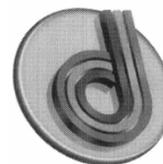


DGI HOLDINGS LTD

Level 4 The Read Buildings
16 Milligan Street
Perth WA 6000
Tel +61-8-93214000
ACN 105 012 066



28 November 2013

DGI SIGNS OPTION TO PURCHASE CLOUD BASED ONLINE EDUCATION COMPANY

HIGHLIGHTS

- **Option to acquire Online Education Company – iCollege Pty Ltd**
- **Consideration for exercise 100% share based with significant performance milestones**
- **Business spin out from profitable and existing online education enterprise**
- **Includes intellectual property, exclusive perpetual licence to a cloud based software platform, education courses and large domain footprint**
- **Highly experienced management team**
- **Significant upside exists with existing content providers using iCollege’s proven cloud based delivery platform**

DGI is pleased to announce that it has signed an option agreement to purchase 100% of the issued capital of iCollege Pty Ltd (“iCollege”). The consideration for grant of the option is an option fee of \$75,000 paid direct to iCollege. If exercised, the consideration for the acquisition of iCollege is 250 million shares in DGI plus further shares based on performance hurdles. The details of the consideration and hurdles are set out below.

iCollege is a spin out of a profitable existing online education business using a proven cloud based software platform to deliver self paced career and professional development courses worldwide.

The online education market is becoming one of the faster growing industries in the world. The ability to offer education online is scalable.

iCollege is a business developed by Victor Hawkins, a management consultant and business owner for the past 20 years, and who has spent the past 5 years successfully owning and operating a cloud based software platform selling other online education courses. It is this platform that is the subject of a perpetual exclusive licence to iCollege. The existing business is accredited as a registered training organisation with the Australian Government and is audited regularly. Based on Victor’s past operating experience in his existing business, where he has consistently achieved EBITDA of approximately 50% per annum of sales revenue, he is confident he will develop the new business on a similar basis with access to capital.



Upon completion of the transaction if the option is exercised, Victor will be appointed Managing Director of the Company to create the online education business initially marketing 21 courses over 12 months that have been hand selected by Victor, rebranded and designed based on their popularity worldwide.

The courses that are intended to be marketed will include:

1. Management.
2. Coaching.
3. Project Management.
4. Counselling.
5. Business.
6. Marketing.
7. Leadership.
8. Entrepreneurship.
9. Customer Service.
10. Sales.

The platform is an online cloud based technology that was created and designed by Victor based on his research and development over 5 years. The platform is scalable and new courses and new countries can be added to the platform at minimal cost and very quickly. The platform also offers various growth opportunities including online apps and online education for companies that presently run off line courses.

The other advantages of the platform include:

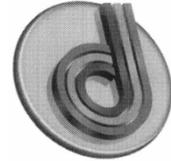
1. The dashboard provides details of all 4 stakeholders, being the student, administrator, trainer and management.
2. The main key performance indicator's of each stakeholder is easily viewed on the dashboard.
3. The platform can be executed by a small number of employees due to its functionality.
4. The system is fully automated.

iCollege has acquired a significant number of purpose driven online domain names, and the highly prized router domain name "icollege". These domains along with the cloud based online software platform and already developed courses are the key intellectual property assets that will develop a successful business. In addition, an experienced team of developers has been recruited to operate the business.

Option Agreement

The terms of the option agreement are:

1. A non refundable option fee of \$75,000 is payable to iCollege with no further cash consideration payable.
2. The option period is 4 months. This will allow DGI sufficient time to assess the business and undertake further due diligence.
3. On exercise of the option but subject to certain conditions precedent, the consideration is the issue of 250m ordinary fully paid shares with attaching 1



- for 2 options (exercise price of minimum 20 cents each (post consolidation) and expiry date of 5 years) in DGI to the shareholders of iCollege.
4. As further consideration, DGI will issue performance shares (subject to the receipt of appropriate shareholder and ASX approvals) as follows:
 1. Performance Tranche 1 – 50m ordinary shares when sales revenue reaches \$1.0 million within 2 years;
 2. Performance Tranche 2 – 50m ordinary shares when EBITDA reaches \$500,000 within 2 years; and
 3. Performance Tranche 3 – 50m ordinary shares when EBITDA reaches \$2.5m within 3 years.

If the option is exercised, completion of the transaction is subject to DGI shareholder approval and a number of other matters including a capital raising (sufficient to apply for re-instatement), compliance with Chapters 1 and 2 of the ASX Listing Rules and approval for re-admission to the official list of ASX.

At this time, and as part of the shareholder approval process, DGI will change its name to iCollege Limited.

DGI will also undergo a capital consolidation after the exercise of the option is approved by DGI shareholders and will raise additional capital of at least \$2,500,000 from the public via a prospectus. This will provide cash reserves in excess of \$3 million. The ratio of the reconstruction will be determined at that time.

Funds (net of costs) raised from the capital raising will be used for working capital purposes, development and marketing of the new education courses, platform development and web and SEO optimisation.

Truestone Capital Pty Ltd (or its nominee) will receive a corporate advisory fee of 60 million options with an exercise price of 1 cent each with 5 years expiry for introducing the transaction, structuring and corporate advisory services.

Placement

DGI will complete a placement of 50,000,000 shares at 0.5 cents and an attaching 1 for 2 options (1 cent exercise price with a 5 year expiry) to raise \$250,000 (1,500,000 shares and all attaching 1 for 2 options will be subject to shareholder approval). These shares and options will initially be unquoted.

The funds raised will be used for the option fee (\$75,000), to assess the business, operations and prospects of iCollege for due diligence purposes (\$35,000 estimate) and as working capital for the existing DGI business specific to research and development and intellectual property costs (\$50,000 estimate for the 4 month option period). If the option is exercised, the balance of the funds (\$90,000 based on the estimates) will be used to prepare the notice of meeting, prospectus and associated reports and outgoings. If the option is not exercised this amount will be used for general working capital for the Company and its existing business operations.

The capital structure of DGI on a pro forma basis if the option is exercised is as set out in Schedule 1.



The Board of DGI are very excited by the proposed transaction and look forward to seeking to increase shareholder value in a fast growing and profitable business sector with experienced operators if the option is exercised.

For further information contact:

Roger Steinepreis (Chairman)
0419 221 994

George Ventouras (Director)
0419 857 068

About DGI Holdings Ltd

DGI Holdings Ltd's principal business activity is the research, development and marketing of innovative miniature projection technologies and products. DGI is continuing to explore the potential that it holds via its intellectual property portfolio and plans to also consider other forms of projection units and integrated systems that it can bring to market in a competitive manner.

DGI has maintained its retained patent database and is in negotiations in order to potentially incorporate new and updated technologies. The Company is also in early discussions with mini projector manufacturers in China regarding the manufacture and/or distribution of products in various markets. Some of the technologies employed in these devices are ready-to-go (RTG) which means they can be brought to market quickly for immediate potential revenue for DGI. The market for mini and pico projectors has developed further and the potential for onboard devices is becoming increasingly important.

DGI is also considering refining some of its other product ranges and is currently focusing some effort on the 'Media Chair' category. Whilst it holds patents for technology that can be integrated into various items of furniture, it is of the belief that the Media Chair category presents some unique and identifiable opportunities that can be capitalised on. DGI is in early discussions with component manufacturers to provide the end user and gamer with a hi-tech and comfortable platform for individual activities.

The Company has set up a special purpose website as a trial site for the sale of certain of its products and is reviewing other sale opportunities.

In addition, the Company is currently considering other opportunities in both the technology and on-line services sectors that may complement the existing business.



Caution Regarding Forward Looking Information

This announcement contains forward looking statements. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward looking information provided by the Company, or on behalf of, the Company. Forward looking statements in this announcement are based on the Company's beliefs, opinions and estimates of the Company as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward looking statements.



SCHEDULE 1*

Securities	DGI Shares	DGI Options
Existing issued securities**	324,395,540	60,000,000
Broker Introduction Fee	Nil	60,000,000
Consideration Securities	250,000,000	125,000,000
Initial Capital Raising	50,000,000	25,000,000
TOTAL SECURITIES***	624,395,540	270,000,000

Performance Shares	
Tranche 1 issued on the terms set out below	50,000,000
Tranche 2 issued on the terms set out below	50,000,000
Tranche 3 issued on the terms set out below	50,000,000

* This schedule does not include any issues of securities under the potential prospectus offer described above.

** The number of existing options as set out in this table reflects the options granted with an exercise price of 1 cent. The balance of the options (total of 425,194) have exercise prices with a minimum price of 9.27 cents up to \$2.00.

*** This table reflects the pre-consolidation capital of the Company.

Performance Hurdles

If the following performance hurdles are satisfied, the Performance Shares will convert into Ordinary Shares as follows:

- (a) **(Tranche 1)** - if iCollege achieves \$1,000,000 in gross revenue for any continuous period of 12 months within a period of 2 years from the date of issue of the Performance Shares then 50,000,000 Performance Shares will convert into 50,000,000 Ordinary Shares;
- (b) **(Tranche 2)** - if iCollege achieves \$500,000 in earnings before interest, tax, depreciation and amortisation for any continuous period of 12 months within a period of 2 years from the date of issue of the Performance Shares then 50,000,000 Performance Shares will convert into 50,000,000 Ordinary Shares; and
- (c) **(Tranche 3)** - if iCollege achieves \$2,500,000 in earnings before interest, tax, depreciation and amortisation for any continuous period of 12 months within a period of 3 years from the date of issue of the Performance Shares then 50,000,000 Performance Shares will convert into 50,000,000 Ordinary Shares.