholders' interests

Mr Tsvetnenko is the founder, Executive Chairman and major shareholder of Digital. As the founder of Digital, we consider Mr Tsvetnenko's primary goal is to grow Digital and earn a return on his investment. As Mr Tsvetnenko controls Lydian Enterprises Pty Ltd ATF Lydian Trust, if the Transaction is approved and completed, he will control a major shareholding in the Company. As the major shareholder, Mr Tsvetnenko will want to see Macro's share price increase so as to generate a return on his investment. Therefore we consider his interests to be aligned with interests of Shareholders.

As part of the consideration, Lydian Enterprises Pty Ltd ATF Lydian Trust, a company which is controlled by Mr Tsvetnenko, will also receive performance rights which will vest only if EBITDA hurdles are met. This will further incentivise Mr Tsvetnenko to grow the business to achieve those hurdles. These incentives also apply to the other Digital shareholders and consequently the other Proposed Directors. Shareholders will benefit from this in the form of dividends and capital growth.

11.2 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

11.2.1 Dilution of existing Shareholders' interests

As set out in section 4.1, if the Transaction is approved, Shareholders' interests in Macro may be diluted from 100% to 38.52%. This dilution will reduce Shareholders' capacity to influence the operations of the Company.

11.2.2 Share price may become more volatile

Since Macro's business following the Transaction will concern the ownership, mining, trading and development of products for digital currencies such as Bitcoin, any movements in the price of digital currencies such as Bitcoin are likely to affect Macro's share price. Bitcoin is widely regarded as the most volatile currency in the world (see section 8.5 for further details); therefore it is likely that if the

Transaction is approved Macro's share price may become significantly more volatile, at least until the Company is able to demonstrate consistent levels of earnings.

11.2.3 Uncertainty regarding the future of digital currencies

Since digital currencies are still in a relatively new concept, there is significant uncertainty as to whether the growth in the digital currencies that many analysts have anticipated will actually eventuate. In section 8.8 we outlined a number of significant risks faced by Bitcoin. If one or more of these risks eventuated, the market price of bitcoin may fall and, given the significance of Bitcoin in the digital currency market, the market price of other digital currencies may also fall.

If the market price of digital currencies falls, Digital may not be able to successfully commercialise its potential interest in digital currency and digital currency products. This would adversely affect the Company and the value of the Company's shares.

11.3 Other Considerations

11.3.1 Alternative transactions

We are not aware of any other transactions currently being considered by Macro. We note that Macro has investigated opportunities to invest in oil and gas businesses however these efforts have so far not yielded any suitable targets.

11.3.2 Change in the nature and scale of Macro's activities

Macro currently operates as an oil and gas investment holding company; if the Transaction is approved, the nature and scale of its activities will change to comprise digital currencies and the industries growing around them, particularly Bitcoin. This change may not be consistent with the objectives of all Shareholders.

11.3.3 Repayment of the \$2 million loan facility

Under the terms of the Transaction, Macro has agreed to provide Digital with a \$2 million loan facility (see section 4 for further details). If Digital draws down on this facility and the Transaction is not approved, Digital will need to repay these funds to Macro. There is uncertainty surrounding whether Digital will have sufficient cash, or be able to find an alternative source of funds, to repay any amounts drawn.

Under the terms of the negative pledge, during the period from the date the Transaction does not proceed to the repayment date, Digital may not dispose of material assets, creating encumbrances over any of its assets, be the creditor in respect of any loans or borrow further funds, unless those funds are to be used to repay the facility.

The negative pledge may result in Digital needing to source additional funding in order to repay any amounts owed to Macro. These funds may be provided by one or more of the shareholders of Digital.

11.3.4 The market for digital currency is still in its infancy

Digital currencies such as Bitcoin are still new technologies which the majority of the world does not use. As discussed in section 8, the demand for digital currencies such as Bitcoin is expected to increase as technology improves and as m-commerce continues to rise. This presents an opportunity for Macro to establish itself in the digital currency market at an early stage to take advantage of any potential growth.

Conversely, the infancy of digital currencies such as Bitcoin makes it difficult to predict whether they will grow in the manner which is expected. This uncertainty is part of the reason behind the significant volatility of bitcoin prices (see section 11.2.2) and if the Transaction is approved, Macro's share price may be affected by this uncertainty.

11.3.5 Regulatory uncertainty

Digital currencies such as Bitcoin are largely unregulated by any independent bodies. While this is part of the appeal of such currencies, it is likely that as the use of digital currencies increases, independent bodies such as governments will attempt to regulate the industry. If and when further regulation does occur for Bitcoin, Macro's share price may be affected.

See section 8.8.4 of our Report for further discussion of the effects of regulation on Bitcoin.

12. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Macro.

13. Sources of Information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Macro for the years ended 30 June 2011 and 30 June 2012 and reviewed financial statements for the half year ended 31 December 2013;
- Digital's 31 December 2013 Balance Sheet reviewed by Deloitte in accordance with their preparation of the IAR.
- Share registry information;
- Information in the public domain, including the following websites
 - www.quandl.com
 - blockchain.info
 - www.coindesk.com
 - bitcoin.org
 - www.bitcoins.com
- Discussions with Directors and Management of Macro and Digital.

14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$28,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Macro in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Macro, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Digital and Macro and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Digital and Macro and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Macro, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Macro and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

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15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Evelyn Tan of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia,



Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Evelyn Tan is a CFA charter holder and is a member of the CFA Institute. Evelyn has over 15 years of experience in corporate finance and banking. Evelyn has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

16. Disclaimers and Consents

This report has been prepared at the request of Macro for inclusion in the Notice of Meeting which will be sent to all Macro Shareholders. Macro engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the Transaction is fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Digital. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Macro, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

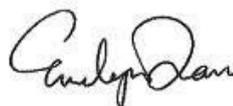
Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes

Director



Evelyn Tan

Associate Director

Authorised Representative

Appendix 1 - Glossary of Terms

Reference	Definition
Acquisition	The proposed acquisition by Macro of 100% of the issued capital of Digital
The Act	The Corporations Act
The Agreement	The share sale agreement entered into by Macro and Digital's shareholders
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
BDO	BDO Corporate Finance (WA) Pty Ltd
Bitcoin	A cryptocurrency network
Capital Raising	Macro's intended capital raising which comprises the issue of 45.5 million shares at \$0.20 per share to raise up to \$9.1 million.
The Company	Macro Energy Limited
Class A Rights	16,633,420 performance rights proposed to be issued to the shareholders of Digital that vest if Macro's group EBITDA over the period 1 January 2014 to 30 June 2015 is greater than or equal to A\$9,000,000. Forms part of the Consideration Securities.
Class B Rights	8,316,710 performance rights proposed to be issued to the shareholders of Digital that vest if Macro's group EBITDA over the period 1 July 2015 to 30 June 2016 is greater than or equal to A\$30,000,000. Forms part of the Consideration Securities.
Consideration Securities	The shares, performance rights and options to be issued to Digital as consideration for the Acquisition
Consideration Shares	82,764,655 ordinary shares in Macro proposed to be issued to the shareholders of Digital which form part of the Consideration Securities
DCF	Discounted Future Cash Flows
Difficulty	Difficulty refers to how difficult it is to solve the Equation.
Digital	Digital CC Holdings Pty Ltd

Reference	Definition
EBITDA	Earnings before interest, tax, depreciation and amortisation
Equation	A mathematical puzzle that needs to be solved in order to add a Block to the Blockchain
Fiat currency	Any currency that a government has declared to be legal tender but which is not backed by a physical commodity
FME	Future Maintainable Earnings
FY	Financial Year
HY	Half Year
Macro	Macro Energy Limited
NAV	Net Asset Value
New Options	8,316,710 unlisted options over Macro shares proposed to be issued to the shareholders of Digital and forming part of the Consideration Securities
Our Report	This Independent Expert's Report prepared by BDO
Proposed Directors	Zhenya Tsvetnenko, Alex Karis, William Brindise and Emmanuel Abiodun
Repayment Securities	Up to 6,678,375 shares proposed to be issued to Digital shareholders, other than West Coast Coin Holdings LLC, to repay up to \$1,335,675 of various loans owed by Digital to its shareholders (other than West Coast Coin Holdings LLC)
Reward	A predetermined number of new bitcoins that are granted to the Miner that solves the Equation
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Transaction	The Acquisition and the Capital Raising collectively
Shareholders	Shareholders of Macro not associated with the Transaction
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

ANNEXURE B – PRO-FORMA FINANCIAL INFORMATION

Proofs**A. Cash and Cash Equivalents**

Macro cash at bank at 31 December 2013	3,319,105
Adjustments arising from the acquisition of Digital CC:	
Digital CC cash and cash equivalents at 31 December 2013	300,000
Adjustments arising from the issue of securities pursuant to this prospectus:	
Proceeds from shares issued	9,100,000
Share issue costs	-364,000
Cash and Cash Equivalents at 31 December 2013 after pro forma adjustments	<u>12,355,105</u>

B. Issued Capital (Post - Consolidation Basis)

Macro Opening Balance	Share Capital \$	29,011,690
Adjustments arising from the acquisition of Digital CC:		
Elimination of Macro capital on consolidation		-29,011,690
Digital CC issued capital at 31 December 2013	Number of shares	300,000
Consideration for the acquisition (Note 1))		1,371,982
Adjustments arising from the issue of securities pursuant to this prospectus:		
Issue of Shares		9,100,000
Share issue expenses (Issue of 1.6 million in shares)	\$0.20	320,000
Share issue expenses (Issue of 1.6 million in shares)	\$0.20	-320,000
Share issue expenses (4% of capital raised)		-364,000
Closing Balance		<u>10,407,982</u>
		<u>167,941,236</u>

Note 1:

In accordance with reverse asset acquisition accounting principles the consideration is deemed to have been incurred by Digital CC in the form of equity instruments issued to Macro Energy shareholders. The acquisition date fair value of this consideration has been determined with reference to the fair value of the issued shares of Macro Energy immediately prior to the acquisition and has been determined to be \$1,371,982, based on 31% of 217,607,664 shares at the closing share price on 31 December 2013 of \$0.02 per share.

C. Reserves

Option Premium Reserve	Number of options	Options \$
Macro Energy Opening Balance (pre-consolidation)	16,000,000	833,672
Options to Sibella Capital Pty Ltd (pre-consolidation)	6,000,000	92,388
Adjustments arising from the acquisition of Digital CC:		
Elimination of Macro Energy option premium reserve on consolidation (opening balance)		-833,672
Elimination of Macro Energy option premium reserve on consolidation (Sibella Capital Pty Ltd)		-92,388
Options to be issued by Macro Energy to Digital CC shareholders in connection with the acquisition	8,316,710	731,870
Closing Balance Option Premium Reserve	<u>24,316,710</u>	<u>731,870</u>

Other reserve - performance rights consideration

24,950,130

Macro Energy Opening Balance Other Equity Settled Reserve

1,198,998

Elimination of Macro Energy Other Equity Settled Reserve on consolidation

-1,198,998

Macro Energy Opening Balance Foreign Currency Translation Reserve

-493,613

Elimination of Macro Energy Foreign Currency Translation Reserve on consolidation

493,613

Total Reserves

2,727,881

D. Accumulated Losses

Macro Energy accumulated losses at 31 December 2013	-27,108,953
Adjustments arising from the acquisition of Digital CC:	
Elimination of Macro Energy accumulated losses on consolidation	27,108,953
Recognition of Digital CC accumulated losses at 31 December 2013	-3,376
Excess deemed consideration on acquisition	-658,069
Total:	<u>-661,445</u>

MACRO ENERGY LTD (TO BE RENAMED "DIGITAL CC LIMITED")
ABN 59 009 575 035

PROXY FORM

The Company Secretary
 Macro Energy Ltd (to be renamed "Digital CC Limited")

By delivery:
 Level 7
 1008 Hay Street
 PERTH WA 6000

By post:
 PO Box 7209
 CLOISTERS SQUARE WA 6850

By facsimile:
 +61 8 9389 2099

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being Shareholder/s of the Company hereby appoint:

The Chairman (mark box)

OR if you are **NOT** appointing the Chairman as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman, or the Chairman's nominee, as my/our proxy to act generally at the Meeting on my/our behalf, including 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 Meeting of the Company to be held at 10:00 am (WST) on Friday, 9 May 2014, at Level 7, 1008 Hay Street, Perth, Western Australia and at any adjournment or postponement of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice or abstain from voting as follows:

		For	Against	Abstain
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Securities – Vendor Consideration and Participation in Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Participation of Craig Ian Burton in Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Participation of Related Party in Capital Raising - Rodney Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options for Services Provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1 <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> Sole Director and Sole Company Secretary	Shareholder 2 <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> Director	Shareholder 3 <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> Director/Company Secretary
Contact Name	Contact Daytime Telephone	Date

Instructions for Completing Proxy Form

(Appointing a proxy): A Shareholder entitled to attend and cast a vote at the Meeting may appoint a proxy to attend and vote on their behalf at the Meeting. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

(Direction to vote): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

(Signing instructions): You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the Shareholder must sign.
- Joint Holding: where the holding is in more than one name all of the Shareholders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a director can sign jointly with another director or a company secretary. Where the company has a sole director who is also the sole company secretary that person must sign. Where the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can sign alone. Please indicate the office held by signing in the appropriate space.

In addition, if a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote at the Meeting, the representative of the body corporate to attend the Meeting must produce the appropriate Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

(Return of Proxy Form): Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting. Proxy Forms received later than this time will be invalid.

- Address: Level 7, 1008 Hay Street, Perth WA 6000.
- Postal address: PO Box 7209, Cloisters Square WA 6850.
- Facsimile: (08) 9389 2099 if faxed from within Australia or +61 8 9389 2099 if faxed from outside Australia.

