

DGI HOLDINGS LIMITED
ACN 105 012 066

PROSPECTUS

For the offer of 120 million Shares at an issue price of \$0.001 per Share to raise \$120,000 (together with 1 free attaching option for every 2 Shares subscribed for and issued) (**First Placement**).

and

For the offer of 170 million Shares at an issue price of \$0.01 per Share to raise \$1.7 million (**Second Placement**).

IMPORTANT: This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered highly speculative.

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1. IMPORTANT INFORMATION

Below is important information in relation to the Offers. Shareholders should read this document in its entirety and, if in doubt as to any of the matters set out in this Prospectus, should consult their professional advisers.

1.1 Summary of the Offers

As announced on 27 August 2012, the Company's Shareholders have approved a recapitalisation of the Company as summarised in the Company's notice of meeting to Shareholders dated 23 July 2012 and in Section 7 of this Prospectus.

A syndicate headed by Blueknight (**Syndicate**) has lent the Company \$575,000, which was paid over to the Creditors' Trust contemporaneously with the effectuation of the DoCA and the Company was removed from external administration on 3 September 2012.

The recapitalisation of the Company includes the Consolidation of the Company's Shares on a 1 for 2 basis which has now been completed.

Pursuant to this Prospectus, the Company makes the following Offers:

| Offers | |
|--------------------------|--|
| First Placement: | Parties nominated by the Company are invited to subscribe for: <ul style="list-style-type: none">• 120 million Shares at an issue price of \$0.001 per Share (in each case, in \$500 minimum parcels) to raise \$120,000; and• 60 million First Placement Options which are free attaching to the First Placement Shares on the basis of one First Placement Option for every two First Placement Shares subscribed for and issued. |
| Second Placement: | General investors are invited to subscribe for 170 million Shares at an issue price of \$0.01 per Share (in each case, in \$500 minimum parcels) to raise \$1.7 million. |

The rights attaching to the Securities now offered are set out in Section 9.

The purpose of this Prospectus is for the Company to make the Offers under Section 713 of the Corporations Act.

The funds raised will be used to develop the technology assets retained by the Company post completion of the administration and to investigate new opportunities, which are most likely to be in a different industry to the existing technology. Further details are set out in Section 7.

1.2 Summary of important dates*

| | Date |
|---|--------------------------------------|
| Lodgement of Prospectus with the ASIC and release to ASX | 26 October 2012 |
| Opening Date for the First Placement and the Second Placement | 26 October 2012 |
| Closing Date for the First Placement | 5:00pm WST 21 November 2012 |
| Closing Date for the Second Placement | 5:00pm WST 24 November 2012 |
| Dispatch of holding statements | Within 7 days after the Closing Date |

*The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Securities are expected to commence trading on ASX may vary with any change in the Closing Date.

1.3 Key investment risks

Prospective investors should read this Prospectus in its entirety before deciding whether to apply for Securities under this Prospectus. In particular, you should consider the risk factors set out in Section 10, which include the following key investment risks:

| Risk area | Further details |
|---|-----------------|
| <ul style="list-style-type: none"> • Market conditions: The market price of the Company's Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. | Section 10.3(b) |
| <ul style="list-style-type: none"> • Future capital requirements: Any failure by the Company to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. | Section 10.3(d) |
| <ul style="list-style-type: none"> • Operating risks: As a Company intending to commercialise and exploit technology, the Company's current and future operations may be affected by a range of factors, including: <ul style="list-style-type: none"> - unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; - inability to obtain necessary licences, consents or approvals; and - inability to adequately protect intellectual property or defend potential breaches of intellectual property. The Company's performance and its ability to successfully conduct its business activities is not guaranteed. The Company's operations may be affected by a range of factors outside of its control. | Section 10.2(a) |
| <ul style="list-style-type: none"> • Competition risk: The Company's current and future potential competitors include companies with substantially greater resources to develop similar and competing products. | Section 10.2(b) |
| <ul style="list-style-type: none"> • Contractors and service providers: The Directors are unable to predict the risk of financial failure, default, insolvency or other managerial failure by any of the contractors used by the Company in any of its activities and any such event could adversely impact on the Company's operations. | Section 10.2(c) |
| <ul style="list-style-type: none"> • Technology: The frequency and speed of technological change in this sector means that a third party product with alternative technology to the technology on which the Company's products are based could be brought to market. | Section 10.2(d) |
| <ul style="list-style-type: none"> • Intellectual property: The Company's patents may lapse in the future and it may not be possible to reinstate them. Competition in renewing and sustaining protection of intellectual property and the complex nature of some intellectual property can lead to expensive and lengthy disputes, including patent disputes, for which there can be no guaranteed outcome. | Section 10.2(e) |
| <ul style="list-style-type: none"> • New Board: The Company has recently appointed a new board of Directors who have limited expertise in the industry in which the Company presently operates. | Section 10.2(f) |
| <ul style="list-style-type: none"> • Investment speculative: The risk factors referred to in this Prospectus, and others not specifically referred to in this Prospectus, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. | Section 10.4 |

1.4 Directors

Mr Roger Steinepreis – Director

Roger Steinepreis graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer in excess of 20 years.

He is the legal adviser to a number of public companies on a wide range of corporate related matters. His areas of practice focus on company restructures, initial public offerings and takeovers. Mr Steinepreis is a non-executive director of Adavale Resources Limited, Firestrike Resources Limited, Apollo Consolidated Limited and Avonlea Minerals Limited.

Mr George Ventouras – Director

George Ventouras is a marketing consultant with over 20 years' experience in marketing, business development and general management roles. He has consulted with companies both nationally and internationally, in relation to the development and capitalisation of projects, the supply of infrastructure and equipment and provision of administrative and logistical support. Mr Ventouras has experience in various market categories, including industrial, particularly aquaculture, consumer and luxury goods. Mr Ventouras is a non-executive director of Apollo Consolidated Limited.

Mr Nick Castleden – Director

Nick Castleden is a geological consultant with in excess of 19 years' experience in the Australian and overseas mineral exploration and development industry. He has worked with active Australian mining companies including Mt Isa Mines (MIM), Perilya Mines, MPI Mines, LionOre and Breakaway Resources in various exploration, geological and management capacities.

Mr Castleden has worked on projects in Australia, Africa and North and South America, and in project generative and acquisition roles. He has particular experience in the gold and nickel and base metal exploration business and has participated in the discovery and delineation of new nickel-sulphide and gold systems that have progressed through feasibility studies to mining. Mr Castleden is an executive director of Apollo Consolidated Limited.

1.5 Director and Syndicate interests in Securities

Directors

As set out in Section 11 of this Prospectus, the Directors do not currently hold any Securities in the Company.

At the General Meeting held on 27 August 2012, Shareholders approved the issue of Securities to the Directors (or their nominees) pursuant to the First and Second Placements. The Directors and their nominees are therefore entitled to participate in the First and Second Placements and their current proposed participation in the Offers is set out below:

| Director | Shares | Options | Shares (Fully diluted) | % Holding (Fully diluted) ¹ |
|-------------------|------------|-----------|------------------------|--|
| Roger Steinepreis | 25,000,000 | 5,000,000 | 30,000,000 | 7.73% |

| | | | | |
|------------------------------|--------------------|-------------------|--------------------|---------------|
| George Ventouras | 10,000,000 | 5,000,000 | 15,000,000 | 3.86% |
| Nick Castleden | 10,000,000 | 2,500,000 | 12,500,000 | 3.22% |
| Total Directors: | 45,000,000 | 12,500,000 | 57,500,000 | 14.81% |
| Other investors ² | 279,395,540 | 51,406,694 | 330,802,234 | 85.19% |
| Total: | 324,395,540 | 63,906,694 | 388,302,234 | 100% |

Notes:

¹ Figures subject to rounding. If the Offers are undersubscribed, but the Directors or their nominees still take up their full allocations under the Offers, then their respective percentage holdings will increase. It should be noted that the take up by the Directors is subject to change.

² Includes key Syndicate members' interests, as outlined below.

Syndicate

The Directors are each members of the Syndicate. As detailed above, the Directors (or their nominees) intend to subscribe for Securities pursuant to the Offers in the amounts detailed above.

A number of key non-Director members of the Syndicate (and parties associated with them) will also be offered Securities pursuant to the First Placement (and may take up additional Shares pursuant to the Second Placement). Their relevant interests in Securities following completion of the Offers (assuming the Offers are fully subscribed) are anticipated to be as follows:

| Syndicate member | Shares | Options | Shares (Fully diluted) | % Holding (Fully diluted) ¹ |
|---|--------------------|-------------------|------------------------|--|
| Michael Pollak | 10,000,000 | 5,000,000 | 15,000,000 | 3.86% |
| Jonathan Pager | 10,000,000 | 5,000,000 | 15,000,000 | 3.86% |
| Directors (as per table above) ² | 45,000,000 | 12,500,000 | 57,500,000 | 14.81% |
| Other investors (unrelated) | 259,395,540 | 41,406,694 | 300,802,234 | 77.47% |
| Total: | 324,395,540 | 63,906,694 | 388,302,234 | 100% |

Notes:

¹ Figures subject to rounding. If the Offers are undersubscribed, but the parties listed in this table still take up their full allocations under the Offers, then their respective percentage holdings will increase.

² Includes Directors' related party nominees.

Assuming the Offers are fully subscribed, it is currently expected that the Syndicate's aggregate holding in the Company, excluding the holdings of unrelated nominees of the Syndicate (on a fully diluted basis and including the Directors' holdings, as detailed above) will be approximately 27.68%. **This should not be taken as a representation that the members of the Syndicate and their nominees act in concert with one another; would be likely to exercise their voting rights as Shareholders in the same manner; or that the Syndicate members and their nominees as a whole are associated parties.**

1.6 ASX reinstatement conditions

ASX has provided a list of conditions which the Company must comply with in order for its Shares to be reinstated to Official Quotation on ASX. These conditions are as follows:

- (a) Confirmation of completion of the transactions to facilitate the Proposal.
- (b) Confirmation of the issue of Securities and dispatch of holding statements for any Securities issued pursuant to this Prospectus.
- (c) Confirmation that the Company has satisfied each of its obligations pursuant to the DoCA and accordingly, the DoCA has been terminated.
- (d) Provision of the following documents, in a form suitable for release to the market:
 - (i) A statement setting out the names of the 20 largest holders of each class of Security to be quoted, including the number and percentage of each class of Security held by those holders.
 - (ii) A distribution schedule of the numbers of holders in each class of Security to be quoted in the form contained in Appendix 1A, paragraph 48 of the ASX Listing Rules.
 - (iii) A reviewed pro-forma balance sheet and notes, updated for the actual amounts raised pursuant to any Securities issued under this Prospectus.
 - (iv) A pro-forma capital structure, updated for the actual amounts raised pursuant to this Prospectus.
 - (v) An expenditure budget setting out the use of funds raised under this Prospectus such that at least 50% of cash on the pro-forma balance sheet is applied to specific commitments consistent with the Company's business objectives.
 - (vi) An Appendix 3X initial director's interest notice for each of the incoming Directors.
 - (vii) Outstanding Appendices 3Z final director interest notices.
 - (viii) All outstanding financial reports (including, and without limitation, the Company's audited financial statements since suspension) or a statement from the Company confirming ASIC relief in relation to outstanding financial reports.
- (e) Payment of any ASX fees applicable to the reinstatement and otherwise outstanding.
- (f) A statement confirming that the Company is in compliance with the ASX Listing Rules, and in particular, Listing Rule 3.1.
- (g) Provision of any other information required or requested by ASX.
- (h) In addition to the above and to facilitate reinstatement of the Company's Securities to the Official List of ASX, the Company will also need to satisfy ASX Listing Rules 12.1 to 12.4 inclusive, to ASX's satisfaction. Namely, by evidencing to ASX that:
 - (i) the Company's business objectives satisfy the requirements of Listing Rule 12.1.

- (ii) the Company has cash of at least \$1 million (net of all debt) at the time the Company's Securities are reinstated to Official Quotation;
- (iii) the commitments in respect of the Company's business objectives satisfy the requirements of Listing Rule 12.3; and
- (iv) the Company has Shareholder spread of at least 300 holders each holding at least \$500 worth of Shares.

The Company considers that these conditions will be satisfied shortly after the Closing Date.

1.7 Important notes

This Prospectus is dated 26 October 2012 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date it was lodged with the ASIC. No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

1.8 Application Forms

The Corporations Act prohibits any person passing onto another person an Application Form for securities unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form for any reason, including from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus.

2. LETTER FROM THE BOARD

Dear Investor

On 19 December 2011, Administrators were appointed to assume control of the Company and its subsidiaries and took control of the Company's business, property and affairs.

The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

As part of this process, the creditors approved the Administrators entering into a Deed of Company Arrangement (**DoCA**) on 31 May 2012, pursuant to which the Deed Administrator was authorised, among other things, to investigate the restructure of the Company's capital with a view to re-instating the Company's Shares to quotation on ASX for the benefit of creditors and Shareholders.

The Company's creditors subsequently agreed with a proposal presented by Blueknight for the restructure and recapitalisation of the Company (**Proposal**). If completed, Blueknight's proposal will result in sufficient cash being injected into the Company to enable the Company to continue operating the assets which were retained as part of the Proposal and apply for the re-instatement of its Shares to Official Quotation on the ASX. The Proposal was approved by Shareholders on 27 August 2012 and the purpose of this Prospectus is to raise the capital to complete the Proposal, to develop the technology assets retained by the Company post completion and to investigate new opportunities, most likely in a different industry.

The Proposal included:

- the retention of the majority of the Company's existing business assets (unencumbered), and specifically those relating to the Company's image projection system, dual image slide and video projector and personal entertainment arrangement. The Company has also entered into a separate licence agreement in respect of other retained assets. Details in respect of the rights retained and the separate licence entered into in respect of the Decouplable Image Projection Device, Audiovisual Model with Video Projection for use with a Games Console and a Miniaturised Projection System using Linear LCD Array, amongst others, are set out in this document in Sections 5 and 9;
- the entry by the Company into a Creditors' Trust Deed for the purposes of satisfying approved creditor claims. This has now occurred;
- the Company making available any of its rights in its sundry debtors (and any other assets not required by Blueknight) for the benefit of the Company's creditors pursuant to the terms of the DoCA;
- the payment of \$575,000 in cash by the Company to the Deed Administrator for the purposes of satisfying creditors' claims under the Creditors' Trust Deed, with all other liabilities and obligations of the Company being compromised under the DoCA. This has now occurred;
- the Consolidation of the Company's existing capital on a 1 for 2 basis, leaving the Company with 34,395,497 Shares and 3,906,693 Options on issue on a post-Consolidation basis (prior to any other Securities being issued). This has now occurred;
- the Company undertaking a capital raising to raise a total of \$1,820,000. This is the purpose of this Prospectus;

- the existing Directors and Company Secretary resigning and new Directors Messrs Roger Steinepreis, George Ventouras and Nick Castleden being appointed to the Board. This has now occurred; and
- the change of the Company's name from Digislide Holdings Limited to DGI Holdings Limited. This has now occurred.

A syndicate headed by Blueknight has lent the Company \$575,000 so that it could satisfy the terms of the DoCA. The DoCA was effectuated on 3 September 2012 and contemporaneously the Company was removed from external administration. This amount will either be converted into Shares under the Offers or repaid, in whole or part.

On completion of the capital raising set out in this Prospectus, the Company will apply for its Shares to be re-instated to trading on ASX. ASX has advised that re-instatement is likely to be approved, subject to the satisfaction of certain conditions. These will be attended to following the completion of the Offers.

Please read the Prospectus carefully before applying for any Securities.

Yours faithfully

Roger Steinepreis
Chairman
For and on behalf of
the Board of Directors

3. CORPORATE DIRECTORY

Directors

Mr Roger Steinepreis

Mr George Ventouras

Mr Nick Castleden

Share Registry*

Boardroom Pty Limited
Level 18, 31 Queen Street
MELBOURNE VIC 3000

Telephone: +61 8 1300 737 760
Facsimile: +61 8 1300 653 459

Company Secretary

Ms Susan Hunter

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Registered Office

Level 4, 16 Milligan Street
PERTH WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

Auditor*

BDO Audit (WA) Pty Ltd
38 Station St
SUBIACO WA 6008

ASX Code

DGI

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

4. DETAILS OF THE OFFERS

4.1 Summary of Offers

The Company is making two separate offers pursuant to this Prospectus:

- (a) The First Placement; and
- (b) The Second Placement,

(collectively the **Offers**). Refer to the table below for further details of the Offers.

The rights attached to the Securities offered pursuant to this Prospectus are summarised in Section 9 of this Prospectus. The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The purpose of the Offers and the use of the funds raised pursuant to the Offers are set out in Section 5 of this Prospectus.

| First Placement Details | |
|---------------------------------------|--|
| Securities offered: | 120 million Shares at an issue price of \$0.001 per Share (in each case, in \$500 minimum parcels) to raise \$120,000 and 60 million First Placement Options which are free attaching to the First Placement Shares on the basis of one First Placement Option for every two First Placement Shares subscribed for and issued. |
| Eligible applicants: | Parties nominated by the Company. |
| How to apply: | If you are nominated to subscribe for Securities by the Company, please complete a First Placement Application Form . Payment for Securities must be made in full at the issue price of \$0.001 per Share. |
| Opening Date: | 26 October 2012. |
| Closing Date*: | 5:00pm (WST) on 21 November 2012. |
| Second Placement Details | |
| Securities offered: | 170 million Shares at an issue price of \$0.01 per Share (in each case, in \$500 minimum parcels) to raise \$1.7 million. |
| Eligible applicants: | General investors. |
| How to apply: | If you wish to subscribe for Shares pursuant to the Second Placement, please complete a Second Placement Application Form . Payment for Shares must be made in full at the issue price of \$0.01 per Share. |
| Opening Date: | 26 October 2012 |
| Closing Date*: | 5:00pm (WST) on 24 November 2012. |
| Information applicable to both Offers | |
| Return of Application Forms: | Completed Application Forms and accompanying payment must be mailed or delivered to the Company; |

DGI Holdings Ltd
Level 4, 16 Milligan Street
PERTH WA 6000
or
DGI Holdings Ltd
GPO Box 2799
PERTH WA 6001

Cheques should be made payable to "**DGI Holdings Limited**" and crossed "Not Negotiable". Payment for Securities (either by cheque or electronic funds transfer) must be received by no later than the Closing Date.

*The Board reserves the right to close the Offers early or extend the Closing Date (as the case may be), should it consider it necessary to do so.

4.2 Allotment

Allotment of Securities offered by this Prospectus will take place as soon as practicable after any applications are received, and the Company reserves the right to progressively allot and issue Securities. Prior to allotment, all application moneys shall be held by the Company on trust. The Company, irrespective of whether the allotment of Securities takes place, will retain any interest earned on the application moneys.

The Directors reserve the right to allot Securities in minimum parcels of \$500, or to decline any application. Where no allotment is made, the surplus application moneys will be returned by cheque to the Applicant within seven (7) days of the allotment date.

4.3 Minimum subscription

The minimum subscription for the Offers is \$1,820,000.

4.4 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are quoted on ASX. The Company's shares have been suspended from trading on the ASX since 30 September 2011.

4.5 ASX listing

Application will be made within 7 days after the date of this Prospectus to ASX for permission for the Shares issued pursuant to this Prospectus to be listed for official quotation by ASX. The Options offered under this Prospectus will not be quoted.

In the event that ASX does not grant permission for the official quotation of the Shares (on terms acceptable to the Company) within 3 months after the date of issue of this Prospectus (or such period as is varied by the ASIC), none of the Securities offered by this Prospectus will be allotted or issued and the Company will repay all application moneys within the time period set out under the Corporations Act, without interest.

4.6 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

4.7 Clearing House Electronic Sub-register System (“CHESS”) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their Security holding in the Company during the preceding month.

4.8 Commissions on Application Forms

The Company reserves the right to pay a commission of 5% (inclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

4.9 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to Applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offers.

4.10 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company’s share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Securityholder, facilitate distribution payments and corporate communications to you as a Securityholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

4.11 Enquiries

Any questions concerning the Offers should be directed to Mr George Ventouras on +61 418 945 353.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The purpose of the Offers is to raise \$1,820,000 (before expenses of the Offers). The proceeds of the Offers are planned to be used in accordance with the table set out below¹:

| | Year 1 | Year 2 | Total |
|--|--------------------|------------------|--------------------|
| Repayment of Blueknight syndicate loan ² | \$575,000 | Nil | \$575,000 |
| Expenses of the Proposal and the Offers ³ | \$160,000 | Nil | \$160,000 |
| Development of existing assets | \$200,000 | \$190,000 | \$390,000 |
| Review & evaluation of new projects | \$185,000 | \$130,000 | \$315,000 |
| Working capital | \$120,000 | \$260,000 | \$380,000 |
| Total | \$1,240,000 | \$580,000 | \$1,820,000 |

Notes:

1. The Board reserves the right to alter this budget as a result of a change in circumstances or intervening events. This budget is a statement of present intention.
2. Refer to Section 11 for details of the Blueknight syndicate loan. The loan may either be repaid by the Company in full or, at the Syndicate's election, the Company may satisfy some or all of the repayment obligation by applying loan proceeds towards valid applications received from the Syndicate members (and their nominees) for Securities pursuant to the Offers.
3. Refer to Section 11 for details of the estimated expenses of the Proposal and the Offers.

5.2 Effect of the Offers and pro forma consolidated statement of financial position

The principal effect of the Offers (assuming the Offers are fully subscribed) will be to:

- (a) increase cash reserves by \$1,245,000 immediately after completion of the Offers and before estimated expenses of the Proposal and the Offers;
- (b) increase the number of Shares on issue from 34,395,540 Shares (post-Consolidation) to 324,395,540 Shares; and
- (c) increase the number of Options on issue from 3,906,694 (post-Consolidation) to 63,906,694 Options (subject to rounding).

Set out in Section 6.1 is an unaudited pro-forma consolidated statement of financial position of the Company, incorporating the effect of the Offers and the effectuation of the DoCA, and based on the assumptions set out in the notes to and in that section.

6. STATEMENT OF FINANCIAL POSITION & PRO-FORMA CAPITAL STRUCTURE

6.1 Statement of financial position (unaudited)

| | Note | Pro-forma after Capital Raising Pro-forma \$ |
|--|------|---|
| Current assets | | |
| Cash and cash equivalents | 1 | 1,245,000 |
| DGI Business | 2 | 50,000 |
| Total assets | | <u>1,295,000</u> |
| Current liabilities | | |
| Unsecured creditors (cost of reconstruction) | 3 | 160,000 |
| Total liabilities | | <u>160,000</u> |
| Net assets / (liabilities) | | <u>1,135,000</u> |
| Equity | | |
| Issued capital | | 26,304,059 |
| Reserves | | 116,130 |
| Accumulated losses | | (25,285,189) |
| Total equity / (deficit) | | <u>1,135,000</u> |

Notes:

¹ The movement in the cash assets is reconciled as follows:

| | \$ |
|---|------------------|
| Opening balance | 0 |
| First Placement of Shares and Options at \$0.001 each | 120,000 |
| Second Placement of Shares at \$0.01 each | 1,700,000 |
| Repayment of conditional loan arranged by the Syndicate to enable the Company to satisfy its obligations under the DoCA | (575,000) |
| Closing balance | <u>1,245,000</u> |

² The value of the DGI business is estimated by the Directors to be \$50,000 and is subject to audit verification.

³ This amount excludes the payment made by the Company in connection with the Proposal and the effectuation of the DoCA of \$575,000, but includes estimated accrued expenses of the Offers. Refer to Section 11 of this Prospectus for details of the \$575,000 loan advanced to the Company to satisfy approved creditors' claims under the Creditors' Trust Deed.

The last audited financial statements for the Company were prepared as at 30 June 2011. The Company is in the process of preparing the outstanding financial statements for the years ended 31 December 2011 and 30 June 2012. Accordingly, this pro forma is not audited, but it is derived from the information as set out in the Notice of Meeting sent to Shareholders. Further, the issued capital, reserves and accumulated losses at the date of administration of the Company have not yet been finalised, and accordingly the pro forma reflects

the 30 June 2011 figures for the Company for the issued capital and reserves, with these adjusted for share issues post 30 June 2011 to the date of the administration.

6.2 Pro-forma capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offers is set out below.

| Shares | Number |
|---|--------------------|
| Shares on issue pre-Consolidation | 68,790,993 |
| Shares on issue post-Consolidation (subject to rounding) | 34,395,540 |
| Shares offered pursuant to the First Placement | 120,000,000 |
| Shares offered pursuant to the Second Placement | 170,000,000 |
| Total Shares on issue post-Consolidation and after completion of the Offers | 324,395,540 |
| Options | Number |
| Options on issue pre-Consolidation | 7,813,386 |
| Options on issue post-Consolidation (subject to rounding) | 3,906,694 |
| Options offered pursuant to the First Placement ¹ | 60,000,000 |
| Options offered pursuant to the Second Placement | Nil |
| Total Options on issue post Consolidation and after completion of the Offers | 63,906,694 |

Notes:

¹ Refer to Section 9.2 for the terms of the First Placement Options.

7. COMPANY OVERVIEW

7.1 Background

The Company was admitted to the Official List of ASX on 24 August 2009 and carried on business in the area of video projection hardware developer.

7.2 Administration overview

Due to the unstable financial markets of 2011 and the inability of the Company to increase sales of its existing production portfolio, the Company was unable to secure funding to continue operations.

The Company was suspended from trading on ASX on 30 September 2011 at its request. Notwithstanding its best efforts to seek alternative funding, on 19 December 2011, voluntary administrators were appointed to the Company who were later replaced by Michael Humphris and George Divitkos of BDO Business Recovery and Insolvency (NSW-Vic) Pty Ltd, insolvency specialists.

At a meeting of creditors it was resolved to accept a Deed of Company Arrangement (**DoCA**) put forward by Blueknight. The DoCA was signed on 31 May 2012.

Under the Proposal, it was agreed that \$575,000 would be paid to the Deed Administrators for distribution under the DoCA via the Creditors' Trust. A Creditors' Trust Deed has been established pursuant to the DoCA which will be used to pay the Deed Administrators' fees and costs, the joint Administrators' fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts.

The Proposal was set out in a Notice of General Meeting which was sent to Shareholders. Shareholders passed the necessary resolutions on 27 August 2012 for the Company to proceed with the Proposal. The DoCA was effectuated on 3 September 2012 and, at the same time, the Company was removed from external administration. In addition, the previous Directors have been replaced with the current Board of Directors and the Company has changed its name to DGI Holdings Limited.

7.3 Proposed business plan

As part of the Proposal, DGI has:

- (a) retained certain intellectual property in its own right (specifically, its retractable image projection system, dual image slide and video projector and personal entertainment arrangement)(**Retained Rights**); and
- (b) entered into a licence agreement in respect of its Decouplable Image Projection Device, Audiovisual Model with Video Projection for use with a Games Console and a Miniaturised Projection System using Linear LCD Array, amongst others (**Licensed Rights**).

The details of the Retained Rights and Licensed Rights are set out in Section 11, as is the agreement in respect of the Licensed Rights.

In respect of the Retained Rights, DGI intends to seek to develop and commercialise certain of its technology by enhancing proto-types it owns utilising its inventory, tools of trade, processes and know-how.

This intellectual property is particularly suitable to the luxury consumer market as well as the corporate presentation industry. Given that the corporate market is heading towards activity-based working and a 'hot-desk' mentality, the technology to be able to imbed projection units in office furniture and fit-outs which will provide even more flexibility for the modern day workplace. DGI intends to investigate and seek to capitalise on this change of enterprise structure via this technology.

The Company had received commercial interest in the luxury product category based on previous discussions it had held with several Asian-based corporate/luxury furniture manufacturers and installers. These products include luxury reclining seats with imbedded projection and sound units to provide users with a complete and unique viewing experience.

The products can be marketed under DGI owned brands and trademarks such as The Big Entertainer™, Digislide Inside™ and DigiScope™.

The intellectual property that DGI has licensed centres around miniature projection units with unique projection technologies. The licensing partners have knowledge of the products and markets and may be in an advantageous position to refine where necessary, commercialise and distribute these products to the global market.

Given the potential market for this product range, the Company is of the opinion that the licensing and subsequent royalty structure is beneficial to the short to medium term strategy of the Company to earn revenue.

Shareholders need to be aware that the development and marketing of these products will take time and there is no certainty that the products will be successful.

7.4 Other opportunities

In addition to the above, it is important to be aware that the new Board will actively review new transactions that may or may not be in the same sector, with the objective of creating Shareholder value.

As at the date of this Prospectus, a number of opportunities are being presented to the Board.

The Board does not intend to progress or pursue any of these opportunities until the capital raisings contemplated by this Prospectus are complete and the Company is re-instated to trading on ASX.

It should be noted that by pursuing any new opportunity, the Company may be required by the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This will depend on the transaction, which would also require Shareholder approval.

8. CORPORATE GOVERNANCE

8.1 The Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.

8.2 Composition of the Board

Election of Board members is substantially the province of Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.

8.3 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

8.4 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process. There are currently no executive Directors.

The determination of non-executive Directors' remuneration will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

8.5 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

8.6 Audit committee

The Company does not have a separately constituted audit committee.

8.7 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

8.8 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

9. RIGHTS ATTACHING TO SECURITIES

The following is a summary of the more significant rights attaching to the Securities. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Securityholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Securities are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

9.1 Terms of Shares

General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

Dividend rights

The Board may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Board as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Board may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any

dividend which it is proposed to pay or to declare on any shares of the Company, that holders of such shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

Future increase in capital

The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the Share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of at least three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

9.2 Terms of First Placement Options

The First Placement Options (referred to as 'Options' in this Section 9.2) entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
 - (b) The Options will expire at 5:00pm (WST) on 31 December 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).
 - (d) If prior to the expiry date of the Options:
 - (i) the Company is required by the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules;
 - (ii) the Company has received conditional approval for reinstatement to trading of its securities on ASX (at a time when the Company reasonably believes it can fulfil all of the requirements of Chapters 1 and 2 of the ASX Listing Rules) (**Conditional Approval**); and
 - (iii) at the time the Company receives the Conditional Approval, the Exercise Price is less than \$0.20 (having potentially been adjusted in accordance with ASX Listing Rule 7.22.1 following a consolidation of the Company's issued shares), then the Exercise Price will be increased to \$0.20.
 - (e) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
 - (f) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (i) The Options are freely transferable.
 - (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (k) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted

pursuant to the exercise of the Options on ASX within 10 Business Days after the date of allotment of those Shares.

- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six (6) Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

10. INVESTMENT RISKS

10.1 General

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offers, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Securities.

Factors which may affect the Company's financial position, prospects and the price of its listed securities include the specific risk factors and the general risk factors set out below.

10.2 Specific risks

(a) Operating risks

As a Company intending to commercialise and exploit technology (whilst also assessing new opportunities both in related and unrelated segments), the Company's current and future operations may be affected by a range of factors, including:

- (i) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment;
- (ii) inability to obtain necessary licences, consents or approvals; and
- (iii) inability to adequately protect intellectual property or defend potential breaches of intellectual property.

The performance of the Company and its ability to successfully conduct its business activities is not guaranteed. The value of your capital may not keep in pace with inflation including seeking new opportunities, which reduces the purchasing power of your money. The investment strategy, process and guidelines are to be executed on a best endeavours basis only. The Company, its Directors, officers and employees cannot be held accountable, except to the extent required by law, for any breaches or omissions.

(b) Competition risk

The Company's current and future potential competitors include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing services and products that have higher customer appeal.

To keep ahead of competitors, the Company aims to adopt an aggressive business pathway over the next two years, maintaining high standards and the ongoing input from the new Board and

management team to identify new business opportunities will be paramount to success.

There can be no guarantee that revenue growth will be stimulated or that the Company will operate profitably in the short term, or at all.

(c) **Contractors and service providers**

The Directors are unable to predict the risk of financial failure, default, insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity. Such events could adversely impact on the Company's operations.

(d) **Technology**

The Company operates in the visual projection and telecommunications hardware technology sector. The Company has previously been innovative in its product offerings and range. The frequency and speed of technological change in this sector means that a third party product with alternative technology to the technology on which the Company's products are based could be brought to market.

(e) **Intellectual property**

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value for the Company. Competition in renewing and sustaining protection of intellectual property and the complex nature of some intellectual property can lead to expensive and lengthy disputes, including patents disputes, for which there can be no guaranteed outcome.

(f) **New Board**

The Company has recently appointed a new board of Directors who have limited expertise in the industry in which the Company operates. It will therefore be important that the Company attracts the right personnel to ensure it can appropriately develop the Company's business moving forward.

10.3 **General risks**

(a) **Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and future activities, as well as on its ability to fund those activities.

(b) **Market conditions**

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. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Security investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(d) **Future capital requirements**

The Company's ongoing activities will require substantial expenditure. There can be no guarantee that the funds raised through the Offers will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offers, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Security holders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(e) **Legislative changes, government policy and approvals**

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to carry out its operations may be affected by changes in government policy, which are beyond the Company's control.

(f) **Other projects**

The Company may look to complete other investments and acquisitions in the future, the details of which are not known at the date of this Prospectus. Those acquisitions and investments will carry their own set of risks.

10.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

11. ADDITIONAL INFORMATION

11.1 Material contract – Blueknight syndicate loan

A syndicate headed by Blueknight advanced a total of \$575,000 to the Company as an unsecured loan. The loan funds have been applied by the Company in satisfaction of the terms of the DoCA, in particular the requirement to pay \$575,000 to the Deed Administrator for the purposes of satisfying creditors' claims under the Creditors' Trust Deed. The loan funds will be reimbursed to the syndicate by way of subscription for Securities under the Offers or will otherwise be repaid.

11.2 Exclusive Licence Agreement

On or about 8 October 2012, the Company entered into an exclusive licence agreement with Projected Investments Pty Ltd (**Projected Investments**) and AV Extraordinaire Pty Ltd (**AV Extraordinaire**) (**Exclusive Licence Agreement**).

The Exclusive Licence Agreement provides for the grant to Projected Investments and AV Extraordinaire of an exclusive perpetual global licence over certain intellectual property rights held by the Company (**Licence**). These rights relate to the Decouplable Image Projection Device, Audiovisual Model with Video Projection for use with a Games Console and a Miniaturised Projection System using Linear LCD Array, amongst others. The details of the patents, trademarks and designs, including the status are set out in Section 11.3 (**Intellectual Property**).

The Exclusive Licence Agreement was conditional on certain creditors providing a release of their claims and these releases have now been provided.

The Exclusive Licence Agreement commenced on the date of effectuation of the Deed of Company Arrangement (**Commencement Date**) and, unless terminated earlier, continues until the relevant intellectual property rights of the Company as licensed cease to exist (**Term**).

The Company will pay Projected Investments and AV Extraordinaire a total \$100,000 (**Development Payment**) towards the cost of maintaining and for marketing and business development of the Intellectual Property. The Development Payment will be paid over two years in equal instalments of \$12,500 at the beginning of each Quarter.

In consideration of the grant of the Licence, Projected Investments and AV Extraordinaire agree to pay the Company:

- (a) a fee of \$1,000 payable within 30 days after the end of each Quarter (**Licence Fee**); and
- (b) a royalty (**Royalty**) based on the amount of combined sales of Projected Investments and AV Extraordinaire of the product (**Combined Sales**) on a marginal basis, as follows:
 - (i) at a rate of 2.5% of the first \$10,000,000 of Combined Sales;
 - (ii) at a rate of 2% of Combined Sales between 10,000,0001 and \$20,000,000;
 - (iii) at a rate of 1.5% of Combined Sales between \$20,000,0001 and \$30,000,000;

- (iv) at a rate of 1% for Combined Sales between \$30,000,000¹ and \$40,000,000; and
- (v) at a rate of 0.5% for all Combined Sales over \$40,000,000¹.

The Royalty is payable within 90 days after the end of each Quarter and will be reinvested into Projected Investments and AV Extraordinaire until the first financial year where Combined Sales exceed \$3,000,000 per annum (**Milestone Year**). Once the Milestone Year is achieved, the Royalty will be payable on all Combined Sales and will not be subject to achieving a minimum value of Combined Sales in any financial year.

In the event that either:

- (a) the Company proposes to dispose of any retained intellectual property; or
- (b) an insolvency event occurs in respect of the Company,

the Company shall assign such intellectual property to Projected Investments and AV Extraordinaire for no consideration.

From the Commencement Date, the Company shall have a three year non-exclusive distribution right to sell the products of Projected Investments and AV Extraordinaire at a price mutually agreed between the parties. The Company shall receive a commission of 10% on any of these sales which shall be paid each Quarter.

The Exclusive Licence Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

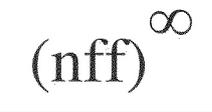
11.3 Retained Rights and Licensed Rights

The current intellectual property rights retained by the Company as part of the Proposal are:

DGI Patent Rights and Applications:

| Application/ Letters Patent No | Country | Title | Status |
|--------------------------------------|---------------|---|--------|
| 748569 | Australia | Retractable image projecting system | Sealed |
| 6811265 | United States | Retractable image projecting system | Filed |
| 6776490 | United States | Dual image slide and/or video projector | Filed |
| 2438450 | Canada | Personal entertainment arrangement | Issued |
| 6935755 | United States | Personal entertainment arrangement | Filed |

DGI Trade Marks

| Application/ Registration No | Mark | Status |
|------------------------------------|--|----------------------------|
| 780594 | DIGISCOPE | Registered |
| 1504391 |  | Indexing approved |
| 912429 | LET THERE BE LIGHT | Expired – renewal possible |
| 942705 | THE BIG ENTERTAINER | Registered |
| 942644 |  | Registered |
| 942597 | NET FUN FACTOR | Registered |
| 1128450 | DO IT IN THE DARK | Registered |
| 1257243 | DIGISLIDE INSIDE | Registered |
| 1257779 |  | Registered |
| 1335915 | DIGISLIDE POCKET PRO | Registered |

The current intellectual property rights retained by the Company and licensed as part of the Proposal (under the Exclusive Licence Agreement) are:

DGI Patent Rights

| Application / Letters Patent No. | Title | Country | Status |
|----------------------------------|---|---------------|--------|
| 7057508 | Providing local geographic information | United States | Filed |
| 2002331452 | Decouplable image projection device with docking station | Australia | Sealed |
| 7144120 | Decouplable image projection device with docking station | United States | Filed |
| 2008331424 | A miniaturised projection system using linear LCD array and dichroics | Australia | Filed |

| | | | |
|-------------------|---|---------------|-----------------------|
| 2710661 | A miniaturised projection system using linear LCD array and dichroics | Canada | Examination requested |
| 10-2010-7013129 | A miniaturised projection system using linear LCD array and dichroics | South Korea | Unexamined |
| 12/745,921 | A miniaturised projection system using linear LCD array and dichroics | United States | Not yet examined |
| 2009291518 | A laptop including a projector module | Standard | Filed |
| PCT/AU2012/000063 | Laser optical engine with means to remove laser speckle | International | Received |

DGI Trade Marks

| Application/Registration No | Mark | Country | Status |
|------------------------------------|-------------|-----------------------------|---------------|
| 927400 | DIGISLIDE | International Base (Madrid) | Registered |
| 3,431,545 | DIGISLIDE | United States | Live |
| EP927400 | DIGISLIDE | Europe | Registered |
| CN927400 | DIGISLIDE | China | Registered |
| 780595 | DIGIPRO | Australia | Registered |
| 781054 | DIGISHOW | Australia | Registered |
| 786502 | DIGIVISION | Australia | Registered |
| 182334 | DIGIVISION | India | Objected |
| 798586 | DIGIVISION | New Zealand | Registered |
| 1019287 | DIGIVISION | International Base (Madrid) | Registered |
| EP109287 | DIGIVISION | Europe | Registered |
| SG1019287 | DIGIVISION | Singapore | Registered |
| CN1019287 | DIGIVISION | China | Registered |
| 797026 | MANTA RAY | Australia | Registered |
| 927401 | MANTA RAY | International Base (Madrid) | Registered |
| CN927401 | MANTA RAY | China | Registered |
| EP927401 | MANTA RAY | Europe | Registered |

| | | | |
|---------|---|---------------|------------------------|
| 3441034 | MANTA RAY | United States | Live |
| 1355057 | MANTA RAY | Canada | Registered |
| 1318744 | MINIPRO | Australia | Registered |
| 901173 |  | Australia | Unregistered Trademark |
| 966345 | Xray | Australia | Registered |
| 1257247 |  | Australia | Registered |
| 1265939 | STINGRAY | Australia | Registered |
| 1752247 | STINGRAY | India | Registered |
| 797234 | STINGRAY | New Zealand | Registered |
| 1266004 | SII | Australia | Registered |
| 1752248 | SII | India | Objected |
| 1270715 | WeSii | Australia | Registered |

DGI Designs

| Design Application/ Registration No | Title | Country | Status |
|--|--------------------------------------|----------------|----------------------------|
| 149105 | Manta Ray | Australia | Registered - Not Certified |
| 326239 | A portable projection device | Australia | Registered - Not Certified |
| 326240 | A portable projection device (WeSii) | Australia | Registered - Not Certified |
| 132922 | A portable projection device (WeSii) | Canada | Registered |
| 2.0093E+11 | A portable projection device (WeSii) | China | Registered |
| 1635061-0001 | A portable projection device (WeSii) | Europe | Registered |
| 2009-026526 | A portable projection device (WeSii) | Japan | Lapsed |
| 326242 | X-ray device | Australia | Registered - Not Certified |
| 132923 | X-ray device | Canada | Registered |
| 2.0093E+11 | X-ray device | China | Registered |
| 326241 | A portable projection device | Australia | Registered - Not Certified |

11.4 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Other than as set out below, and having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

| Date | Description of Announcement |
|------------|---|
| 11/09/2012 | Completion of Security Consolidation |
| 07/09/2012 | Change of Registered Office |
| 04/09/2012 | Effectuation of Deed of Company Arrangement |
| 04/09/2012 | Final Director's Interest Notice x 4 |
| 04/09/2012 | Response to ASX Query |
| 30/08/2012 | Results of Meeting |
| 30/08/2012 | Director Appointment/Resignation |
| 28/08/2012 | Adoption of Constitution |
| 28/08/2012 | Appointment of Auditor |
| 28/08/2012 | Change of Name |
| 28/08/2012 | Results of General Meeting of Shareholders |
| 24/08/2012 | Resignation of Director |
| 27/07/2012 | Notice of General Meeting |
| 24/04/2012 | Adjournment of Creditors Meeting |
| 27/03/2012 | Director Appointment/Resignation |
| 25/01/2012 | Appointment of Joint and Several Administrators |
| 22/12/2011 | Appointment of Administrators |
| 19/12/2011 | Update on Capital Raising and Convertible Notes |
| 06/12/2011 | Digislide Gaming Projectors Enter Walmart |
| 02/12/2011 | Maturing Convertible Notes Update |
| 01/12/2011 | Maturing Convertible Notes |
| 30/11/2011 | Results of Meeting |
| 28/11/2011 | Annual Report to shareholders |
| 17/11/2011 | Amazon Distributing Digislide's Gaming Products |
| 16/11/2011 | Digislide, Spectralus and Syndiant - A Creative Trinity |
| 04/11/2011 | Update on Suspension of Trading |
| 31/10/2011 | Commitments Test Entity First Quarter Report |
| 31/10/2011 | Appendix 4C - quarterly |
| 28/10/2011 | Notice of Annual General Meeting/Proxy Form |
| 30/09/2011 | Suspension from Official Quotation |
| 27/09/2011 | Navarre Group to Distribute Digislide Gaming Projectors |
| 23/09/2011 | Maturing Convertible Notes |
| 20/09/2011 | Appendix 3B |
| 26/08/2011 | Preliminary Final Report |
| 25/08/2011 | Expiry of 6.0M Unquoted Share Options |

| Date | Description of Announcement |
|------------|--|
| 24/08/2011 | Appendix 3B |
| 24/08/2011 | Results of Meeting |
| 29/07/2011 | Reconciliation for use of Funds |
| 29/07/2011 | Change of Director`s Interest Notice |
| 29/07/2011 | Appendix 4C - quarterly |
| 21/07/2011 | Notice of General Meeting/Proxy Form |
| 12/07/2011 | Amended Change of Director`s Interest Notice |
| 11/07/2011 | Change of Director`s Interest Notice |
| 11/07/2011 | Notice Under Section 708A(5)(e) |
| 08/07/2011 | Appendix 3B |
| 07/07/2011 | Response to Newspaper Article |
| 04/07/2011 | Market Update |
| 29/07/2011 | Appendix 4C - quarterly |
| 21/07/2011 | Notice of General Meeting/Proxy Form |
| 12/07/2011 | Amended Change of Director`s Interest Notice |
| 11/07/2011 | Change of Director`s Interest Notice |
| 11/07/2011 | Notice Under Section 708A(5)(e) |
| 08/07/2011 | Appendix 3B |
| 07/07/2011 | Response to Newspaper Article |
| 04/07/2011 | Market Update |

ASX maintains files containing publicly available information for all listed companies. The Company`s file is available for inspection at ASX during normal hours.

11.5 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Steinepreis Paganin have given their written consent to being named as solicitors to the Company and have not withdrawn their consent prior to lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section 11.5 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

11.6 Directors` interests

Other than as set out below or elsewhere in this Prospectus, no Director (or proposed Director) nor any organisation in which such a Director or proposed Director is a partner or director, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Securities pursuant to this Prospectus; or
- (c) the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or proposed Director or to any organisation in which any such Director or proposed Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

The following parties will be paid consultancy fees by the Company in connection with the preparation of an application to the ASX seeking the readmission of the Company to the Official List without the need to re-comply with Chapters 1 and 2 of the Listing Rules following the effectuation of the DoCA:

| Director | Fees received ¹ (\$) |
|-------------------|---------------------------------|
| Roger Steinepreis | Nil |
| George Ventouras | 5,000 ² |
| Nick Castleden | Nil |

Note:

¹ In addition to the fees payable as set out in this table, an entity associated with Roger Steinepreis will be reimbursed (either in cash or by way of subscription for Shares pursuant to this Prospectus) \$82,500, being the amount that Director contributed to the Blueknight syndicate loan described in Section 11.1 above. Further, Roger Steinepreis is a partner of Steinepreis Paganin and this firm will receive legal fees as set out below.

² To be paid upon completion of the Offer.

The Directors' interests at the date of this Prospectus are as set out below:

| Director | Shares | Options | Remuneration (\$) ⁴ |
|--------------------------------|--------|---------|--------------------------------|
| Roger Steinepreis ¹ | Nil | Nil | Nil |
| George Ventouras ² | Nil | Nil | Nil |
| Nick Castleden ³ | Nil | Nil | Nil |

Notes:

¹ Mr Steinepreis or his nominees will subscribe for up to 10,000,000 Shares and up to 5,000,000 First Placement Options under the First Placement and up to 15 million Shares under the Second Placement.

² Mr Ventouras or his nominees will subscribe for up to 10,000,000 Shares and up to 5,000,000 First Placement Options under the First Placement.

³ Mr Castleden or his nominees will subscribe for up to 5,000,000 Shares and up to 2,500,000 First Placement Options under the First Placement and up to 5 million Shares under the Second Placement.

⁴ No remuneration has been paid to the Directors to date and the remuneration which the Company has agreed to pay to each of the Directors for the year ending 30 June 2013 is yet to be agreed.

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting. The current Directors have not been paid any fees by the Company in the previous 2 years.

The table below sets out the Directors' current remuneration at the date of this Prospectus, inclusive of Director fees and consultancy fees:

| Name | 1 July 2012 to Current |
|-------------------|------------------------|
| Roger Steinepreis | \$Nil |
| George Ventouras | \$Nil |
| Nick Castleden | \$Nil |

11.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no expert nor any organisation in which such expert has an interest, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Securities pursuant to this Prospectus; or
- (c) the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce them to become, or to qualify them as, an expert or otherwise for services rendered by them or by the firm in connection with the promotion or formation of the Company.

Steinepreis Paganin, a firm of which Roger Steinepreis is a partner, have acted as solicitors to the Company. Steinepreis Paganin will be paid approximately \$70,000 plus GST and disbursements for services provided in relation to the Proposal and this Prospectus.

11.8 Estimated expenses of Proposal and the Offers

The estimated expenses of the Proposal and the Offers are as follows:

| | \$ |
|--------------------------------------|------------------|
| ASIC fees | \$2,171 |
| ASX fees | \$7,785 |
| Legal, accounting and other expenses | \$85,000 |
| Printing and miscellaneous | \$5,044 |
| Broker fees | \$60,000 |
| Total | \$160,000 |

11.9 Market price of Shares

The Company's Securities were suspended from trading on 30 September 2011 and currently remains in suspension. The last closing price of Shares on ASX was \$0.032 on 30 September 2011.

12. DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

ROGER STEINPREIS
CHAIRMAN
DGI HOLDINGS LIMITED

13. DEFINITIONS

Administrators means Michael Humphris and George Divitkos, being administrators appointed in relation to the Company under Part 5.3A of the Corporations Act.

Applicant means an investor that applies for Securities using an Application Form pursuant to this Prospectus.

Application Forms means the First Placement Application Form and the Second Placement Application Form (both of which accompany this Prospectus) and **Application Form** means one of them.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

Blueknight means Blueknight Corporation Pty Ltd (ACN 094 502 360).

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the relevant closing date for receipt of Application Forms under this Prospectus as set out in Section 4.1.

Company means DGI Holdings Limited (ACN 105 012 066).

Consolidation means the consolidation of the Company's capital on a 2 for 1 basis approved by Shareholders at the General Meeting.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Creditors Trust means the trust established pursuant to the Creditors' Trust Deed for the purposes of satisfying approved creditor claims.

Creditors Trust Deed means the Creditors Trust Deed entered into by the Company.

Deed Administrator means Mr Michael James Humphris and Mr Stephen Robert Dixon of Grant Thornton.

Directors mean directors of the Company at the date of this Prospectus.

DoCA means the Deed of Company Arrangement entered into by the Company on 31 May 2012.

Dollar or "\$" means Australian dollars.

First Placement means the offer of 120 million Shares at \$0.001 per Share together with 1 free attaching option for every 2 Shares subscribed for and issued.

First Placement Application Form means the application form attached to or accompanying this Prospectus relating to the First Placement.

First Placement Option means an option to acquire a Share, on the terms set out in Section 9.2.

General Meeting means the general meeting of Shareholders held on 27 August 2012 in relation to the Proposal.

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

Offers means the offers of Securities pursuant to this Prospectus as outlined in the Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date for receipt of Application Forms under this Prospectus, as set out in Section 4.

Option means an option to acquire a Share.

Proposal means the proposal by Blueknight to recapitalise and restructure the Company on the terms summarised in this Prospectus.

Prospectus means this Prospectus.

Quarter means the three (3) month periods ending on 31 March, 30 June, 30 September and 31 December.

Second Placement means the offer of 170 million Shares at \$0.01 per Share as described in Section 4 of this Prospectus.

Second Placement Application Form means the application form attached to or accompanying this Prospectus relating to the Second Placement.

Securities means Shares and Options or Shares or Options (as the context permits).

Securityholder means a person holding a Share and/or Option.

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

Syndicate means a syndicate of investors headed by Blueknight as further described in the 'Important Information' Section of this Prospectus under the heading 'Director and Syndicate interests in Securities'.

WST means Western Standard Time.

GUIDE TO THE FIRST PLACEMENT APPLICATION FORM

If an Applicant has any questions on how to complete this First Placement Application Form, please telephone the Company on +61 418 945 353.

A. Application for Securities

The First Placement Application Form must only be completed in accordance with instructions included in Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the First Placement Application Form.

F. CHES HIN or existing SRN Details

The Company participates in CHES. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHES HIN. If the Applicant is an existing Shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details

Make cheques payable to "DGI Holdings Limited" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the First Placement Application Form.

H. Declaration

This First Placement Application Form does not need to be signed. By lodging this First Placement Shares Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Securities specified in the First Placement Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this First Placement Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this First Placement Shares Application Form or a copy of the First Placement Application Form before applying for the Securities; and
- (5) acknowledges that he/she will not provide another person with this First Placement Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. First Placement Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. First Placement Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|--|---|--|
| Individual Use given names in full, not initials | Mr John Alfred Smith | J A Smith |
| Company Use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings Use full and complete names | Mr Peter Robert Williams & Ms Louise Susan Williams | Peter Robert & Louise S Williams |
| Trusts Use the trustee(s) personal name(s). | Mrs Susan Jane Smith <Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s). | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C> | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith <Peter Smith A/C> | Master Peter Smith |
| Partnerships Use the partners personal names. | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son |
| Long Names. | Mr John William Alexander Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). | Mr Michael Peter Smith <ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds Use the name of the trustee of the fund. | Jane Smith Pty Ltd <Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |

GUIDE TO THE SECOND PLACEMENT APPLICATION FORM

If an Applicant has any questions on how to complete this Second Placement Application Form, please telephone the Company on +61 418 945 353

A. Application for Shares

The Second Placement Application Form must only be completed in accordance with instructions included in Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Second Placement Application Form.

F. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the Applicant is an existing Shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details

Make cheques payable to "DGI Holdings Limited" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Second Placement Application Form.

H. Declaration

This Second Placement Application Form does not need to be signed. By lodging this Second Placement Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Second Placement Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this Second Placement Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this Second Placement Application Form or a copy of the Second Placement Application Form before applying for the Shares; and
- (5) acknowledges that he/she will not provide another person with this Second Placement Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Second Placement Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Second Placement Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|---|--|--|
| Individual Use given names in full, not initials | Mr John Alfred Smith | A Smith |
| Company Use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings Use full and complete names | Mr Peter Robert Williams & Ms Louise Susan Williams | Peter Robert & Louise S Williams |
| Trusts Use the trustee(s) personal name(s). | Mrs Susan Jane Smith <Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s). | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C> | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith <Peter Smith A/C> | Master Peter Smith |
| Partnerships Use the partners personal names. | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son |
| Long Names. | Mr John William Alexander Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). | Mr Michael Peter Smith <ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds Use the name of the trustee of the fund. | Jane Smith Pty Ltd <Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |