



000001 000 DIG
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18 April 2011

Dear Shareholder,

Digital Performance Group Ltd - Pro rata rights issue to Shareholders

On 15 April 2011, Digital Performance Group Limited (**DPG** or **Company**) announced a capital raising by way of a pro-rata non-renounceable fully underwritten rights issue on the basis of 6 fully paid ordinary shares in DPG (**Share**) for every 7 Shares held at an issue price of 1.8 cents per Share. The Rights Issue will raise a total of approximately \$7,057,431 before issue costs (**Rights Issue**).

The funds raised under the Rights Issue will be used by the Company to repay A\$7,000,000, being the total principal owing under the secured loan with Co-Investor Capital Partners Pty Limited ACN 110 402 134 (**Co-Investor**) which is repayable in full by 31 May 2011.

The Rights Issue is fully explained in the Letter of Offer, which was released on to the ASX on 15 April 2011. A copy of the Letter of Offer is available on the ASX website www.asx.com.au, and also on the Company's website www.dpgmedia.com.au. A copy of the Letter of Offer will also be despatched to Shareholders on 4 May 2011.

A maximum of approximately 392,079,515 new Shares (**New Shares**) will be issued under the Rights Issue. All fractional entitlements under the Rights Issue will be rounded down to the nearest whole number.

If all the holders of vested options to acquire ordinary Shares in the Company exercise those options prior to the record date of 28 April 2010, an additional 47,210,000 New Shares will be issued under the Rights Issue.

The Company has released an Appendix 3B with the ASX, containing detailed information to which Shareholders are referred.

The New Shares issued under the Rights Issue will be fully paid ordinary shares ranking equally in all respects with the fully paid ordinary shares in the Company already on issue. The Company has applied for quotation of the New Shares to be issued pursuant to the Rights Issue on ASX.

In addition to being able to apply for New Shares under the Rights Issue, shareholders who take up their full entitlement under the Rights Issue will be able to apply for additional Shares out of any New Shares that are not subscribed for in the Rights Issue (**Shortfall Facility**).

The Rights Issue is non-renounceable, meaning that entitlements cannot be sold or otherwise transferred. The Rights Issue offer is fully underwritten by Co-Investor. Accordingly, any entitlement not taken up pursuant to the Rights Issue will form the shortfall that will be dealt with firstly in accordance with the Shortfall Facility and then by Co-Investor as underwriter. In the event that there is a shortfall in the subscriptions under the Rights Issue, the Company reserves the right to allocate in its absolute discretion any Shortfall to subscribers for additional New Shares.

Shareholder approval is not required for the Rights Issue.

Eligible Shareholders

DPG Shareholders at close of business on record date 28 April 2011 (**Record Date**) with registered addresses in Australia or New Zealand are eligible to participate in the Rights Issue. The Company has determined it is unreasonable to make offers to Shareholders other than those with registered addresses in Australia or New Zealand, having regard to the number of Shareholders outside Australia and New Zealand, the number and value of the New Shares that would be offered to such Shareholders, and the cost of complying with the legal and regulatory requirements outside those countries.

The indicative timetable for the Rights Issue is as follows:

Event	Date
Letter of Offer for Rights Issue lodged with ASX	15 April 2011
Notice with information on Rights Issue sent to Shareholders	18 April 2011
Shares commence trading on ASX on an ex rights basis	19 April 2011
Record Date for participation in Rights Issue	28 April 2011
Letter of Offer dispatched to Shareholders	4 May 2011
Closing time and date for acceptance and payment in full under Rights Issue (5.00 pm AEST) (Closing Date)	18 May 2011
Shares quoted on a deferred settlement basis	19 May 2011
Notice of under-subscriptions to ASX	23 May 2011
Despatch date/deferred settlement trading ends. Allotment of New Shares	26 May 2011
Trading of New Shares expected to commence on ASX	27 May 2011
Issuer statements/CHES notices sent to Shareholders to confirm allotment of New Shares	31 May 2011

The timetable is indicative only and is subject to change. Subject to the ASX Listing Rules, the Directors of DPG reserve the right to vary these dates, including the Closing Date, without prior notice.

If you have any questions regarding the Rights Issue or your eligibility to participate, please do not hesitate to contact me on 02 8922 2572.

For and on behalf of the Board,



Campbell Nicholas
Company Secretary



DIGITAL PERFORMANCE GROUP

ABN 30 000 386 685

18 April 2011

Dear Foreign Shareholder

Digital Performance Group Limited - Pro rata rights issue to Shareholders

On 15 April 2011, Digital Performance Group Ltd ACN 000 386 685 (ASX Code: DIG) (**the Company**) announced a pro rata non-renounceable rights issue of 6 new fully paid ordinary shares in the Company (**Share**) for every 7 Shares held by shareholders at 28 April 2011 (**Record Date**) at an issue price of 1.8 cents per share to raise approximately \$7,057,431 (**Rights Issue**). The Rights Issue is fully underwritten by Co-Investor Capital Partners Pty Ltd ACN 110 402 134 (**Underwriter**).

The Rights Issue is open to all DPG Shareholders as at close of business on Record Date with registered addresses in Australia or New Zealand. As you are a shareholder with a registered address outside of Australia and New Zealand (**Foreign Shareholder**), the offer made under the Rights Issue will not be extended to you. The Company has decided that the Rights Issue will not be extended to Foreign Shareholders as the Company has formed the view that it would be unreasonable to extend the offer in such a way having regard to:

1. the number of shareholders outside Australia and New Zealand as a proportion of the total shareholders of the Company;
2. the number and value of securities to be offered to shareholders outside of Australia and New Zealand; and
3. the costs of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

Although the Company is unable to extend to you the opportunity to participate in the Rights Issue directly, the Company, has applied to the Australian Securities and Investments Commission (**ASIC**) for approval of DJ Carmichael Pty Ltd ACN 003 058 857, AFSL 232571 as your nominee (**DJ Carmichael**) to sell the new Shares and remit net proceeds to all Foreign Shareholders in accordance with section 615 of the Corporations Act 2001 (Cth) (**Act**). However, as at the date of this letter, ASIC has not yet provided its approval.

Subject to ASIC's approval of DJ Carmichael for the purposes of section 615 of the Act, if there is a viable market in the Shares and a premium over the expenses of the sale can be obtained, DJ Carmichael will sell the Shares. Any sale will be at prices and otherwise in a manner determined by DJ Carmichael in its sole discretion. Neither the Company nor DJ Carmichael will be held liable for failure to sell the Shares or to sell the Shares at any particular price. The proceeds of the sale after deducting costs will be distributed to Foreign Shareholders for whose benefit the rights are sold in proportion to their shareholdings as at the Record Date.



DIGITAL PERFORMANCE GROUP

ABN 30 000 386 685

Subject to ASIC's approval of DJ Carmichael for the purposes of section 615 of the Act, DJ Carmichael will receive an engagement fee of \$2,000 (exclusive of GST) (which is payable by the Company) and brokerage charges if any of the Shares of Foreign Shareholders are sold.

The Company will release an announcement to the ASX when ASIC's determination regarding approval of a nominee for the purposes of section 615 is obtained.

If you have any queries in relation to the Rights Issue or DJ Carmichael, please contact me on (02) 8922 2572.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C. Nicholas'.

Campbell Nicholas
Chief Financial Officer and Company Secretary